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The Effects of Economic Crisis, Domestic Discord, and State Efficacy on the Decision to Initiate Interstate Conflict

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# The Effects of Economic Crisis, Domestic Discord, and State Efficacy on the Decision to Initiate Interstate Conflict

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Studies of diversionary conflict typically claim that lower rates of economic growth and domestic unrest increase the risk of militarized interstate conflict. Research shows that these factors are also related to regime changes. Lower rates of economic growth and domestic conflict should increase the risk that governments are overthrown. This article investigates the comparative risk of economic growth and domestic turmoil on militarized interstate conflict and regime changes on a sample of over 100 countries from 1920-92. I find that higher rates of economic growth are related to violent militarized interstate conflicts and reduce the risk of regime changes. Democracy and economic development likewise provide internal stability and interstate peace. Yet the risk of regime change increases rapidly relative to involvement in an interstate conflict for states affected by high levels of domestic conflict, suggesting that any diversionary strategies are a risky gambit that have a high chance of failure.

This article examines the contemporaneous effect of low economic growth and domestic instability on the threat of regime change and/or involvement in external militarized conflicts. Many studies of diversionary conflict argue that lower rates of economic growth should heighten the risk of international conflict. Yet we know that militarized interstate conflicts, and especially wars, are generally rare events whereas lower rates of growth are not. Additionally, a growing body of literature shows that regime changes are also associated with lower rates of economic growth. The question then becomes which event, militarized interstate conflict or regime change, is the most likely to occur with domestic discord and lower rates of economic growth?

Diversionary theory claims that leaders seek to divert attention away from domestic problems such as a bad economy or political scandals, or to garner increased support prior to elections. Leaders then supposedly externalize discontented domestic sentiments onto other nations, sometimes as scapegoats based on the similar in-group/out-

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group dynamic found in the research of Coser (1956) and Simmel (1955), where foreign countries are blamed for domestic problems. This process is said to involve a "rally-round-the-flag" effect, where a leader can expect a short-term boost in popularity with the threat or use of force (Blechman *et al.* 1978; Mueller 1973). Scholarship on diversionary conflict has focused most often on the American case<sup>1</sup> but recent studies have sought to identify this possible behavior in other countries.<sup>2</sup>

The Falklands War is often a popular example of diversionary conflict (Levy and Vakili 1992). Argentina was reeling from hyperinflation and rampant unemployment associated with the Latin American debt crisis. It is plausible that a success in the Falklands War may have helped to rally support for the governing Galtieri regime, although Argentina lost the war and the ruling regime lost power. How many other attempts to use diversionary tactics, if they indeed occur, can be seen to generate a similar outcome? The goal of this article is to provide an assessment of the extent to which diversionary strategy is a threat to peace. Is this a colorful theory kept alive by academics that has little bearing upon real events, or is this a real problem that policy makers should be concerned with? If it is a strategy readily available to leaders, then it is important to know what domestic factors trigger this gambit. Moreover, to know that requires an understanding of the context in external conflict, which occurs relative to regime changes.

Theories of diversionary conflict usually emphasize the potential benefits of diversionary tactics, although few pay equal attention to the prospective costs associated with such behavior. It is not contentious to claim that leaders typically seek to remain in office. However, whether they can successfully manipulate public opinion regularly during periods of domestic unpopularity through their states' participation in foreign militarized conflicts—especially outside of the American case—is a question open for debate. Furthermore, there appears to be a logical disconnect between diversionary theories and extant studies of domestic conflict and regime change. Lower rates of economic growth are purported to increase the risk of both militarized interstate conflicts (and internal conflicts) as well as regime changes (Bloomberg and Hess 2002). This implies that if leaders do, in fact, undertake diversionary conflicts, many may still be thrown from the seat of power—especially if the outcome is defeat to a foreign enemy. Diversionary conflict would thus seem to be a risky gambit (Smith 1996).

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Scholars such as MacFie (1938) and Blainey (1988) have nevertheless questioned the validity of the diversionary thesis. As noted by Levy (1989), this perspective is rarely formulated as a cohesive and comprehensive theory, and there has been little or no knowledge accumulation. Later analyses do not necessarily build on past studies and the discrepancies between inquiries are often difficult to unravel. "Studies have used a variety of research designs, different dependent variables (uses of force, major uses of force, militarized disputes), different estimation techniques, and different data sets covering different time periods and different states" (Bennett and Nordstrom 2000, 39). To these problems, we should add a lack of theoretical precision and incomplete model specification. By a lack of theoretical precision, I am referring to the linkages between economic conditions and domestic strife that remain unclear in some studies (Miller 1995; Russett 1990). Consequently, extant studies are to a degree incommensurate; they offer a step in the right direction but do not provide robust cross-national explanations and tests of economic growth and interstate conflict.

Yet a few studies have attempted to provide deductive explanations about when and how diversionary tactics might be employed. Using a Bayesian updating game, Richards and others (1993) theorize that while the use of force would appear to offer leaders a means to boost their popularity, a poorly performing economy acts as a signal to a leader's constituents about his or her competence. Hence, attempts to use diversion are likely to fail either because incompetent leaders will likewise fail in foreign policy or people will recognize the gambit for what it is. Instead, these two models conclude that diversion is likely to be undertaken particularly by risk-acceptant leaders. This stress on a heightened risk of removal from office is also apparent in the work of Bueno de Mesquita and others (1999), and Downs and Rocke (1984), where leaders may "gamble for resurrection," although the diversionary scenario in the latter study is only a partial extension of their theory on selectorates, winning coalitions, and leader survival. Again, how often do leaders fail in the process or are removed from positions of power before they can even initiate diversionary tactics? A few studies focusing on leader tenure have examined the removal of leaders following war, although almost no study in the diversionary literature has looked at the effects

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of domestic problems on the relative risks of regime change, interstate conflict, or both events occurring in the same year.<sup>3</sup>

Of course, diversionary theory contends that domestic conflict should motivate interstate conflict, although there is no clear agreement on what type of diversionary behavior should be most beneficial. Again, some studies of diversionary conflict focus on the benefits of conflict externalization but not the potential costs. Leeds and Davis (1997) are an exception and they theorize that if it is low growth that induces diversionary behavior, then initiators should choose targets that are growing based on the belief that they would be less likely to respond militarily. Reducing the costs posed by other states could then maximize the benefits of diversion? However, it is also unclear whether states need to merely make threats or if they need to use military force to attain the benefits of diversion. Undoubtedly, provoking crises that are costly to a state in lives and resources could be seen as immoral, and thus, a detriment to leader survival. Perhaps merely threatening other states could achieve the leader's aims, although citizens may not pay as much attention to these conflicts if they fall short of a crisis. Moreover, once a crisis emerges, it is possible that it may escalate out of control. Diversion may have benefits, but what are the potential costs?

