Winners or Losers? Democracies in International Crisis, 1918–94

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We attempt to explain when and why democratic states will prevail in international crises. We review several of the prominent theories about democratic political structures and derive hypotheses from each framework about crisis outcomes. These hypotheses are tested against the population of 422 international crises between 1918 and 1994. Our findings provide further evidence that the democratic peace is not a spurious result of common interests. Moreover, we also begin the difficult task of differentiating among the many theories of the democratic peace. In particular, we find strong evidence that democratic political structures are important because of their ability to generate domestic audience costs. Our findings also support the argument that democratic political structures encourage leaders to select international conflicts that they will win.

A little more than a decade after international relations embraced the democratic peace as the "closest thing we have to an empirical law" in our field (Levy 1989, 88), new research is both challenging its validity and broadening its ramifications. The purpose of this work is to expand the canvas of democratic peace scholarship by testing for evidence of other behavior unique to democratic states. The bulk of the literature centers on the absence of war between democracies. Realist scholars argue that this could be a result of common international security interests, whereas democratic peace theorists suggest numerous different ways in which either democratic political structures or norms are the cause. We believe that the lack of military conflict between democracies is a heavily overdetermined outcome, which creates a problem for social scientists trying to understand the causal processes at work. It is difficult to assess the relative merits of various theoretical models when all of them seem capable of explaining the democratic peace.

When faced with competing explanations of a single phenomenon, one should derive additional hypotheses from each and test those new expectations (Campbell and Stanley 1966; King, Keohane, and Verba 1994). That is, to parse the various theoretical perspectives on the democratic peace, we must extend their logics to other behaviors. If two theories can explain a common set of events, but one of them also can explain an additional set, then it should be judged superior because of its scope. We contend that the most useful and powerful theories of the democratic peace should be able to explain other facets of democratic behavior in international conflicts. Our analysis shifts the debate to a new dependent variable: the winners and losers of international crises.[1]

Moreover, we also begin the difficult task of differentiating among the many theories of the democratic peace. We will review several prominent theories about democratic political structures and derive hypotheses

from each regarding crisis outcomes. These will be tested against the population of 422 international crises between 1918 and 1994. Briefly, our findings provide further evidence that the democratic peace is not a spurious result of common interests. In particular, we find strong evidence that democratic political structures are important because of their ability to generate domestic audience costs. Our findings also support the argument that democratic political structures encourage leaders to select international conflicts that they will win. We do not find support for the view that the democratic peace is a result of the military prowess of democratic states.[2]

THE DEMOCRATIC PEACE PUZZLE: FOUR EXPLANATIONS

The so-called law of the democratic peace is based on two empirical findings, the first of which is well established, the second more tentative. The first finding is that over the last two centuries democracies have rarely engaged in violent or potentially violent conflicts with one another (Bremer 1992; Bueno de Mesquita and Lalman 1992, 152; Chan 1984; Doyle 1986; Maoz and Abdolali 1989; Maoz and Russett 1993; Owen 1994;

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[1] Some scholars have begun to address other dependent variables (Dixon 1994; Gaubatz 1996; Lake 1992; Siverson and Emmons 1991).

[2] We were unable to test the prominent normative theories of the democratic peace because of serious difficulties regarding the measurement of democratic norms of conflict resolution. This limits the comprehensiveness of our tests, but that is a problem shared with the entire literature on democracy and conflict. A number of studies (e.g., Brecher and Wilkenfeld 1997; Dixon 1994) use democratic political structures as a proxy measure for democratic norms. We believe this strategy is inadequate and may be very misleading for at least two reasons. First, democratic norms and institutions are distinct concepts, and this distinction is central to some of the normative explanations (Owen 1994). Second, because most hypotheses that flow from normative arguments also can be derived from structural ones, direct and valid measures of democratic norms are essential for testing these arguments, but the existing quantitative measures are problematic for our purposes. Maoz and Russett (1993), for example, focus on the presence of domestic unrest and the persistence of the regime, but domestic unrest also measures diversionary incentives (Levy 1989) that may be particularly prevalent among democracies (Gelpi 1997b), and regime persistence seems to reflect the strength of democratic institutions more directly than it captures democratic norms. Rather than conduct tests that are hampered by measurement problems, we restrict our attention to structural theories of the democratic peace.

Russett 1993; Small and Singer 1976; Weede 1992). The more tentative claim is that democracies are just as likely to engage in conflict with nondemocracies as are other states. Rousseau, Gelpi, Reiter, and Huth (1996) demonstrate that democracies are only less likely to initiate force against other democracies once an international crisis has erupted; otherwise, it remains unclear whether democracies are more pacific in general or only toward other democracies. Rousseau et al. (1996) uncover suggestive evidence that democracies are generally more pacific, whereas Ray (1995) forcefully contends that they are generally more peaceful.

Given the prominence of the democratic peace notion among international relations scholars, it is not surprising that a large number of theories have been proposed to explain this result. These theories can be categorized into two groups: explanations that focus on democratic norms and explanations that focus on democratic political structures. In this work we will compare three prominent structural explanations and the central realist critique of these approaches.

In collaboration with various coauthors, Bueno de Mesquita has developed a prominent structural theory of the democratic peace.[3] Bueno de Mesquita and Lalman (1992) contend that democratic political structures impose costs on democratic leaders who choose to use force in international disputes. More specifically, liberal leaders face institutionalized constraints that impede their capacity to mobilize the state's resources for war without the consent of a broad spectrum of interests. Moreover, these constraints are readily apparent to other states and cannot be manipulated by leaders. Thus, democracies send credible signals to other states of an aversion to using force. These signals allow democratic states to avoid conflicts with one another, but they may attract aggression from nondemocratic states. Democracies may be pressured to respond to such aggression—perhaps even preemptively—through the use of force. Elaborations of this argument (Bueno de Mesquita and Siverson 1995; Reiter and Stam 1998) demonstrate that when democracies choose to initiate conflicts, the domestic costs of using force drive them to select conflicts in which they are especially likely to prevail.

A second structural argument, presented by Lake (1992), suggests that the democratic peace is a result of the power of democratic states. The focus is on the rents that political structures extract from a state's wealth. Because democratic political structures constrain elites from extracting excessive rents, democratic states have little incentive to engage in territorial expansion. In addition, moderate rents increase the wealth and economic growth of democratic states, which in turn augment their military capacity despite weak extractive capacities. Because of this military power, democracies prevail in the conflicts into which they are drawn.

A third structural explanation is presented by Fearon (1994a, 1997), who focuses on audience costs as a tool in coercive bargaining.[4] He argues that international crises are public contests in which the disputants' performances are evaluated by their domestic audiences. The institutionalized electoral constraints in democracies allow the domestic audience to impose large and transparent costs on leaders. Therefore, when democratic leaders choose to escalate international crises, their threats are taken as highly credible. In disputes between liberal states, the credibility of their bargaining signals allows them to negotiate a peaceful settlement before mobilization. An undeveloped implication of Fearon's work is that audience costs favor democratic states when facing a nonliberal rival. Mobilization for war ties the hands (Schelling 1960, 1966) of liberal leaders and signals their commitment to fight because their ability to retain office is in jeopardy.

Realists have challenged the notion of a democratic peace, but a number of these critiques have serious methodological problems. Spiro (1994), for example, relies on a flawed application of probability theory (see Russett 1995), and Layne (1994) inappropriately selects on the dependent variable and draws deterministic predictions from a probabilistic theory. More formidable is the critique by Farber and Gowa (1995), who assert that the democratic peace is not due to regime type but to structural imperatives of the international system. In other words, they challenge not the empirical phenomenon that democracies rarely fight one another but the assertion that democracy is the reason. More specifically, they point to the common international security interests shared by democratic states during the Cold War.[5]

Democratic peace theorists have responded to Farber and Gowa (Oneal and Russett 1999; Thompson and Tucker 1997a, 1997b), but their work is the most significant realist critique of the democratic peace. Clearly, democratic states profit from their peaceful relations, enjoy economic and technological benefits, and reap mutual gains from shared military costs. Resolving this spuriousness problem can be complicated, but perhaps the most straightforward solution is to examine the effect of democracy on other conflict behaviors when democracies do not share common interests. If democracy influences these other behaviors, then the power of Farber and Gowa's argument is substantially undermined.