I seek to accomplish three basic goals in this study. The first is to provide a test of the conditions purported to lead to diversionary strategy across a general sample of states over a long time span. This is important because the bulk of the existing literature on this theory focuses on the United States. The second goal is to provide overt measures of economic growth and domestic conflict generalizable to all states. Few studies of diversionary conflict have attempted to measure directly domestic conflict cross-nationally. The third goal is the most important contribution, which is to provide a test of diversionary theory that not only examines possible causes for diversion but places these in a context of relative risk to regime change. This is particularly important to (1) understand how common diversionary conflict could occur and (2) see how often it is associated in some fashion with regime change, or how often regime change occurs relative to interstate conflict in the face of domestic conflict and low economic growth. My approach also provides evidence to other issues, such as the roles of economic development and democracy. The next section offers a theoretical basis to expect that diversionary conflicts may be less probable than regime

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changes during periods of lower economic growth. This is followed by discussions of the research design used to test my theoretical expectations and the empirical results. I then conclude that while there is evidence to support aspects of the diversionary conflict thesis, this behavior is not related to lower rates of economic growth.

# Theory on Economic Conditions, Conflict, and Regime Change

Theories of diversionary conflict make a few basic assumptions. First, leaders seek to remain in office. Second, leaders have some latitude to use military force. Third, leader approval is, in part, determined by the state of the economy. Lastly, the use of military force results in a rally effect that increases leader popularity. Nevertheless, while these assumptions appear reasonable and help simplify theory, they may not be the most appropriate or informative for an explanation of the decision to engage in interstate conflict. From these pieces, we cannot put together the whole diversionary puzzle. Other components of the story are missing and unaccounted for. One example concerns whether there is a difference between scapegoating and externalizing conflict. Disparate studies have discussed the roles of regime types, repression, the magnitude of domestic conflict, opportunities for participation in foreign disputes, and differences in how the severity of international conflict should affect the prospects of successful diversion. Yet many theoretical linkages remain unclear in individual studies.

Almost totally ignored in the literature is the problem that lower rates of economic difficulties purportedly motivate diversionary behavior, while other studies suggest that lower rates of growth increase the probability that leaders will be removed from office (Bloomberg and Hess 2002; Londregan and Poole 1990). Similarly, incumbents in democracies are most likely to lose elections following periods of economic stagnation (Lewis-Beck 1988). Logically, lower rates of economic growth should heighten the risks leaders' face, whether they are democrats or autocrats. Perhaps leaders do "gamble for resurrection," although many could be removed from power before they may be able to attempt to roll the dice.

Another body of literature disagrees with the diversionary conflict thesis and contends that *higher* rates of economic growth should lead to more frequent (or more severe) interstate conflict (Blainey 1988; MacFie

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1938; Meernik 1994; Meernik and Waterman 1996). Economic growth is said to have two effects that increase the probability of conflict. First, economic growth could allow for increases in military spending that could boost war-making capacity (war-chest theme) or, second, that growth provides a greater social willingness to allow leaders to participate in interstate conflict. Fewer domestic constraints should give leaders a freer hand to initiate or join conflicts. Admittedly, theories in this category are no more developed (arguably less so) than diversionary conflict theory. However, this intuition is my focus regarding economic growth in this article.

#### **Constituencies and Domestic Pressure**

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All leaders depend on a constituency of some sort (Bueno de Mesquita et al. 1999) and always face potential opposition to their policies (Hagan 1994; Heldt 1999; Miller 1995, 1999; Richards et al. 1993). In democratic systems, opposition parties may seek to exploit foreign policies that they will argue are not in the best interest of the nation, resulting in higher constraints on such executives relative to their authoritarian counterparts. However, during times of economic prosperity, society is less likely to be influenced by the rhetoric of parties and factions that stand in opposition to the leader. Assuming that popularity ratings are higher than would be the case during economic recession or depression, leaders should be more apt to initiate or join foreign military actions. Economic growth should reduce societal resistance to conflict. This may seem like a counterintuitive proposition that people who are relatively better off and happy during periods of prosperity would allow leaders to opt for foreign conflicts. However, people may become more nationalistic during times of prosperity and more optimistic that success could be achieved in foreign conflicts. Accordingly, Blainey (1988) claims that anything that increases optimism and state strength should be thought of as causes of war. It is plausible that this effect heightens the risk of interstate conflict by reducing constraints placed on executives. For example, would the Clinton Administration have been able to commit U.S. troops to conflicts in Bosnia and Kosovo—areas where U.S. interests were debatable—without stauncher Republican resistance in Congress, if the economy had not experienced prolonged prosperity and economic growth?

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The relationship between domestic and interstate conflict is likely more complex than theories of diversionary conflict specify. Involvement in interstate conflict could be hampered by the presence of domestic conflict, meaning a state may need to fight both internal and external opponents. Some conflicts that appear to be diversionary may also be from insurgencies or civil war that spill over into other states. These may be particularly difficult to recognize in large-N studies or even qualitative case studies without "smoking gun" evidence from leaders' statements. Domestic conflict could even make a state vulnerable to outside aggression.

There are many reasons why people rebel. Throughout history, however, economic hardship seems to be a key factor. While diversionary conflict theorists suggest domestic conflict must be externalized when other options run out, the theory presented here follows the opposite intuition. When governments face severe domestic discontent, they should be less likely to become involved in militarized interstate conflicts. Whatever relationship exists between internal and external conflict would need to be explained by alternative theories. Phenomena may have multiple causes (Bremer and Cusack 1995; King, Keohane, and Verba 1994).

#### **Public Opinion and Foreign Policy**

A people suffering from economic hardship may become pessimistic and such sentiments may hamper a state's leadership regime. If a state becomes involved in a dispute that escalates, especially if it turns fatal, it could undermine the government. It would seem that prior perceptions of a government's leadership could produce doubt to a populace unless the nature of a foreign threat is clear. In times of economic prosperity, the leadership enjoys increased popular support. As society becomes more pessimistic and cynical, the leader's political opposition is better able to detach the support away from the leader's policies. Consequently, if an opportunity for military conflict occurs during a period of economic stagnation, factions or parties in the domestic arena may be more able to resist the initiation of military conflicts, or at least increase audience costs of policy failure (Fearon 1994). It is even questionable that a rally effect occurs so automatically, especially in a general sample of states.

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Of course, people in democracies have a more direct means to express support or disapproval through direct communications, elections, and the media compared to citizens of autocracies. But again these same sentiments occur in societies governed by nondemocratic forms of government, but perhaps in a different mode. Factions within institutions such as the military or the sole legitimate party (communist, Baath, etc.) may launch a coup d'état, or similar tactic aimed at removing current leaders or changing the structure of the regime, sometimes with the backing of elite business interests (in nontotalitarian states). In some instances, people may visibly begin to protest and demonstrate their displeasure with the economy or other matters related to the government's management of the social and economic realms. Overall though, autocracies face weaker internal constraints than democracies and should be more apt to participate in military contests during periods of recession or depression.

Conceptualizations of domestic conflict appear underdeveloped in the diversionary literature and this is true of its operationalizations as well. 5 Patrick James (1988) provides a useful categorization of domestic discontent and conflict. Societies that have begun to feel disgruntled with the policies of their current government are said to hold feelings that can be best expressed as *latent*. A poorly performing national economy may be reflected in the prevailing mood of society, although antigovernment sentiments may not yet be visible. James suggests that these concepts can be measured through indicators such as growth of GDP, a misery index (inflation × unemployment), leader approval polls, and similar variables. Only later does this discontent become *manifest* as it is expressed through various acts ranging from strikes and demonstrations to revolutions and civil wars. Yet, James' dichotomy of latent and manifest conflict is of course a simplification of reality. While clearly it is a difficult task to capture all that domestic conflict entails in its various forms, we can broaden the *manifest* category by sorting it into less and more severe types. There is a great difference, for example, between riots and revolutions, but the latter could be linked to the same factors that led to the former. Manifest domestic conflict may arise from latent sentiments, but the magnitude of visible manifestations of these acts vary in their ability to constrain participation in foreign conflicts. Lower magnitude feelings may be revealed in acts of protest such as riots and demonstrations. Later, protest may lead to attempts to overthrow the

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government. While I contend that manifest acts of domestic conflict should constrain leaders seeking to initiate interstate conflicts, the most severe form of manifest conflict, *rebellion*, should pose a stronger constraint.