EXPANDING THE CANVAS: HYPOTHESES ON CRISIS OUTCOMES

Bueno de Mesquita and colleagues, Lake, Fearon, and Farber and Gowa provide plausible explanations of the fact that democratic states rarely fight one another. Each theory yields hypotheses about a variety of other conflict behaviors. We will examine the expectations of each perspective regarding the substantive outcomes of

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[3] Other scholars (e.g., Doyle 1986, 1997; Maoz and Russett 1993) present similar structural arguments. We focus on the Bueno de Mesquita model because it represents the most extensive and most formal development.

[4] For a related model, see Schultz 1999.

[5] For a similar critique, see Gartzke 1998, 2000.

international crises, that is, which disputants will prevail. We hope to establish the general veracity of these four approaches and illuminate the effect of democracy on conflict behavior more generally.

Bueno de Mesquita and the Democratic Costs of Using Force

Bueno de Mesquita and various associates argue that democratic states are reluctant to use force internationally because they face a higher domestic cost than authoritarian states (Bueno de Mesquita and Lalman 1992; Bueno de Mesquita and Siverson 1995; see also Reiter and Stam 1998). This implies that a range of concessions are less costly for democratic leaders than the decision to use force. Therefore, democratic states should be less likely to prevail in international crises because of their greater willingness to make concessions in order to avoid armed conflict.

Although the average democratic state may be less likely to prevail, the domestic cost approach (Bueno de Mesquita and Siverson 1995) implies that the same cannot be said for a democratic state that chooses to become a challenger in international crises. If it initiates a crisis, then its leaders must either be highly motivated to prevail on the issue at stake or highly confident of their ability to prevail, since the domestic costs are very large if they lose a conflict they initiate (Bueno de Mesquita and Siverson 1995). Therefore, democratic challengers should be more likely to prevail than authoritarian states because democracies are more selective about the crises they choose to initiate (Reiter and Stam 1998). Because democratic defenders do not select themselves into international crises, they should reflect the more general tendency of democratic states to yield in international conflicts because of their unwillingness to use force.

HYPOTHESIS 1. *Democratic defenders will be less likely than other defenders to prevail in an international crisis. Democratic challengers will be more likely than other challengers to prevail.*

Lake and the Powerful Democratic Pacifists

Lake (1992) bases his theory on an analogy between states and monopolistic firms in a market. Both, he argues, attempt to extract "rents" from society in order to increase their wealth and power. Democratic governments, however, cannot be as ruthless as authoritarian states in extracting rents because their hold on power is more closely tied to societal preferences.

This relative inability to extract rents has two countervailing effects. First, because democracies cannot extract resources from territory as intensively as autocracies, democratic leaders have fewer incentives for territorial expansion. This status quo orientation means that democracies have little incentive to initiate military conflicts, particularly with other democracies that share their satisfaction with the status quo. Furthermore, the moderate rents extracted by democratic states allow for a high growth rate and overall level of

wealth. Although democracies are relatively less extractive than authoritarian states, their wealth permits them to amass greater military capacity.

These countervailing influences suggest two distinct hypotheses. First, democratic states should be less likely than authoritarian states to initiate international crises (Lake's explanation of the democratic peace). Second, when democracies are drawn into international conflicts, they should have the military capability to win. Lake explicitly links his theory of the democratic peace to a theory about the outcomes of international crises.

HYPOTHESIS 2. *Democratic states will be more likely to prevail in an international crisis, regardless of whether they are challengers or defenders.*

The central distinction between the Bueno de Mesquita and Lake theories lies in their expectations regarding the success of democratic defenders. Both approaches expect democracies to be unlikely to initiate disputes (for differing reasons), and both expect democracies to be highly successful when they do choose to initiate. Only Lake expects democratic defenders to be successful.

In Lake's model, military capabilities and the interests at stake are intervening variables, so we must examine the effect of democracy both with and without these variables (King, Keohane, and Verba 1994). If Lake is correct, then the addition or removal of these variables should substantially affect the apparent influence of democracy.[6]

Fearon, Audience Costs, and the Credibility of Democratic Signals

As did Schelling's (1960, 1966) pioneering work, recent scholarship on crisis bargaining focuses on audience costs as a central mechanism in sending credible bargaining signals (Fearon 1994a, 1997; Schultz 1999). Essentially, audience costs are imposed upon the bargainer by someone other than the adversary as a result of the bargainer's statements or actions. The notion relates to the democratic peace because democratic leaders face substantial domestic costs—including removal from office—if their international behavior contradicts the preferences of their domestic audience. Many authoritarian leaders are relatively immune from such pressure, and even those who are not immune do not appear to be vulnerable. Regular, competitive elections, however, send a credible signal of vulnerability to domestic audiences.

In conflicts involving a democratic and an authoritarian state, the strategic conflict literature indicates that the audience cost factor favors liberal negotiators,

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[6] Because Lake (1992) argues that democracies may not value geopolitical influence or control over territory as highly as nondemocracies, we test hypothesis 2 on crises in which the defender's domestic regime is at stake, crises in which the defender is threatened with grave damage in war, and crises in which the very existence of the defending state is threatened. If democratic defenders are ever likely to prevail, it will be in these crises, in which a great deal is at stake.

whose domestic audience lends credibility to their bargaining signals (Fearon 1994a; Putnam 1988; Schelling 1960). Credibility is generated through two related but distinct mechanisms: tying hands and burning money (Fearon 1997).[7] This kind of credibility usually is not available to nondemocratic leaders, who often need not worry about the domestic response to their behavior. Moreover, even authoritarian leaders who face significant domestic constraints do not appear internally vulnerable to other states.

States that have domestic audience costs because of their democratic political structures should be able to coerce an opponent into backing down if they are willing to make the escalatory bargaining moves that may generate audience costs. Furthermore, domestic audiences observe leaders' decisions *not* to escalate international crises, and the failure to respond to an external threat is also likely to entail domestic costs. Thus, the failure of democratic states to make escalatory bargaining moves will be taken as a credible signal of their unwillingness to use force. The implication is that democracies have few incentives to bluff in international crises, and their bargaining moves—whether escalatory or deescalatory—will be taken as more credible indicators of their true resolve than will the moves of authoritarian states. In other words, when democracies are engaged in crises with nondemocracies, their asymmetric susceptibility to audience costs should increase the effect of relative resolve on the outcome of the crisis. If the democracy escalates, then it should effectively persuade the nondemocracy to yield.[8] If the democracy chooses not to escalate, then the nondemocracy should be better able to force it to yield, confident that the democracy will not fight.

HYPOTHESIS 3. *Relative demonstrations of resolve should have a greater effect on the probability that the challenger will prevail in crises between democratic and nondemocratic states than on the outcomes of disputes between similar regime types.*

Farber and Gowa: Common Interests and Common Polities Revisited

Farber and Gowa's (1995) critique centers on the claim that democratic states have rarely fought since World War II because they share fundamentally similar security interests. The outcomes of crises between democracies represent an especially promising area for testing this critique, because democracies manifestly do not have a common interest in who wins the crises that do arise among them. Realist theory holds that crisis

bargaining takes place either directly through violence or in the shadow of potential violence (Huth 1988; Mearsheimer 1983; Organski and Kugler 1980; Waltz 1979). Perhaps the most central implication of realist theory is that states will use their military capability to achieve and defend their security interests, which suggests that crisis outcomes should reflect the relative military capacities of the disputants. For a crisis resolved on the battlefield, that statement seems obvious. Even if the disputants choose to negotiate, however, realism contends that such bargaining occurs in the shadow of potential violence and thus also reflects military power.

Most important for our purposes, realists such as Farber and Gowa should not expect this basic relationship between relative military capabilities and dispute outcomes to be altered by the regime type of the disputants. If the democratic peace is a result of common interests rather than common polities, then once those common interests evaporate—as in an international confrontation—democracies should seek victory through the threat of military force just as other states do.

HYPOTHESIS 4. *The relationship between relative military capabilities and the probability that the challenger will prevail in an international crisis will not depend on the jointly democratic status of the disputants.*

Contrary to Farber and Gowa (1995), theories of the democratic peace suggest that democracies will be strongly constrained not to use force against other democratic states. If this is so, then crises between democratic states do not involve bargaining in the shadow of violence to the same extent as do other international crises. That is, if common polities are the constraint, then democracies should not fear the use of force by another democracy, even if the two states are embroiled in an international crisis (Rousseau et al. 1996). Most theories of the democratic peace would lead us to expect that relative military capability will have a substantially reduced effect on the outcome of crises between democracies.[9]

HYPOTHESIS 5. *The more jointly democratic the two disputants in a crisis, the weaker the relationship will be between relative military capabilities and the probability that the challenger will prevail in the international crisis.*

Farber and Gowa's argument does not lead us to expect that powerful democracies will make concessions to weaker ones in order to avoid war. Given their focus on common security interests, however, their approach might lead us to expect that powerful allies will make concessions to weaker allies in order to maintain the allegiance of the weaker party. Imagine, for example, that two allies view a third state as a threat

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[7] Leaders may "tie their hands" by explicitly promising constituents a particular policy outcome. Constituents may then punish leaders who fail to keep their word. Alternatively, leaders may "burn money" by engaging in behavior that is unpopular with constituents. A leader's willingness to suffer the consequences from constituents signals his or her resolve regarding the issue at stake (Fearon 1997).

[8] It is important to note that the central variable in this argument is observable demonstrations of resolve, not any underlying structure of interests at stake. Fearon (1994a) draws a strong distinction between the balance of interests at stake and the process of escalatory signaling that generates audience costs.

[9] Some of the theories we examine would make this prediction, but we do not assert that any theory of the democratic peace must make this prediction. Lake's (1992) argument, for example, does not clearly imply this result. Bueno de Mesquita and Lalman (1992) and Fearon (1994a) point more directly to this prediction.

to their security, but the allies have a strong conflict of interest over a separate issue. One might argue that the more powerful ally will not impose a one-sided resolution to the secondary issue because it fears alienating the support of the weaker ally against the common foe. A possible example is British concessions to Iceland in the Cold War. Such cases seem to fit Farber and Gowa's focus on alliance ties among democracies since World War II (Farber and Gowa 1994; Siverson and Emmons 1991). Consequently, we believe a fair test of hypotheses 4 and 5 must allow for any way in which alliances might account for the attenuated influence of military capabilities on the outcomes of crises between democracies.

HYPOTHESIS 6. *The influence of relative military capabilities on the probability the challenger will prevail in international crises will be attenuated if the crisis occurs between states that share international security interests.*

We would not construe lack of support for hypothesis 6 alone as strong evidence against Farber and Gowa's claim. If hypothesis 5 is supported and hypotheses 4 and 6 are not, then we would view our results as sharply inconsistent with Farber and Gowa's critique of the democratic peace.

Control Variables

We include several control variables in our analysis of crisis outcomes. These are drawn from the realist literature on crisis bargaining and war and represent something of a baseline model against which the hypotheses can be examined. It is important that we include these variables because they are correlated with democracy. As such, they represent potentially confounding variables.

Relative Military Capabilities. As noted above, realist theories of crisis bargaining expect that the substantive outcomes of international crises should reflect the power differential of the two disputants (Huth 1988; Mearsheimer 1983; Organski and Kugler 1980; Waltz 1979). Hypotheses 4 and 5 concern the effect of relative military capabilities in interaction with alliances and joint democracy. In addition, we include *Relative Military Capability* as an independent variable on its own.

Relative Interests at Stake. The realist focus on self-help implies that state behavior is driven by self-interest. States with very substantial interests at stake in a crisis will be more willing to suffer costs to defend their interests. If one disputant has more at stake than another, realist theory would expect it to prevail in the crisis (Schelling 1966; Stam 1996). Once again, this outcome may occur with or without violence; even if the dispute is settled peacefully, the potential for escalation to violence causes the outcome to reflect the *Relative Interests at Stake*.

Relative Resolve. Disputants must demonstrate their willingness to use their capabilities and to pay the costs of war in order to persuade their opponent to yield.

States attempt to do this by engaging in actions that escalate the crisis toward war. A state that convincingly shows its willingness to use force and to suffer war costs should be more likely to prevail in the crisis. Hypothesis 3 tests the effect of this variable in interaction with domestic audience costs, but we also include *Relative Resolve* as an independent variable.

Nuclear Weapons. Numerous theoretical and empirical studies of crisis bargaining separate the influence of *Nuclear Weapons* from conventional forces (Betts 1987; Huth 1990; Huth, Gelpi, and Bennett 1993; Pape 1996; Schelling 1960, 1966). On the one hand, the possession of nuclear weapons by the defender in a crisis may be a powerful safeguard of the status quo because few issues—if any—could lead a challenger to prefer nuclear war to a strategic retreat (Huth, Gelpi, and Bennett 1993; Schelling 1996). On the other hand, a challenger with nuclear weapons may blackmail defenders into submission (Betts 1987; Huth 1990).

MEASUREMENTS AND RESEARCH DESIGN

We tested our hypotheses against the population of international crises that involved the threat or use of military force between 1918 and 1994. These were drawn from the International Crisis Behavior (ICB) Project, directed by Michael Brecher and Jonathan Wilkenfeld (1997), but our population of events differs from the ICB set in several ways. We describe each of our alterations to the ICB data set in detail in the Appendix.[10] Our coding rules identified 422 dyads involved in 283 international crises between 1918 and 1994. In a few instances we could not determine a state's domestic regime type because it was in flux during the crisis, or we were unable to gather data on a state's military capabilities or alliance status. Consequently, our final analyses cover between 409 and 416 international crisis dyads.

Crisis Outcome

The dependent variable is the extent to which the challenger is able to prevail on the issues at stake in the international crisis (*Crisis Outcome*). Coding is on a three-point scale: win (3), draw (2), and lose (1). Data are drawn from the ICB, which codes crisis outcomes on a four-point scale: victory, compromise, stalemate, and loss.[11] We pool cases of stalemate and compromise because both outcomes represent a partial success by the challenger. An analysis based on the full four-point ICB scale yielded nearly identical substantive results, but the overall fit of the model was substantially improved by pooling the stalemate and compromise cases.

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[10] Data may be downloaded from http://www.duke.edu/~gelpi/data.htm.

[11] The ICB attempts to code these outcomes as an objective observer would view their content rather than in terms of the subjective perceptions of the participants.

Democracy Scores of Challengers and Defenders

This variable measures the challenger and defender state's level of democracy (*Challenger Democracy* and *Defender Democracy*). We relied on the updated Polity III data set, compiled by Jaggers and Gurr (1997). We subtracted the Polity III autocracy index from the democracy index to produce a variable that ranges from −10 to +10. In order to ease the interpretation of the statistical results, this variable was rescaled from 1 to 21. We use it to test hypotheses 1 and 2. We also created a *Joint Democracy* variable, which we used in interaction with military capabilities to test hypotheses 4 and 5.[12] This variable was constructed by multiplying the challenger and defender democracy scores.[13]

Relative Audience Costs

We measure *Relative Audience Costs* by subtracting the defender's democracy score from the challenger's and squaring the resulting difference. The variable ranges from 0 to 400. A score of 0 indicates that the two crisis participants are equally democratic (and therefore equally subject to audience costs). A score of 400 indicates a crisis between an extremely authoritarian and an extremely democratic state. This variable captures the situations in which Fearon (1994a, 1997) would contend that one disputant has a bargaining advantage because of its ability to generate audience costs. We use this variable in interaction with relative resolve to test hypothesis 3.[14]

Common International Security Interests

Perhaps the best observable indicator of shared security interests is alliance ties (Bueno de Mesquita 1981). Thus, we measure *Common International Security Interests* as a dummy variable that is coded 1 if the two disputants share a formal alliance tie (*Shared Alliance Tie*), 0 otherwise. The data on alliances are drawn from the updated Correlates of War (COW) data set on interstate alliances. We use this variable in interaction with relative military capabilities to test hypothesis 6.[15]

Relative Military Capabilities

Data for this variable were drawn from the COW data set on national material capabilities and the values were calculated through the EUGene data generation program (Bennett and Stam 2000). EUGene calculated the proportion of global composite military capabilities controlled by each crisis participant during the year that the crisis was initiated. We then calculated the proportion of the capabilities within each crisis dyad that was controlled by the challenging state (i.e., challenger capabilities/(challenger + defender capabilities)).