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How leaders of governments respond to lower popularity and domestic unrest appears related to the type of government that they lead, although leaders would generally want to use diversionary tactics before rebellion occurs. Miller (1995) speculates that by the time violent internal crises break out in democracies, it is too late to use diversionary tactics to externalize the conflict, while autocracies are likely able to suppress nonviolent domestic unrest. Sobek (2007) similarly found that oligarchies were more likely to divert than republics in Renaissance Italy. However, Gelpi (1997) argues that democracies should be more likely to engage in diversionary tactics since they cannot as easily repress their citizens. <sup>6</sup> Scapegoating other nations for a state's internal problems, or at least distracting a state's citizens from these problems, could potentially accomplish this objective. Meanwhile, as autocracies retain repression as an option, they need not externalize internal conflicts. Yet it seems that dictatorships are left with little option but to attempt diversion only when discontent turns into manifest violence. In fact, Enterline and Gleditsch (2000) show that while domestic conflict leads to both repression and interstate disputes, repression is more common. In addition, executive constraints, more than the effects of repression, reduce interstate disputes. Contrary to Gelpi's theory, democracies engage in repression, but will both repress and become involved in interstate disputes less often than states with fewer constraints.

Still, attempts to suppress protest are apt to be counterproductive. Suppression by all regimes is likely to lead to declines in popular support. With declines in support come decreases in state efficacy (Hagan 1994) which should undermine governmental legitimacy and lead to the downfall of governments (Jackman 1993). Even in cases where states have a limited ability to suppress their own people without losing all legitimacy or state efficacy, neither economic reforms nor diversion may be viable options. Governments often fall, by vote or force, because they are unable to deal with seemingly intractable economic problems and attempting to engage foreign rivals during these crises should only increase this risk. Poor states may therefore be the most vulnerable without a means to buy off segments of the population.

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Conflicts against weak states may not alter the government's own domestic situation, while contests against strong states entail a lower probability of victory that could accelerate a government's downfall. Hence, this strategy would seemingly entail more risk than necessary to retain the stability of the government.

As Ginkel and Smith (1999) point out, strong governments are likely to succeed in suppressing domestic conflict, and vulnerable states will neither be able to offer concessions in the form of economic or political reform, nor suppress discontent because these acts will only signal the weakness of the regime. It may be a misnomer, then, that states facing economic and political crises have much latitude to initiate foreign conflicts that have any chance of success. Chiozza and Goemans (2004b) find that secure leaders are more likely to be involved in foreign conflicts. In fact, while states may have alternatives to diversion, a possibility for some regimes is that they simply collapse. The best strategic option facing leaders in this situation may be to verbally scapegoat other external actors in a manner that does not invite some form of detrimental (especially military) reprisal. A perfect example of this was the verbal attack on the IMF and currency speculator George Soros by Prime Minister Mahathir of Malaysia during the financial crisis that swept through Asia in 1997. Such forms of diversion or scapegoating would fall below the radar screen of quantitative studies.

For now, though, let us assume economic hardship does induce diversionary behavior on the part of leaders. If diversion exists, I suspect that authoritarian regimes are the most likely to use tactics involving threats, displays, or uses of force because democracies face more institutional constraint and stable totalitarian regimes will have less need to do so. Also, autocracies should be less constrained to act in this manner considering the decreased sources of resistance, yet still not so strong that they need not worry about the maintenance of their power. For example, the Soviet Union under Stalin was stable because of severe repression and militarized diversionary tactics were apparently unnecessary. Such totalitarian regimes may nevertheless be more likely to use diversionary rhetoric because the ability to verify the legitimacy of government statements for such a society would be low. Instead, any constraint upon the leader of a totalitarian state is likely to come from the leader's inner circle (a small winning coalition), such as the top leadership of a communist party or the military.

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In summary, I expect that higher rates of economic growth will increase the probability of militarized interstate conflict initiation while reducing the risk of regime change. Yet because nations engage in cheap-talk threats or disputes that may have a reduced risk of escalating to war, the effects of economic growth should be most pronounced on those disputes that are more severe and likely to escalate. Wars and other deadly states should be positively related to higher rates of growth, whereas this may not be true of lesser disputes. It could, perhaps, be argued that lower rates of growth stimulate the motivation (willingness) for conflict, but at the same time decrease the opportunity. This kind of claim assumes that opportunity and willingness are equal in their effect on an outcome, which is uncertain. However, if this alternative interpretation were true, then we should not find that economic variables are typically related to purported diversion attempts, as we see in the literature.

In instances where states experience both regime changes and militarized interstate conflicts in the same year, I expect that lower rates of economic growth will raise the probability of a regime change to occur first. This means that some of the conflicts that have been associated with low growth and domestic stability in annual aggregations of data actually occur after some regime changes, which does not seemingly square with traditional diversionary theory. I also expect that higher levels of economic development and democracy will reduce both militarized conflict initiations and regime changes because of higher levels of stability and legitimacy, as well as additional constraints on executives. Finally, while domestic conflict is expected to decrease the risk of a militarized interstate conflict, it should have its strongest effect in increasing the probability of a regime change. Leaders under domestic pressure may alter the form of their government or be deposed.

## Research Design

This analysis tests the theoretical propositions that low growth and domestic conflict should constrain foreign conflict participation and escalation. It also examines whether regime change is the more probable outcome for states under duress. In other words, the gambling-for-resurrection gambit should be a rare and desperate behavior that, more

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often than not, fails. I am therefore broadly interested in the combined relative risks a state faces under pressure regarding regime change and/or military conflict. I predict additionally that economic growth will be positively related to the most severe, deadly interstate conflicts.

The unit of analysis of this design is the state-year. I employ data from 1920-98 for over a hundred countries. I specifically use a sample broader both temporally and spatially than past studies of economic growth and diversionary conflict to avoid problems of a biased sample.<sup>7</sup> A benefit of using the state-year approach is that the results here can be couched in the literature already using this unit of analysis. This is important because these previous studies have not looked at the chance of diversion against a fuller backdrop of regime changes. My approach allows for the observation of not only if economic growth or domestic conflict leads to external conflict, but also whether regime change leads to conflict, or if regime change occurs after external conflict. I am aware of no study that has provided relative probabilities of all these events from a single model. In addition, my approach here could be triangulated and combined in the future with research that has specifically focused on leader removal. While other studies have focused on leadership removal, my approach captures instead a wider range of institutional changes that would most often subsume changes in leaders when they change with regime. This is a benefit and a cost. On the one hand, I am not directly observing when leaders are removed from office; on the other hand, I am observing changes that often include this, but also other changes in regimes that do not lead to leader change. The Fujimori example mentioned earlier is notable here, too. Faced with economic problems and two insurgencies in the field, he shut down Congress and ruled as an autocrat. As I seek to test directly whether military conflicts or regime changes are most likely to occur and which comes first in periods where both occur, I use a categorical dependent variable with five potential outcomes. The use of such a model requires a multinomial regression estimator (because the outcomes are not ordered).