Relative Interests at Stake

In the ICB data set, Brecher and Wilkenfeld (1997) use a six-value ordinal scale to score the gravity of the value threatened for each state in the crisis. We transformed this variable in three ways in order to create the relative interests at stake. First, consistent with Gelpi (1997a), we believe that the fourth category on this scale, international influence, should not be considered a more serious issue than the second category, the political stability of the government in power, or the third category, the territorial integrity of the state. Thus, we reordered the Brecher and Wilkenfeld scale so that international influence is coded lower than governmental stability and territory. Second, we collapsed this six-point scale into three categories that reflect differences of similar magnitude. Specifically, crises that involve a low level of threat or international influence are given a value of 1; those that involve territory or the status of the regime are coded 2; and those that threaten grave damage or the existence of the state are coded 3.[16] Third, we calculated the relative interests at stake by subtracting the defender's score from the challenger's.

Relative Resolve

Relative resolve is coded on the basis of the ICB data set. Brecher and Wilkenfeld (1997) code the crisis management strategy of the participants on an eight-point scale that ascends toward military violence.[17] As

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[12] We had no theoretical expectation that joint democracy would have an independent influence on the probability that the challenger would prevail. Thus, we do not include this variable in our final analyses independent if its interaction with relative military capabilities, but we tested this assumption by including joint democracy in all the analyses in Table 1. As expected, the coefficient was insignificant and did not substantively alter the effect of the other variables.

[13] Joint democracy is a difficult concept to measure. The democratic peace literature is not specific about the functional form of the relationship between the challenger's level of democracy, the defender's level of democracy, and the joint "democraticness" of the dyad. We selected our specification because we lack a theoretical basis for choosing a more complex functional form. An interaction of linear effects seems the simplest form to assume. The results remain essentially unchanged whether one uses either a dummy variable that identifies dyads with two democratic states or the minimum democracy score in the dyad as a measure of joint democracy.

[14] As in the case of joint democracy, we have no theoretical expectation that relative audience costs will have an independent effect on crisis outcomes. Thus we do not include it as an independent variable in our analyses. We tested this assumption and found that its inclusion did not significantly alter the results.

[15] As in the case of joint democracy and audience costs, we had no theoretical expectation that this variable will have an independent effect on crisis outcomes. We tested this expectation and found that the coefficient was never substantively or statistically significant, and it did not substantially change the coefficients or statistical significance of the other variables. Thus, we did not include it in the presentation of our final results.

[16] Analyses with the full six-point ICB scale yielded virtually identical results. The direction and substantive size of all coefficients as well as their levels of statistical significance remained unchanged. The models estimated with the three-point scale yielded a slightly better overall fit to the data, so we retained the rescaled variable.

[17] Consistent with Fearon (1994a) and Schelling (1960, 1966), we distinguish between demonstrations of resolve and the underlying preferences that may give rise to such demonstrations.

in the case of the interests at stake, however, we collapsed their scale into four categories that we believe reflect comparable steps in the escalation of crisis management. Specifically, a strategy of negotiation, arbitration, adjudication, or mediation is given a value of 1. A strategy that relies on nonmilitary pressure, such as economic sanctions or diplomatic pressure, as well as nonviolent military acts, such as troop movements or threats to use force, is given a value of 2. A strategy that combines military force and other tactics is given a value of 3. A strategy that relies exclusively on the use of military force is given a value of 4.[18] We then calculated the relative resolve demonstrated by the disputants by subtracting the defender's resolve score from the challenger's.

Possession of Nuclear Weapons by Challenger and Defender

Challenger Nuclear Weapons and *Defender Nuclear Weapons* are both dichotomous variables. A state must satisfy two criteria to be identified as nuclear capable for the purposes of crisis bargaining. First, it must be capable of deploying a nuclear weapon. Second, this capability must be known by the opposing state in the crisis in order to have any coercive effect. Data for coding challenger nuclear weapons and defender nuclear weapons were drawn from Arkin and Fieldhouse (1985), Betts (1987), and the High Energy Weapons Archive (Federation of American Scientists 2000).

With the exception of Israel, all dates regarding nuclear capability are based upon the dates of publicly acknowledged tests. The United States tested its first atomic weapon in 1945, Britain in 1952, France in 1960, the People's Republic of China in 1964, and India in 1974. We coded Israel as a nuclear state beginning in 1969.[19] Altering this date to any year between 1968 and 1973 has no effect on our results.

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[18] Analyses with the full eight-point ICB scale yielded similar results, although the coefficients and levels of statistical significance were somewhat reduced. We believe that the reduction in coefficient size was due to measurement error introduced by using the eight-point scale as a linear measure of resolve. Our rescaling addresses this problem.

[19] Israel may not have participated in nuclear tests (as opposed to zero-yield hydrogen tests) until as late as 1979, but it was known to be nuclear capable much earlier. Israel deployed nuclear weapons during the 1973 October War, and its Dimona reactor began producing weapons grade nuclear material in 1968, so we chose 1969 as the date. Altering this date to any year between 1968 and 1973 has no effect on our results. South Africa became a nuclear state in 1979 through a joint Israeli-South African test conducted in the Indian Ocean, but South African participation in this explosion was not known until after the weapons had already been dismantled in 1990. Thus, we do not code South Africa as a nuclear capable state for the purposes of crisis bargaining. Pakistan may have become nuclear capable in 1991, but that capability was not publicly acknowledged until 1992. Since Pakistan was not involved in an international crisis between 1991 and 1994, we do not code it as a nuclear capable state in any crisis in our data set. Classifying Pakistan as nuclear capable during the 1990 crisis with India had no substantial effect on our results.

DATA ANALYSIS AND STATISTICAL RESULTS

We began the hypothesis tests with three ordered probit analyses, the results of which are presented in Table 1. Model I contains only the realist control variables. The coefficient on relative military capabilities is positive and statistically significant ($b = 0.53$, $p < .01$). This coefficient indicates that challengers become more likely to prevail as they control a larger proportion of the capabilities in the crisis dyad. The coefficient on relative interests at stake also is positive and statistically significant ($b = 0.22$, $p < .01$). This coefficient indicates that challengers become more likely to prevail as their stakes in the dispute increase relative to those of the defender.

The substantive effects of changes in the relative interests at stake are displayed in Table 2. A shift from a crisis in which the challenger and defender have equally strong interests to one in which the challenger's interests are one category higher increases the probability of a challenger victory by an additional 11.3%. Another shift to a crisis in which the challenger's interests rank two categories higher than the defender's increases the probability of victory by 16%. When the overall shift is from a crisis in which the defender's interests rank two categories higher than the challenger's to a crisis in which the challenger enjoys such an advantage, the probability that the challenger will prevail increases from 11% to 40%. The coefficient for relative resolve is positive ($b = 0.08$) in Table 1, but it does not achieve statistical significance ($p < .15$).[20]

With regard to nuclear weapons, in Table 1 the coefficient on the challenger's possession of nuclear weapons is positive, as expected, but it does not achieve statistical significance ($p < .09$).[21] In contrast, the coefficient for the defender's nuclear capability is negative and statistically significant ($b = -0.31$, $p < .05$), but its substantive effect is not strikingly large. Specifically, compared to a defender without nuclear weapons, a defender with nuclear weapons is 11% less likely to be defeated and is 8% more likely to prevail. This provides some support for the argument that nuclear weapons can be effective in defending the status quo, but we do not find strong support for the view that challengers can use nuclear weapons to revise the status quo.[22]

Overall, the results of Model I provide substantial

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[20] Auxiliary *r*-squared for this variable was only 0.11, which indicates that colinearity is not a plausible interpretation of this insignificant result. Auxiliary *r*-squares for all variables in models I and II were 0.41 or lower. Moreover, the two variables with higher colinearity levels—relative capabilities and relative interests—were strongly statistically significant. Auxiliary *r*-squares for the variables in Model III were all below 0.60, with the exception of the interaction of joint democracy and military capabilities. Most variables ranged from 0.20 to 0.30. Thus, colinearity is not a plausible explanation for any of the statistically insignificant results.

[21] Once again, colinearity cannot explain this result. The auxiliary *r*-squared for this variable is only 0.10.

[22] A similar dummy variable identifying only the cases in which the challenger has a nuclear monopoly (i.e., the challenger has nuclear weapons and the defender does not) yielded virtually identical results.

TABLE 1.   Probit Analyses Predicting Challenger's Victory in International Crises

	Model I	Model II	Model III
Democracy Variables			
Challenger's democracy	—	0.03**	0.04*
		(0.01)	(0.01)
Defender's democracy	—	−0.00	0.01
		(0.01)	(0.01)
Relative audience costs × relative resolve	—	—	0.001*
			(0.005)
Relative military capabilities × joint democracy	—	—	−0.002*
			(0.001)
Realist Variables			
Relative military capabilities × disputants share alliance tie	—	—	0.17
			(0.23)
Relative military capabilities	0.53**	—	0.79**
	(0.33)		(0.26)
Relative interests at stake	0.22**	—	0.23**
	(0.13)		(0.08)
Relative resolve	0.08	—	−0.01
	(0.12)		(0.10)
Challenger nuclear weapons	0.24	—	0.05
	(0.18)		(0.20)
Defender nuclear weapons	−0.31*	—	−0.29
	(0.16)		(0.20)
First threshold	−0.02	−0.06	0.50
Second threshold	1.07	1.02	1.62
Number of observations	416	413	409
Observations correctly predicted	188	183	195
Percentage correctly predicted	45%	44%	48%
χ^2 (degrees of freedom)	25.7 (5)**	7.3 (2)*	38.2 (10)**

Note: Standard errors for coefficients are in parentheses. Huber-White robust standard errors are allowed for clustering on each crisis. *$p < .05$, **$p < .01$. Significance tests for challenger and defender democracy are two-tailed. All other significance tests are one-tailed.

support for the realist model of crisis outcomes. Clearly, power and interests have a significant influence on the outcome of international crises. As we

shall see below, however, realist variables are only the beginning of the story.

Also presented in Table 1 are the results for Model

TABLE 2.   Marginal Effects of Relative Interests at Stake and the Challenger's Democracy on the Probability of a Challenger Victory

Section I: Interests at Stake			
Change in Interests at Stake	Change in *P* (Challenger Loses)	Change in *P* (Draw)	Change in *P* (Challenger Wins)
−2 to −1	−9.3%	+4.3%	+5.0%
−1 to 0	−9.1%	+2.8%	+6.3%
0 to 1	−8.4%	+0.9%	+7.5%
1 to 2	−7.3%	−1.2%	+8.5%
Section II: Challenger Democracy			
Change in Democracy Score	Change in *P* (Challenger Loses)	Change in *P* (Draw)	Change in *P* (Challenger Wins)
1 to 6	−5.3%	+2.0%	+3.3%
6 to 11	−5.1%	+1.4%	+3.7%
11 to 16	−4.9%	+0.7%	+4.2%
16 to 21	−4.6%	+0.1%	+4.5%

Note: Marginal effects were calculated by generating predicted values from the probit model while changing the values of selected variables and holding the others at their mean mode. The predicted values were transformed into probabilities that the outcome would fall into each category by summing the area underneath the cumulative normal distribution between the predicted value and each of the category thresholds.

II, which includes only the political structure variables: the challenger's and defender's democracy scores. We estimate this model to distinguish Lake's (1992) view of democracies as powerful pacifists from Bueno de Mesquita's (Bueno de Mesquita and Lalman 1992; Bueno de Mesquita and Siverson 1995; see also Reiter and Stam 1998) concept of democracies as weak and constrained polities. We do not include the realist control variables in Model II because Lake's argument implies that interests at stake and military capabilities may be intervening variables between democracy and conflict behavior (King, Keohane, and Verba 1994).

Consistent with both Bueno de Mesquita and Lake, the results of Model II indicate that democratic challengers are more likely to prevail. The coefficient on challenger's democracy is positive and statistically significant ($b = 0.05, p < .01$). The substantive effect of this variable is displayed in the second section of Table 2, which shows that it is roughly comparable to the effect of the interests at stake. Specifically, a shift in the challenger's domestic regime from an autocracy (democracy score $= 1$) to a mixed regime (democracy score $= 11$) increases the probability that the challenger will prevail in the crisis by 7%. A further shift from a mixed regime to full democracy (democracy score $= 21$) raises the probability of victory by an additional 8.7%. Overall, the probability that an authoritarian challenger will prevail in a crisis is 15%, compared to 30% for a democratic challenger.

The defender's democracy score, however, has virtually no influence on crisis outcome ($b = -0.00$, n.s.). Moreover, the results of Model II remain unchanged even when the analysis is restricted to cases in which the defender's regime, its existence, or grave damage in war is at stake ($b = 0.00$, n.s.). Contrary to Lake's expectations, democratic defenders are not more likely to prevail even when defeat entails dire consequences.

At first glance, these results do not appear consistent with either Bueno de Mesquita or Lake. Both predict the positive coefficient on challenger democracy, and neither predicts an insignificant effect for defender democracy. Yet, we believe that our results are more supportive of the Bueno de Mesquita framework for at least three reasons. First, that approach expects the effect of democracy on crisis outcomes to differ according to conflict initiator. Specifically, only democracies that initiate international crises will be more likely to prevail. Model II does indicate that the effect of democracy depends upon the challenger or defender status.

Second, as indicated by the results in Model III, the coefficient for the defender's democracy becomes substantially more strongly positive ($b = 0.15$, but does not achieve statistical significance, $p < .15$) once we control for relative military capabilities and the issues at stake.

Third, the selection process that appears to be dampening the coefficient for the defender's democracy score reflects the expectations of Bueno de Mesquita at the expense of Lake. The ability to generalize from results is limited by selection effects whenever sample observations are not randomly drawn from the population (Achen 1986). International crises are not a random set of state interactions, and any analysis of crisis behavior is subject to those effects (Fearon 1994b). In general, nonrandom selection reduces the observed substantive size and statistical significance of relationships.[23] Of course, the crisis selection process may affect the coefficient for any variable that is known and observable before the outbreak of the crisis.[24]

The examination of selection effects on the defender's democracy score is particularly important because Lake and Bueno de Mesquita make differing claims about what might be dampening the influence of defender democracy. Specifically, Lake (1992) expects that defender democracy will have a negative effect on the probability of a challenger victory because democracies are powerful and efficient combatants. According to this logic, Lake's expected negative coefficient may be dampened if challengers, recognizing the military capacity of democratic states, tend to initiate crises only against especially weak democracies. If this were true, then the democratic defenders we observe would tend to be at a disadvantage in terms of relative military capabilities. Bueno de Mesquita (Bueno de Mesquita and Lalman 1992; Bueno de Mesquita and Siverson 1995), for his part, expects a positive relationship between defender democracy and the probability of a challenger victory because democracies will generally be reluctant to use force. This expected positive coefficient may be dampened if challengers are willing to initiate crises *even* against very powerful democracies because of their belief that the democracies will not fight. If this were true, then the democratic defenders we observe would tend to have an advantage in terms of relative military capabilities.

We tested these expectations by regressing the challenger and defender democracy on the relative military capabilities in the dyad (recall that this is expressed as the proportion of total military capability controlled by the challenger). We also included the relative interests at stake as a control variable.[25] The key variable in this analysis is the defender democracy score. Lake predicts a positive coefficient. That is, Lake expects that when challengers select a democratic defender, they will tend to do so if they have an advantage, in terms of relative military capabilities. Bueno de Mesquita predicts a negative coefficient. That is, Bueno de Mesquita expects that when challengers select a democratic defender they may target states that are more powerful

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[23] In extreme cases, selection effects can cause coefficients to reverse sign. This logic led Bueno de Mesquita and others to hypothesis 8, which predicts that the weakness of democratic states will cause democratic challengers to choose crises that they are more likely to win.