## **Construction of the Dependent Variables**

I investigated this question with three different categorical dependent variables with each differing in regard to the interstate conflict category. I examine militarized conflict initiations, conflicts 786 Politics & Policy Vol. 35 No. 4

where fatalities occur, and situations where states may be the target of foreign aggression. This is another benefit of the study in that I discern the difference between conflicts that escalate to include fatalities, which not only subsumes war, but also lesser disputes that entail threats, displays, or uses of force. I also account for the possibility that domestic problems in a state may make it a target by foreign aggressors. The discrete nominal outcomes of the dependent variables are as such: 0 = status quo (no militarized interstate conflict or regime change in a given year), 1 = occurrence of only an interstate conflict, 2 = occurrence of only a regime change in any year, 3 = a regime change occurs prior to a militarized conflict in the same year, 4 = a militarized interstate state conflict occurs prior to a regime change in the same year. The outcomes are mutually exclusive. Later, I discuss the construction of the variables.

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The nominal interstate conflict categories were formed by first creating three binary variables based on the Militarized Interstate Dispute (MID) 3.0 data set provided by the Correlates of War project (Ghosn, Palmer, and Bremer 2003). An MID occurs when a state threatens, displays, or uses force against another member of the interstate system. The MID 3.0 data were first sorted by state before selecting the dispute for each state based on the highest hostility level of its disputes in a given year. The first binary conflict variable, MID *initiation*, equals one when a state is an original participant on side A of an MID, zero otherwise. The next binary conflict variable, MID Target, measures whether a state is the target of a new MID in a given year, zero otherwise. Another possibility discussed in the literature is that states involved in domestic turmoil or weakened by a poor economy may be vulnerable to foreign aggression as opposed to being the initiators. This variable does not measure whether the target reciprocated with some military behavior. Finally, Fatal MID is constructed in the same manner as MID onset but limited to only those disputes where fatalities occurred. Subsequent years of all disputes are coded as zeros.

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I created a binary categorical variable for the outcomes that include a regime change based on the updated data by Polity IV project (Marshall and Jaggers 2000). This version includes the specific dates of many regime changes and estimated dates for others that are useful in gauging whether regime changes occur before or after interstate conflicts. A regime change is a change in the polity score for a state in a

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given year and involves some form of alteration of the government of a state that can be observed as occurring on a specific date. However, a leader may not be thrown from power. For example, a president may dismiss the legislature and rule by decree, as did President Fujimori of Peru or Hitler of Germany. Regime changes are coded based on the EYEAR and EDATE variables.

The last two categories of the dependent variables require a determination of whether a foreign conflict or regime change occurs first when they both occur in a given year. For this purpose, the variables denoting the start day and month of a MID were united into one variable matching EDATE in the Polity data set ([{start month  $\times$  100} + start day]). For example, October 9 would equal 1009. I then code the two outcomes based on which binary event, a MID or a regime change, occurs first when they both happen in the same year.

# **Construction of the Explanatory Variables**

The first theoretical independent variable examined here is economic growth, which is operationalized as GDP growth based on power purchasing parity data (Maddison 1995; 2001), using Penn World Tables (PWT) 6.1. GDP Growth is lagged one year as well as transformed into moving averages ranging from two to five years. 10 I expect that growth or stagnation over several years provides more information regarding the degree of crisis and political problems than what would be captured by a single year lag. I expect that higher rates of GDP growth will be positively related to interstate conflict, particularly when escalation-to-battle deaths occur, and negatively to regime changes.

Whether or not states are capable of sustaining a war effort or maintaining internal stability would appear related to the efficacy of government institutions and the economic sophistication of society. Weak states should be more susceptible to internal disarray and collapse whereas stronger states may likely repress or co-opt opposition in society. Jackman (1993) shows that economic development is highly correlated with state efficacy. While I investigated several ways to measure state efficacy, most were fraught by missing data. For this reason, I use economic development as a proxy for state efficacy. Development equals the natural log of energy consumption per capita, based on data from the National Material Capabilities Data Set (Singer

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and Small 1982) available on EUGene 3.030 software (Bennett, D. Scott Jr., and Allan C. Stam 2000). I also expect that highly developed states will be less likely to become involved in MIDs (Boehmer and Sobek 2005; Mueller 1989; Rosecrance 1986) or experience regime changes (Bloomberg and Hess 2002; Londregan and Poole 1990).

The next two variables measure domestic conflict. As I previously discussed, I examine political protest and rebellion as separate variables. These variables are constructed using factor analysis. A priori I separated six variables from the Cross-National Time Series Archive produced by Arthur Banks (1999) into the two variables. Protest is composed of strikes, riots, and antigovernment demonstrations. Rebellion is comprised of major crises, guerilla warfare, and revolutions (including coups). While some of the individual domestic conflict events are highly correlated with each other, such as riots and demonstrations, this is not the case for the two composite variables (.26). The factor analysis yields only a single factor for each variable. I expect that these indices of domestic conflict will be negatively related to interstate conflict, but positively related to regime changes. Clearly, some form of social/domestic coercion will typically be related to changes in government structures and leaders. Is

The final two variables measure levels of democracy and major power status. *Democracy* equals the *Polity* variable from the Polity IV data set, which is an index ranging from negative to positive ten (Democ—Autoc) for a given state for each year. I expect that higher levels of democracy should reduce participation in MIDs and regime changes. Last, *Major Power* is a binary variable marking states that are major powers based on the Correlates of War coding (Singer and Small 1982) and is also available from EUGene. This variable is introduced into the models to control for states that are often involved in foreign conflicts and is of less interest in regard to the regime-change only category. Major powers are more conflict-prone because they are typically well armed (of course), possess many international interests, and interact more with other states.

I regress each of the three categorical dependent variables, one for each of the three types of foreign conflict measured, over the explanatory variables using a multinomial logit estimator. The estimations utilize robust standard errors clustered on each state's country code to control for heteroscedasticity (White 1980). The base

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category for the analysis is the zero outcome, which occurs when there is no regime change or MID.

#### Results

I present three models where the type of militarized conflict, as a part of the outcome categories of the dependent variable, is a MID initiation, MID target, or Fatal MID. The GDP growth variable in each model is lagged one year. I also ran the models with three- and five-year moving averages of GDP growth, but found that this made little difference in the results, and even then only marginally, with the Fatal MID model. I will discuss that later. Think of the categories of the dependent variables as five scenarios that a country could find itself in during any given year. Such outcomes combine choices made by the leaders of the state in question but are also contingent on the behavior of internal opponents and external enemies.

# **Under Duress: MID initiation or Regime Change?**

A tabulation of the first dependent variable, MID Initiation, shows of course that the initiating of MIDs and occurrence of regime changes are both rare events and their occurrence in the same year is particularly uncommon. Of the 5,994 cases where data on the covariates are not missing (with GDP growth lagged one year), the following are the values for the categories: 0 = no MID or regime change (4,823), 1 = MID initiation only (676), 2 = regime change only (416), 3 = regimechange before MID initiation in the same year (34), 4 = MID before regime change in the same year (45). The probabilities of being in these particular states are respectively: 0 = .82, 1 = .10, 2 = .063, 3 = .004, and 4 = .006.

Table 1 shows the estimates for the model including MID initiations. We can see that the coefficient for economic growth is insignificant regarding scenarios where the state in question initiates an MID (outcome 1). Lower or higher rates of economic growth do not appear to lead to only an MID initiation in a given year. However, higher rates of economic growth decrease the occurrence of a regime change, but lower rates of growth raises the risk of a MID initiation followed by a regime change. In other words, lower rates of economic growth are statistically significantly related to regime changes and

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|                              |         | R. Standard |                         |              |
|------------------------------|---------|-------------|-------------------------|--------------|
| MID Initiation               | Coef.   | Error       | p value                 | Significance |
| GDP growth lagged one year   | -0.0019 | 0.0040      | 0.6370                  |              |
| Development                  | -0.0141 | 0.0390      | 0.7180                  |              |
| Protest                      | 0.1088  | 0.0505      | 0.0310                  | *            |
| Rebellion                    | 0.0950  | 0.0344      | 0.0060                  | **           |
| Major power                  | 1.2598  | 0.2197      | 0.0000                  | ***          |
| Democracy                    | -0.0411 | 0.0122      | 0.0010                  | ***          |
| Constant                     | -2.1250 | 0.1110      | 0.0000                  | ***          |
| Regime Change                |         |             |                         |              |
| GDP growth lagged one year   | -0.0298 | -0.0072     | 0.0000                  | **           |
| Development                  | -0.0772 | 0.0287      | 0.0070                  | ***          |
| Protest                      | 0.1699  | 0.0393      | 0.0000                  | ***          |
| Rebellion                    | 0.1302  | 0.0363      | 0.0000                  | ***          |
| Major power                  | -0.7460 | 0.4913      | 0.1290                  |              |
| Democracy                    | -0.0290 | 0.0103      | 0.0050                  | **           |
| Constant                     | -2.4283 | 0.0800      | 0.0000                  | ***          |
| Regime Change then MID Init  |         |             |                         |              |
| GDP growth lagged one year   | 0.0006  | 0.0091      | 0.9450                  |              |
| Development                  | -0.1687 | 0.0639      | 0.0080                  | **           |
| Protest                      | -0.2324 | 0.2510      | 0.3550                  |              |
| Rebellion                    | 0.2311  | 0.0566      | 0.0000                  | ***          |
| Major power                  | 0.6076  | 0.6263      | 0.3320                  |              |
| Democracy                    | -0.0431 | 0.0213      | 0.0430                  | *            |
| Constant                     | -5.2641 | 0.2557      | 0.0000                  | ***          |
| MID Initiation then Regime C |         |             |                         |              |
| GDP growth lagged one year   | -0.0376 | 0.0159      | 0.0180                  | *            |
| Development                  | -0.1204 | 0.0915      | 0.1880                  |              |
| Protest                      | 0.1708  | 0.0439      | 0.0000                  | ***          |
| Rebellion                    | 0.1653  | 0.0477      | 0.0010                  | ***          |
| Major power                  | 0.5676  | 0.5807      | 0.3280                  |              |
| Democracy                    | -0.0405 | 0.0220      | 0.0650                  | #            |
| Constant                     | -4.7868 | 0.2078      | 0.0000                  | ***          |
| Number of obs                | 5994    |             | Wald chi <sup>2</sup>   | 242.02       |
| Log likelihood               | -3869.4 |             | Prob > chi <sup>2</sup> | 0.0000       |
| Pseudo $R^2$                 | 0.0397  |             |                         |              |

Note: Two-tailed tests. 0 is the comparison category. # p < .10, \* p < .05, \*\* p < .01, \*\*\* p < .001.

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situations where a MID is initiated that is then followed by a regime change. Are these initiated MIDs diversion attempts? If so, the results suggest that they are unsuccessful because some regime change apparently becomes politically necessary. It is also the case that the coefficient for the MID initiation only category (which is by default MIDs that are unrelated to years where there is a regime change) is statistically insignificant. This is interesting that poor economic growth can increase the risk of an MID initiation, but specifically under the circumstances when it may fail to externalize internal pressure or conflict, although this effect is a small.

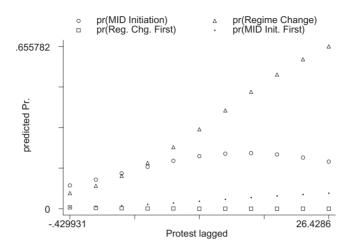
As expected, both protest and rebellion are related positively to the four non-status quo outcomes, with the exception of protest and regime change followed by MID initiation (outcome 3). Table 2 shows that political protest typically has a slightly larger positive effect than rebellion on the initiation of an MID. However, the effects of protest and rebellion can be compared across the range of the variables for all four outcome scenarios (non-status quo), as depicted in Figures 1 and 2 respectively. Indeed, as a state's level of protest increases the odds of both a regime change and an MID initiation increase; nevertheless, the risk of a regime change eclipses that of MID initiation around the middle range of the protest scale and then climbs at an accelerating rate from thereon. A similar pattern exists between the relationship between rebellion and MID initiation. The risk of each outcome climbs as rebellion increases but regime change remains the more probable event, and this holds even when both events occur in the same year. The results

Table 2. Predicted Probabilities of MID Initiations and Regime Changes

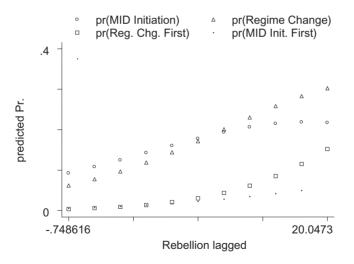
|                | MID Initiation      | Regime Change      | Change First | Initiation First |
|----------------|---------------------|--------------------|--------------|------------------|
| Pr. $(y/x)$    | 0.1057              | 0.0637             | 0.0046       | 0.0065           |
| Changes in the | Pr. with an increas | se of one standard | deviation    |                  |
| GDP Growth     | 0.0004              | -0.0147            | 0.0001       | -0.0019          |
| Protest        | 0.0129              | 0.0133             | -0.0017      | 0.0014           |
| Rebellion      | 0.0118              | 0.0104             | 0.0015       | 0.0014           |
| Development    | -0.0013             | -0.0090            | -0.0015      | -0.0015          |
| Democracy      | -0.0285             | -0.0111            | -0.0013      | -0.0017          |
|                |                     |                    |              |                  |

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Figure 1. Change in Pr. of each Outcome across range of Political Protest



# Figure 2. Change in Pr. of each Outcome across range of Political Rebellion



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show that there may be some logic to diversionary strategy under some conditions, but with high levels of domestic conflict, some form of regime change occurs.

Higher levels of democracy generally reduce both militarized interstate conflicts and regime changes across all the dependent variables examined. As reported in Table 2, a one standard deviation (7.8) increase in a state's democracy score (for a score of about 8) from the mean (.3) reduces the probability of an MID initiation to .077 (almost a 30 percent decrease). Democracy also has a rather strong pacifying effect relative to the other covariates, as shown in Table 2. In general though, it suffices to say that autocracies are more likely to initiate MIDs.