[24] It is important to note that these effects do not invalidate our analysis. Instead, they simply limit the generalizability of the findings to the population we analyze: international crises. It remains possible that variables found insignificant in our analysis do influence international conflict, but in that case the effect must occur before the disagreement reaches crisis proportions.

[25] The results were essentially unchanged when relative interests were dropped from the analysis.

TABLE 3. Regression Analysis Predicting Relative Military Capabilities in International Crises by Disputants' Power Status

Realist Variables	Coefficients
Challenger's democracy	−0.001
	(0.003)
Defender's democracy	−0.009**
	(0.002)
Relative interests at stake	−0.18**
	(0.02)
Constant	0.60**
	(0.03)
Number of observations	409
R^2	0.29
F-test (degrees of freedom)	66.1 (3,282)**

Note: Standard errors for coefficients are in parentheses. Huber-White robust standard errors are allowed for clustering on each crisis. **$p < .01$. All tests for statistical significance are two-tailed.

than themselves because of their belief that democracies prefer not to fight.

The results of this analysis are presented in Table 3. These findings clearly support Bueno de Mesquita's logic. Most important, the coefficient for the defender's democracy is clearly negative and statistically significant ($b = -0.009$, $p < .01$). Since this analysis was performed by ordinary least squares, the marginal effect of the variables can be easily calculated directly from the coefficients. For each increase of one unit in the defender's democracy score, the balance of relative military capability shifts toward the defender by .009. When other variables are held at their mean value, the predicted relative capability score for a crisis in which the defender is authoritarian (democracy score = 1) is .58, which reflects an advantage of nearly 3:2 for the challenger. If the defender is democratic (democracy score = 21), the comparable score is .41, or a 3:2 defender advantage. In contrast, the influence of the challenger's democracy score is not significant. Finally, as one would expect, the coefficient on relative interests at stake is negative, which indicates that challengers are willing to accept a less favorable balance of military capability when they have more at stake than the defender.

It appears that democratic defenders tend to be militarily more powerful than their opponents but are not more likely to prevail. This result holds even when they are defending their domestic regime or the existence of their state.[26] Democratic challengers, in contrast, are not more powerful than their opponents but are significantly more likely to prevail. These findings

seem more consistent with Bueno de Mesquita than with Lake. Lake is right that the democracies we observe as defenders tend to be powerful states. But these powerful democracies appear in our data because states are willing to challenge them despite their capabilities, due to the belief they are reluctant to use force. As challengers, however, democracies select the crises they can win, even when they do not have an advantage in military capabilities.

Model III in Table 1 contains the complete specification of our analysis of crisis outcomes. It includes the realist control variables, the political structure factors, and the interaction effects between the two. The results for the variables specified in Model I and Model II change very little in the more complete analysis. Relative military capabilities and relative interests at stake continue to have a substantial and statistically significant influence on crisis outcome. In fact, the effect of both becomes substantively larger in the complete model as we control for political structure. The substantive influence of the defender's nuclear capacity remains virtually unchanged in Model III ($b = -0.29$) but does not achieve statistical significance ($p < .07$).[27] The effect of the challenger's and defender's democracy also remains relatively unchanged. As noted above, the coefficient for the defender's democracy shifts somewhat in the direction expected by Bueno de Mesquita in our more complete model, but it remains quite small relative to challenger's democracy and does not achieve statistical significance.

Model III also includes several interactive variables that require careful interpretation. The coefficients for interaction terms represent the effect that change in one variable has on the coefficient for the other variable. For example, the coefficient for audience costs × relative resolve is 0.01. This coefficient indicates that each one unit increase in the relative audience costs score increases the coefficient for relative resolve by 0.01. As we discuss below, this result is consistent with hypothesis 3. Hypothesis 4 predicts that the interaction of relative military capabilities and joint democracy will be insignificant, while hypothesis 5 predicts that this coefficient will be negative. Finally, hypothesis 6 predicts a negative coefficient on the interaction between relative military capabilities and shared alliance ties.

The significant influence of the interactive terms in Model III indicates that the effects of realist variables—such as capabilities and resolve—are contingent on variation in political structure.

The positive and statistically significant ($b = 0.01$, $p < .05$) coefficient on the interaction between relative audience costs and relative resolve provides strong support for Fearon's (1994a, 1997) argument about domestic audience costs and the credibility of crisis escalation.[28] This coefficient indicates that demonstra-

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[26] It is well documented that major powers are disproportionately involved in military conflict (Bremer 1992), but many of the major powers between 1918 and 1994 were democratic. To ensure that the results in Table 4 were not an artifact of these two patterns, we performed an analysis on the 236 crises in our data set that were exclusively between minor powers and the 35 crises that were exclusively between major powers. The results were identical in all cases. The coefficient for the defender's democracy score within the minor power set was −0.007 ($p < .01$). In the major power set the coefficient was −0.009, but the coefficient was not significant because there were only 35 cases.

[27] This result could be due to slightly higher colinearity levels for this variable in Model III. The democracy variables remain statistically significant, which gives us confidence in the results that we discuss below.

[28] Fearon only applies his argument to crisis bargaining situations

FIGURE 1.   Effect of Relative Resolve on the Probability of Challenger Victory, by Audience Cost (Indicated by Challenger and Defender Democracy)
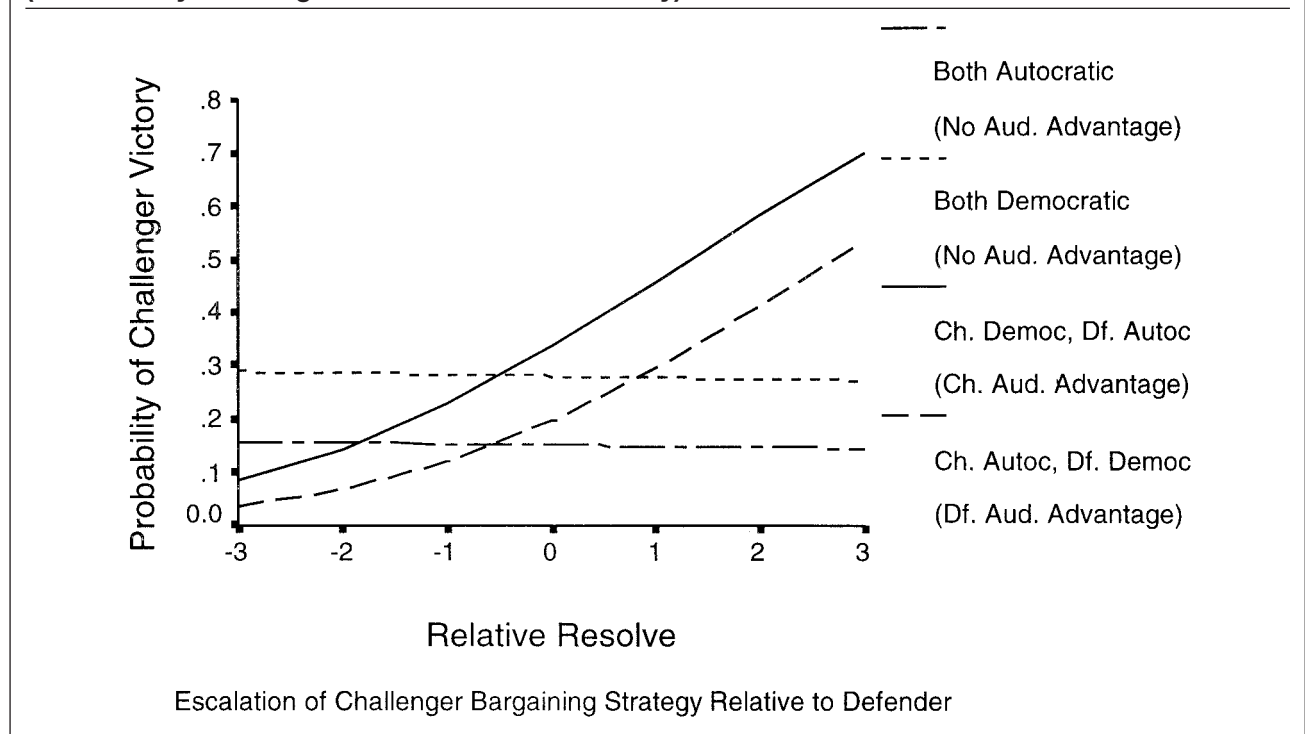
tions of resolve have a greater influence on crisis outcomes when one of the disputants is able to make its escalatory threats more credible because of its democratic political structures. Although democracies may be reluctant to threaten force, their threats may be highly credible when they do so. As a result, democracies that demonstrate resolve are more likely to prevail against nondemocracies. Conversely, democracies that do not demonstrate resolve are put under extreme pressure by authoritarian states and forced to concede defeat.