# **Domestic Problems and Foreign Threat**

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The earlier results show that there are situations where states under duress from a poorly performing economy and higher levels of domestic conflict may initiate an MID or undergo a regime change, or both. Another possibility is that such situations offer an opportunity for other states to exploit or undermine a state by outright military aggression or possibly the aiding of the target state's internal opposition. This appears to have happened on several occasions, such as Uganda undermining the Tutsi leadership in Rwanda in the 1990s. Blainey (1988) also discusses the possibility of "Death-watch Wars" where aggressor states seek to exploit moments of weaknesses in their potential enemies. We can conceive of this type of behavior with both policy and regime changes in mind as well as attempts to seize territory. I do not delve deeper into such possibilities here and reserve that for a later project, and instead seek to first explore the degree to which this phenomenon may occur.

I present the results of the models in Table 3 that take into account a state being targeted by other states. GDP growth has no statistically significant effect on the risk of being targeted in an MID. Yet internal conflict does invite foreign aggression, although protest does this more than rebellion. The probability of being targeted in an MID is .122, presented in Table 4, and a one standard deviation in protest increases this to .135. Notice that the baseline probability of being targeted by a foreign state is higher than a state initiating against a foreign target. The effects of the remaining covariates are weak on MID targeting. Lower

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| Table 3. Economic Growth, Regime Changes, and MID Targ | Table 3. | 3. Economic | Growth. | Regime | Changes. | and MID | Target |
|--|----------|-------------|---------|--------|----------|---------|--------|
|--|----------|-------------|---------|--------|----------|---------|--------|

|                             |             | R. Standard |                       |            |
|-----------------------------|-------------|-------------|-----------------------|------------|
| MID Target                  | Coefficient | Error       | p value               | Significan |
| GDP growth lagged one year  | 0.0048      | 0.0044      | 0.2800                |            |
| Development                 | -0.0147     | 0.0335      | 0.6620                |            |
| Protest                     | 0.0945      | 0.0329      | 0.0040                | **         |
| Rebellion                   | 0.0578      | 0.0298      | 0.0530                | #          |
| Major power                 | 0.9587      | 0.2253      | 0.0000                | ***        |
| Democracy                   | -0.0010     | 0.0110      | 0.9310                |            |
| Constant                    | -1.9786     | 0.0908      | 0.0000                | ***        |
| Regime Change               |             |             |                       |            |
| GDP growth lagged one year  | -0.0246     | -0.0078     | 0.0020                | **         |
| Development                 | -0.0924     | 0.0274      | 0.0010                | ***        |
| Protest                     | 0.1569      | 0.0423      | 0.0000                | ***        |
| Rebellion                   | 0.1337      | 0.0353      | 0.0000                | ***        |
| Major power                 | -0.4122     | 0.3308      | 0.2130                |            |
| Democracy                   | -0.0247     | 0.0095      | 0.0100                | **         |
| Constant                    | -2.4297     | 0.0787      | 0.0000                | ***        |
| Regime Change then MID Targ | get         |             |                       |            |
| GDP growth lagged one year  | -0.0514     | 0.0130      | 0.0000                | ***        |
| Development                 | 0.0635      | 0.1068      | 0.5520                |            |
| Protest                     | 0.1913      | 0.0646      | 0.0030                | **         |
| Rebellion                   | 0.1864      | 0.0522      | 0.0000                | ***        |
| Major power                 | -0.8784     | 0.9880      | 0.3740                |            |
| Democracy                   | -0.0617     | 0.0260      | 0.0180                | **         |
| Constant                    | -4.9824     | 0.2345      | 0.0000                | ***        |
| MID Target then Regime Chan | _           |             |                       |            |
| GDP growth lagged one year  | -0.0278     | 0.0190      | 0.1430                |            |
| Development                 | -0.1666     | 0.1163      | 0.1520                |            |
| Protest                     | 0.1238      | 0.1079      | 0.2510                |            |
| Rebellion                   | -0.0127     | 0.1061      | 0.9050                |            |
| Major power                 | -28.8565    | 0.4899      | 0.0000                | ***        |
| Democracy                   | -0.0128     | 0.0229      | 0.5750                |            |
| Constant                    | -4.8928     | 0.2394      | 0.0000                | ***        |
| Number of obs               | 5994        |             | Wald chi <sup>2</sup> | 7741.1     |
| Log likelihood              | -4025.8     |             | $Prob > chi^2$        | 0.0000     |
| Pseudo $R^2$                | 0.028       |             |                       |            |

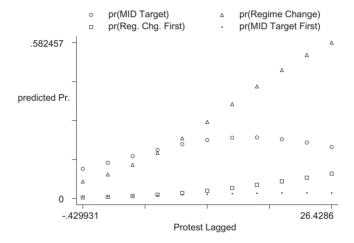
Note: Two-tailed tests. 0 is the comparison category. # p < .10, \* p < .05, \*\* p < .01, \*\*\* p < .001.

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Table 4. Predicted Probabilities of MID Target and Regime Changes

|                | Target MID      | Regime Change       | Change First | Target MID First |
|----------------|-----------------|---------------------|--------------|------------------|
| Pr. $(y/x)$    | 0.1228          | 0.0659              | 0.0041       | 0.0009           |
| Changes in the | Pr. with an inc | rease of one standa | rd deviation |                  |
| GDP growth     | 0.0063          | -0.0129             | -0.0017      | -0.0002          |
| Protest        | 0.0125          | 0.0125              | 0.0010       | 0.0001           |
| Rebellion      | 0.0075          | 0.0115              | 0.0010       | 0.0000           |
| Development    | -0.0017         | -0.0114             | 0.0006       | -0.0003          |
| Democracy      | 0.0010          | -0.0116             | -0.0019      | -0.0001          |
|                |                 |                     |              |                  |

Figure 3. Change in Pr. MID Target and Regime Change from Political Protest



rates of economic growth do, however, increase the risk that a state will be targeted in an MID following a regime change. The odds of this occurring are rather low to begin with, but when it rains it appears to pour. As one would expect, protest and rebellion increase the risk of regime changes in the same model examining MID targeting. Both variables are positive and statistically significant, but protest has a particularly strong effect on regime changes, as shown in Figure 3.

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## **Economic Growth and Fatal MIDs**

The theory presented earlier predicts that lower rates of growth suppress participation in foreign conflicts, particularly concerning conflict initiation and escalation to combat. To sustain combat, states need to be militarily prepared and not open up a second front when they are already fighting, or may fear, domestic opposition. A good example would be when the various Afghani resistance fighters expelled the Soviet Union from their territory, but the Taliban crumbled when it had to face the combined forces of the United States and Northern Alliance insurrection. Yet the coefficient for GDP growth and MID initiations was negative but insignificant. However, considering that there are many reasons why states fight, the logic presented earlier should hold especially in regard to the risk of participating in more severe conflicts. Threats to use military force may be safe to make and may be made with both external and internal actors in mind, but in the end may remain mere cheap talk that does not risk escalation if there is a chance to back down. Chiozza and Goemans (2004b) found that secure leaders were more likely to become involved in war than insecure leaders, supporting the theory and evidence presented here. We should find that leaders who face domestic opposition and a poorly performing economy shy away from situations that could escalate to combat if doing so would compromise their ability to retain power.

Table 5 presents the results where the external conflict measure is Fatal MID onset. A few points are in order before discussing the results. First, I measure growth in this model with a three-year moving average considering that the decision to engage in foreign clashes, which involve combat, may likely be based on several years of growth or domestic stability, although the results are similar for a one-year lag or moving averages of other durations between two and four years. Second, although my theory specifies a directional relationship claiming that economic growth should increase the likelihood of conflict, the results are presented based on a two-tailed test to be consistent with the rest of the models. Thus, the results are biased against my theory and the statistical significance is stronger than presented. Economic growth is positively related to the onset of foreign conflicts that lead to fatalities and this is significant below the .05 level with a one-tailed test. This part of my theory is thus supported.

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Table 5. Economic Growth, Regime Change, and Conflict Escalations

|                     |                                   | R. Standard  |  |  |
|---------------------|-----------------------------------|--|--|--|
| )                   | Coefficient                       | Error  | p value                                    | Significance                                       |
|                     |                                   |  |  |  |
| th avg. three years | 0.0228                            | 0.0132   | 0.0840                                     | #  |
| ent                 | -0.1244                           | 0.0437   | 0.0040                                     | **   |
|                     | 0.1064                            | 0.0415   | 0.0100                                     | **   |
|                     | 0.1188                            | 0.0365   | 0.0010                                     | ***  |
| ver .               | 1.1981                            | 0.2231   | 0.0000                                     | ***  |
| у                   | -0.0295                           | 0.0151   | 0.0500                                     | *  |
|                     | -3.1317                           | 0.1448   | 0.0000                                     | ***  |
| ange                |                                   |  |  |  |
| th avg. three years | 0.0504                            | 0.0120   | 0.0000                                     | ***  |
| ent                 | -0.0992                           | 0.0295   | 0.0010                                     | ***  |
|                     | 0.1462                            | 0.0381   | 0.0000                                     | ***  |
|                     | 0.1362                            | 0.0323   | 0.0000                                     | ***  |
| ver                 | -0.7179                           | 0.3552   | 0.0430                                     | *  |
|                     | -0.0262                           | 0.0098   | 0.0080                                     | **   |
| ,                   | -2.3432                           | 0.0813   | 0.0000                                     | ***  |
| ange then Fatal MII | )                                 |  |  |  |
| 0                   | -0.0630                           | 0.0679   | 0.3530                                     |  |
|                     | -0.1673                           | 0.1232   | 0.1750                                     |  |
|                     | 0.1836                            | 0.0693   | 0.0080                                     | **   |
|                     | 0.0994                            | 0.1304   | 0.4460                                     |  |
| ver                 | 0.8679                            | 0.8477   | 0.3060                                     |  |
|                     | -0.0590                           | 0.0390   | 0.1310                                     |  |
| ,                   | -5.8845                           | 0.4091   | 0.0000                                     | ***  |
| then Regime Chang   | e                                 |  |  |  |
|                     | -0.0130                           | 0.0920   | 0.8870                                     |  |
|                     | -0.3404                           | 0.1144   | 0.0030                                     |  |
|                     | 0.1723                            | 0.0619   | 0.0050                                     | **   |
|                     | 0.1288                            | 0.1035   | 0.2130                                     |  |
| ver .               |                                   |  |  |  |
|                     |                                   |  |  |  |
| ,                   |                                   |  |  | ***  |
| fobs                |                                   | 0.1051   |  | 183.62   |
|                     |                                   |  |  | 0.0000   |
| .004                | 0.042                             |  | 1100 / 0111                                | 0.0000   |
|                     | th avg. three years<br>ent<br>ver | ## Outlook of the price of the result of the | Coefficient Error  th avg. three years ent | Coefficient Error p value  th avg. three years ent |

*Note*: Two-tailed tests. 0 is the comparison category.

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<sup>#</sup> p < .10, \* p < .05, \*\* p < .01, \*\*\* p < .001.

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The baseline probability of a Fatal MID in this model is .048, as depicted in Table 6. A one standard deviation in GDP growth, protest, and rebellion all have the same approximate substantive increase in probability of .006 to .007, whereas democracy and development have a similar pacifying effect of –.01. Figures 4 through 6 map the range of probabilities of GDP growth, protest, and rebellion respectively. Economic Growth increases the risk of a Fatal MID whereas regime

Table 6. Predicted Probabilities of Fatal MID Onset and Regime Changes

|                | Fatal MID       | Regime Change        | Change First | Fatal MID First |
|----------------|-----------------|----------------------|--------------|-----------------|
| Pr. $(y/x)$    | 0.0477          | 0.0691               | 0.0022       | 0.0026          |
| Changes in the | Pr. with an inc | rease of one standar | d deviation  |                 |
| GDP growth     | 0.006           | -0.018               | -0.001       | 0.000           |
| Protest        | 0.006           | 0.013                | 0.001        | 0.001           |
| Rebellion      | 0.007           | 0.012                | 0.000        | 0.000           |
| Development    | -0.010          | -0.012               | -0.001       | -0.002          |
| Democracy      | -0.010          | -0.012               | -0.001       | 0.000           |
|                |                 |                      |              |                 |

Figure 4. Change in Pr. Fatal MID and Regime Change from GDP Growth

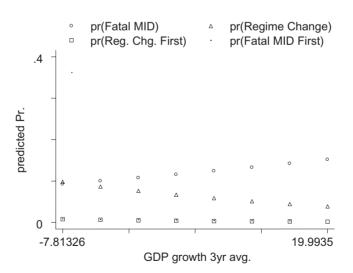
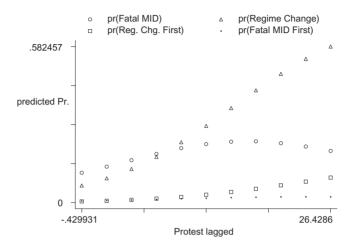


Figure 5. Change in Pr. Fatal MID and Regime Change frambot iyaom Protest



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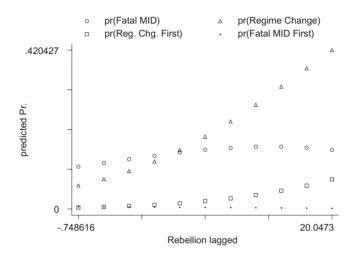
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change becomes less likely (Figure 4). <sup>14</sup> Again though, a graph can give us a more complete picture compared to the information in Table 6. Figure 5 shows that the effect on political protest is more severe over the full range of the scale. Whereas the risk of a Fatal MID levels off and drops, the relationship between protest and regime change is linear and continues upward. We see a similar pattern in Figure 6 with regard to rebellion. Therefore, when we look at the middle range of probabilities for the three variables, they appear to have similar effects, but at the highest levels of domestic conflict (beyond one standard deviation), the risk of a Fatal MID actually decreases. In this manner, there is support for the theory that economic growth indeed raises the probability of interstate conflicts that result in fatalities, whereas domestic conflict likewise increases this risk, but only to a point. The highest levels of domestic conflict actually reduce MID initiation, MID targets, and Fatal MIDs. Hence, if state leaders attempt to divert because of domestic conflict, they clearly avoid escalating external conflicts to the point of fatalities and risking war.