The dramatic interactive effects of audience costs and relative resolve are displayed in Figure 1. Recall that we measure relative audience costs as a function of challenger and defender democracy. Thus, we depict the effect of relative resolve on the probability of challenger victory in four different types of crises: (1) between two autocracies; (2) between two democracies, (3) between a democratic challenger and an autocratic defender, and (4) between an autocratic challenger and a democratic defender.[29]

When the challenger and defender have similar regime types—whether autocratic or democratic—neither disputant has an advantage in demonstrating domestic audience costs (relative audience costs = 0). In this context neither state is able to make its threats of escalation effective, and relative resolve has little effect on the outcome of the crisis. Each one category increase in the challenger's relative resolve actually reduces the probability it will prevail by between 0.2% and 0.3%.

When the disputants have differing regime types, however, relative resolve becomes a significant determinant of crisis outcomes. For example, when the challenger is democratic and the defender is authoritarian, the challenger's domestic audience costs (relative audience costs = 289) make its threats highly credible to the defender. If the democratic challenger escalates three categories higher than the authoritarian defender (relative resolve = 3), then the probability that the democracy will prevail is 70%. If, however, the same democratic challenger allows the defender to escalate 3 categories higher (relative resolve = −3), then the probability that the democratic challenger will prevail is only 8%. Relative resolve has a similar effect on crises between an authoritarian challenger and a democratic defender (relative audience costs = 289). In this case a relative resolve score of 3 becomes a credible signal of weakness on the part of the democratic defender, leading to nearly a 65% probability of

that do not escalate to the large-scale use of force, but war is frequently viewed as a contest in endurance and willingness to suffer (Schelling 1966; Stam 1996). Escalation could be viewed as bargaining moves that generate audience costs in an attempt to persuade the opponent to settle, so we believe that it is appropriate to test this argument on all international crises. Nonetheless, to ensure that the inclusion of cases that escalate to war does not influence our results, we reestimated the equation in Table 1 on crises that did not escalate to war. The results remained virtually identical ($b = 0.01, p < .05$).

[29] Since the challenger and defender democracy scores have highly bimodal distributions, these four types describe the most typical cases in our data set. Of our 422 crisis dyads, 288 involve only states with democracy scores below 6 or above 16. Overall, the two most

common democracy scores in our data set are 4 and 21. In generating Figure 1 we set the challenger and defender democracy scores to each of the four possible combinations of those scores.

FIGURE 2. Effect of Relative Military Capabilities on the Probability of Challenger Victory, by Regime Type

Type of Dyad

△ Both Democracies

○ Mixed

□ Both Autocracies
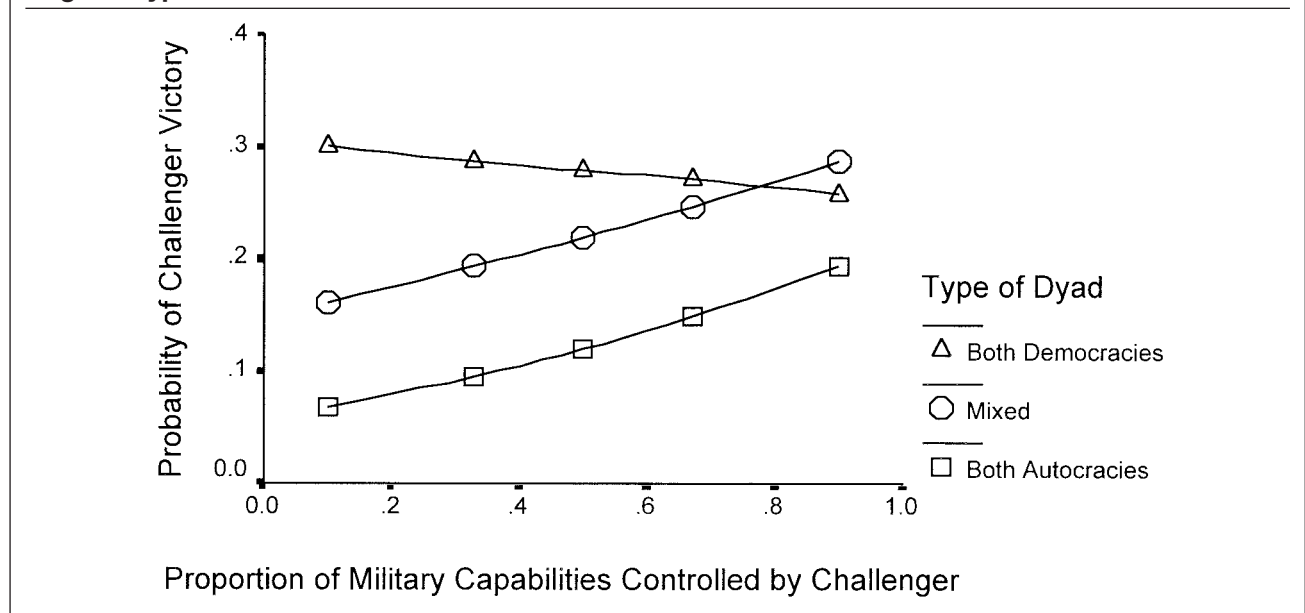
victory for the authoritarian challenger. Conversely, a relative resolve score of −3 indicates resolve by the democratic defender and leads to approximately a 1% probability of victory for the authoritarian challenger.

These findings provide striking and dramatic support for arguments by Fearon and others about the interaction of political structures and bargaining behavior (Fearon 1994b, 1997; Putnam 1988; Schultz 1999), but they also represent something of a double-edged sword. On the one hand, democratic states—whether challengers or defenders—can send credible signals of resolve that greatly enhance their chances of prevailing in an international crisis when they engage in provocative escalatory behavior. On the other hand, when democratic states choose not to make escalatory moves, that may be taken as a credible signal of weakness. The transparency of domestic constraints both enables democracies to communicate their willingness to defend their interests and prevents them from bluffing resolve when they are not truly willing to pay the price of using force.

Consistent with hypothesis 5 and contrary to hypothesis 4, the coefficient on the interaction between joint democracy and relative military capabilities is negative and statistically significant ($b = -0.002$, $p < .05$), which indicates that military power has less effect on the outcomes of crises between democracies as compared to other dyads. The substantive influence of the interaction between relative military capabilities and joint democracy is displayed in Figure 2.

As the figure indicates, for crises between autocratic or mixed dyads, an increase in the challenger's relative military capabilities has a modest positive effect on the probability that the challenger will prevail in the crisis. In either of these contexts, each increase of 0.2 in the relative military capabilities score increases the probability the challenger will prevail by about 3–4%. Spe-

cifically, in crises between two autocratic states (joint democracy = 1), the improvement in the challenger's capabilities from 10% of the capabilities in the dyad (relative military capabilities = .1) to 90% of the capabilities in the dyad (relative military capabilities = .9) increases by about 13% the probability that it will prevail in the crisis. Similarly, in a crisis involving a mixture of regime types (joint democracy = 121), the overall change in relative military capabilities from 0.1 to 0.9 increases by 12.5% the probability of a challenger victory.

In crises between democratic states (joint democracy = 441), however, the effect of relative capabilities evaporates. In this context, increases in the challenger's relative military capabilities slightly reduce the probability that it will prevail in the dispute. Figure 2 indicates that an increase in the challenger's capabilities from 10% to 90% of the capabilities in the dyad actually reduces by 3.1% the probability that the challenger will prevail in the crisis.[30]

Farber and Gowa's (1995) expectation that the democratic peace can be explained as a spurious result of common international security interests among democracies during the Cold War era is not supported by our analysis. As predicted by hypothesis 5, relative military capabilities has a substantially reduced effect on the outcomes of crises between democratic states. But

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[30] We vary joint democracy from 1 to 441 to illustrate the full range of effects predicted by our model. It is important to note, however, that the median value for joint democracy is only 42, and 80% of the cases have joint democracy scores of 126 or lower. Thus, relative military capabilities do have a significant effect on the outcomes of most crises. The effect of relative military capabilities is not completely eliminated until joint democracy reaches a score of 400—the 99th percentile. Nonetheless, as joint democracy increases, we observe a substantial decrease in the effect of relative military capabilities.

TABLE 4. Summary of Results

Theoretical Approach	Hypotheses	Result
Structural Theories of the Democratic Peace		
Democratic constraints (Bueno de Mesquita et al.)		
Democratic challengers win	Hypothesis 1	Supported—Tables 1, 2, 3
Powerful pacifists (Lake)		
Democratic challenger and defenders win	Hypothesis 2	Not supported—Tables 1, 3
Democratic audience costs (Fearon)		
Democracy and credibility of resolve	Hypothesis 3	Supported—Table 1, Figure 1
Critiquing the Democratic Peace		
Common polities (democratic peace)		
Democracy reduces effect of capabilities	Hypothesis 5	Supported—Table 1, Figure 2
Common interests (Farber and Gowa)		
Alliance reduces effect of capabilities and	Hypothesis 6	Not supported—Table 1
democracy does not	Hypothesis 4	Not supported—Table 1, Figure 2
Realist Bargaining Theory		
Relative capabilities	Control	Supported—Table 1, Figure 1
Relative interests	Variables	Supported—Table 1, 2
Relative resolve		Not supported—Table 1
Nuclear weapons		Partially supported—Table 1

contrary to hypothesis 6, the coefficient for the interaction of alliance ties and relative capabilities does not approach statistical significance.[31] This insignificant coefficient indicates that the effect of relative military capabilities on crises between allies is not different from its effect on crises between nonallies. That is, while allies appear to bargain with one another in the shadow of violence, democracies do not. This combination of results seems especially inconsistent with Farber and Gowa's analysis.

CONCLUSION

By extending theories of the democratic peace to encompass a new dependent variable—the outcomes of international crises—we can take a fresh look at the debate. Table 4 summarizes the central conclusions of our research.

First, our analysis undermines the realist claim (Farber and Gowa 1995) that the democratic peace can be attributed to common strategic interests. Although democracies may share an interest in not using force against one another, they do not have a common interest in determining which state will prevail in an international crisis. The realist claim of a spurious correlation implies that the effect of relative military capabilities on crisis outcomes should not depend on the disputants' domestic political structures. Instead, realists would expect that the effect of relative military capabilities will depend on the shared security interests of the disputants. Neither expectation is supported by our results.

Second, our study does not support Lake's (1992) contention that democracies do not fight one another

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[31] Further evidence against Farber and Gowa is demonstrated by the fact that this interaction becomes even more substantial when the analysis is performed on the 111 pre–Cold War crises that occurred between 1918 and 1945. For this time period, the coefficient is -0.004 ($p < .10$).

because they are powerful states that are satisfied with the status quo. This "powerful pacifist" argument suggests that democratic states, whether challengers or defenders, should be more likely to prevail when they do become involved in international crises. We find that not to be the case.

Third, we do find support for the argument (Bueno de Mesquita and Lalman 1992; Bueno de Mesquita and Siverson 1995; see also Reiter and Stam 1998) that democratic states face domestic costs in using force and select crises in which they are more likely to prevail. Moreover, we find that the perceived weakness of democracies leads states to challenge them despite their military power. This explanation is consistent with other empirical analyses of the democratic peace (Grieco 2001; Rousseau et al. 1996).

Fourth, our results provide the strongest support for Fearon's (1994a, 1997) argument concerning the interaction of audience costs and crisis escalation. We found that an asymmetry in domestic audience costs has a dramatic influence on the credibility of escalatory signals sent during a crisis. In particular, democratic states, whether challengers or defenders, can more credibly signal their intentions than nondemocratic states. As a result, democratic states can dramatically increase their chances of prevailing in a crisis by engaging in escalatory behavior. Yet, their failure to escalate is viewed as a credible sign of weakness that drives nondemocratic states to coerce them into capitulation.

An interesting synthesis of the Bueno de Mesquita and Fearon explanations emerges from our study. The democratic peace is caused by the constraints that democratic political structures place on state leaders. These structures impose costs for using force that have at least four implications for democratic foreign policy. First, as discussed by Bueno de Mesquita and Lalman (1992), the costs prevent democracies from fighting one another. Second, due to their perceived reluctance

to use force, democracies may attract a greater number of challenges than one would expect in view of their military capabilities (Grieco 2001; Rousseau et al. 1996). Third, democratic states choose conflicts in which they are especially likely to prevail. Fourth, and somewhat paradoxically, the openness of democratic societies makes their bargaining tactics credible to opponents. This credibility helps them prevail when they are willing to use force but prevents them from successfully bluffing resolve. This synthesis is attractive inasmuch as it predicts a variety of behaviors based upon a single simple assumption that lies at the core of numerous theories of the democratic peace.

In sum, our analysis indicates that democratic political structures do affect international state behavior. Specifically, those structures impose costs on leaders who choose to initiate force, which in turn make their actions credible to their opponents.

APPENDIX: PROCEDURES FOR REVISING THE INTERNATIONAL CRISIS BEHAVIOR PROJECT (ICB) DATA SET

We made three types of revisions to the set of cases identified by the ICB.

(1) We merged a number of the ICB cases in which military conflict was ongoing between crises. We did so because our central dependent variable is the outcome of the crises, and in ongoing conflict no final resolution has been reached.

These merged cases fall into two categories. The first encompasses what the ICB calls "intra-war" crises, such as the battle of Stalingrad. We treat all German-Soviet engagements during World War II as a single encounter, beginning with Operation Barbarossa in June 1941 and ending in May 1945. The second category involves what the ICB calls "protracted conflicts," many of which are essentially long-term guerilla campaigns or internationalized civil wars. We merge all ICB crises between the same two participants if the prior crisis ends without a negotiated solution *and* less than one year elapses before combat resumes. For example, the nearly continuous guerilla fighting between Mozambique and Rhodesia from 1976 to 1980 is represented in our data set as a single conflict in which Rhodesia is the loser, rather than several stalemated engagements followed by a Rhodesian loss.

(2) We disaggregated multilateral ICB crises into a series of dyads. A number of the central variables in our analysis are most appropriately measured on the state or dyadic level. It is unclear, for example, how one should evaluate the relative interests at stake in the Korean War. For the United States, China, and the Soviet Union, the conflict was about geopolitical influence; for North Korea it was about territory; for South Korea it was about survival. We create seven separate crisis dyads: North Korea versus South Korea, North Korea versus the United States, and so on. Of course, this procedure means that our observation of the dependent variable (crisis outcome) is not independent across all the dyads that emerge from a single crisis. We account for this problem by estimating Huber-White robust standard errors that allow for non-independence of dyads within each crisis. For example, our analyses allow for a correlation among the outcomes of the seven crisis dyads of the Korean War.

(3) A few ICB international crises events do not appear in our data set because no militarized threat or activity occurred between any dyad of state actors; all militarized threats were either targeted at or initiated by nonstate actors.

(4) For each crisis dyad we identify one state as the challenger and the other as the defender. The first member of the dyad that attempts to overturn the status quo, either by making a militarized threat or by taking military action, is the challenger. The state against which such threats or activities are targeted is the defender. In addition, any state that attempts to prevent a challenger from militarily altering the status quo with regard to a third party is also considered a defender. In the Korean War, for example, North Korea's invasion of the South makes it the challenger in that dyad. The American response to that invasion necessitates a separate dyad, in which North Korea is the challenger against the United States. China became involved in response to the American decision to cross the 38th parallel, so we code the United States as the challenger against China in a third crisis dyad, and so on.

Applying these coding rules to the ICB data identified 422 dyads involved in 283 international crises between 1918 and 1994. In a few instances we could not determine a state's domestic regime type because it was in flux during the crisis, or we were unable to gather data on a state's military capabilities or alliance status. Consequently, our final analyses include between 409 and 416 international crisis dyads.

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