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Figure 6. Change in Pr. Fatal MID and Regime Change from Rebellion



# **Concluding Remarks**

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I have theorized in this study that economic growth should be positively related to militarized interstate conflicts while at the same time it should reduce the risk of domestic regime changes. I also expected that domestic conflict would reduce the risk of interstate conflict. The research design used here specifically allows for a comparison of the relative probabilities of both interstate conflict and regime changes. I find only partial support for both my theory and the conclusions often made in studies of diversionary conflict that *lower* rates of economic growth should lead to interstate conflict, although in cases where this occurs, this is in fact followed by some form of regime change, suggesting that diversion was not successful or the only tactic politically necessary.

In fact, the alternative theory presented here was supported in regard to the most severe interstate conflicts. Higher levels of economic growth are positively related to the onset of deadly interstate conflicts. However, the results concerning domestic conflict are interesting and both support and contradict my theory. Indeed, domestic conflict

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increases the threat of both regime changes and interstate conflict, but only to a point. The effects of protest and rebellion are generally nonlinear where only the middle levels contribute to interstate conflict. The highest levels of protest and rebellion actually reduce the risk of interstate conflict. This suggests that state leaders may attempt diversion as long as protest and rebellion are not so severe, although beyond some middle-range threshold leaders shy away from especially the most severe interstate conflicts. One *post hoc* rationale could be that leaders are insulated from domestic opponents to some degree and are not constrained until domestic conflict reaches a certain threshold.

An alternative explanation, and one also suggested by the results here, is that the risk of regime change rises much more quickly with higher levels of protest and rebellion, but especially the former, relative to the opportunity to initiate a foreign conflict. Probabilistically, the opportunity to divert decreases as the chance to be toppled or institutionally altering the government increases first. While the results show that some leaders initiate interstate conflicts and then undergo regime change, a likely outcome for those facing high levels of domestic conflict is that they are removed before they can pull the trigger on a "gambling-for-resurrection" strategy. The results also show that this would be a very, very rare behavior on the part of democratic leaders, given the results of the democracy variable and the low probabilities of the events measured. Of the 755 country-years where a militarized interstate conflict was initiated, 79 of these foreign conflicts (11 percent) were related somehow to regime change. This means that some attempts to divert (if they were so) failed, while others following MIDs may be completely unrelated to diversionary behavior or possibility even a penalty for it. Moreover, these MID initiations likely include many conflicts which most would agree were not diversionary, such as U.S. interventions into Bosnia or Afghanistan, which is the common problem associated with this theory. This means that the risk of regime change for states under duress is probably even higher than the results show, which would be the times leaders would most prefer to divert.

In summary, this study shows circumstantial evidence that supports aspects of diversionary conflict theory. At least some domestic conflict appears to increase the risk of interstate conflict. Yet, the results here

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present a more complex picture than other studies in that diversionary strategies (1) appear to occur less often than regime change, or (2) regime change occurs anyway after a foreign conflict has been initiated. Lower economic growth and domestic conflict both seem to lead to desperate situations where interstate conflicts are initiated, but again seem unsuccessful. Diversionary attempts appear quite rare and desperate in nature.

Still, the results here show a more complex picture that partly contradicts aspects of diversionary theory. First, the odds are actually higher that states with domestic problems will be a target of foreign aggression than they would be an aggressor. This finding suggests predatory behavior on the part of other states. Moreover, leaders facing domestic problems associated with domestic conflict and poor economic growth avoid foreign conflicts that entail the loss of life. Instead, states are more likely to become involved in such violent disputes when economic growth is high and state leaders and their regimes appear secure, meaning they face manageable levels of internal protest and rebellion.

Appendix A
Factor Loading for the Domestic Conflict Variables
Oblique Rotation (promax)

| Protest           | Factors 1 | Uniqueness |
|-------------------|-----------|------------|
| Strikes           | 0.3999    | 0.8401     |
| Riots             | 0.7202    | 0.4813     |
| Demonstrations    | 0.6772    | 0.5414     |
| Rebellion         |           |            |
| Government Crises | 0.4088    | 0.8329     |
| Guerilla Warfare  | 0.4499    | 0.7976     |
| Revolutions       | 0.4704    | 0.7787     |
|                   |           |            |

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Appendix B
Table B1. Statistics for the Independent Variables

| Variable                    | Obs    | Mean  | Std. Dev. | Min    | Max    |
|-----------------------------|--------|-------|-----------|--------|--------|
| Development                 | 1,0222 | -0.96 | 2.26      | -12.13 | 4.48   |
| Rebellion                   | 7788   | 0.04  | 1.63      | -0.75  | 40.04  |
| Protest                     | 7790   | 0.03  | 1.32      | -0.43  | 26.43  |
| GDP Growth 3 yr moving avg. | 7850   | 3.68  | 5.11      | -31.48 | 133.49 |
| GDP Growth lagged 1 yr      | 7912   | 3.67  | 8.10      | -92.45 | 388.91 |
| Democracy                   | 9779   | -0.23 | 7.33      | -10    | 10     |
| Major Power                 | 1,1496 | 0.07  | 0.26      | 0      | 1      |

Table B2. Correlational Matrix for the Independent Variables

| Correlations | Develop | Rebellion | Protest | GDPma3 | GDPgr1 | Dem  | Maj.<br>Power |
|--------------|---------|-----------|---------|--------|--------|------|---------------|
| Development  | 1.00    |           |         |        |        |      |               |
| Rebellion    | -0.08   | 1.00      |         |        |        |      |               |
| Protest      | 0.10    | 0.26      | 1.00    |        |        |      |               |
| GDPma3       | -0.04   | -0.05     | -0.03   | 1.00   |        |      |               |
| GDPgr1       | -0.03   | -0.06     | -0.05   | 0.62   | 1.00   |      |               |
| Democracy    | 0.31    | -0.01     | 0.14    | -0.03  | -0.01  | 1.00 |               |
| Major Power  | 0.19    | 0.05      | 0.21    | -0.03  | -0.02  | 0.11 | 1.00          |
|              |         |           |         |        |        |      |               |

Notes

I would like to thank the coeditor, Emma R. Norman, and two anonymous reviewers for their comments that helped improve this manuscript.

<sup>2</sup> Cross-national studies of diversionary behavior show an inverse relationship between economic growth and interstate conflict (Bennett and Nordstrom 2000; Enterline and Gleditsch 2000; Heldt 1999; Miller 1995 and 1999; Russett 1987, 1990). Leeds and Davis (1997) find no such relationship. Sobek (2007) found that oligarchies of Renaissance Italy were prone to external conflict during times of internal unrest. Sprecher and DeRouen (2002) have found a similar result in Israel as Morgan and Anderson (1999) of Great Britain.

<sup>&</sup>lt;sup>1</sup> Quantitative studies of the American case show that the use of military force in interstate crises appears related to election cycles and poor economic conditions such as high unemployment or low growth (DeRouen 1995; Fordham 1998; Foster 2006; Hess and Orphanides 1995; James and Oneal 1991; Mitchell and Moore 2002; Morgan and Bickers 1992; Ostrom and Job 1986; Wang 1996). Yet Meernik and Waterman 1996 demonstrate that *low* misery ratings and high approval *increase* the use of force by American presidents in foreign crises.

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<sup>3</sup> A few studies have at least examined the consequences of winning or losing wars on leadership duration. Bueno de Mesquita and Siverson (1995) found that democratic leaders were prone to removal for losing wars. Goemans (2000) found that the punishment of losing a war varied with the degree of the defeat for democratic leaders but was the same for leaders of mixed regimes, whereas autocrats were only removed when losing disastrously. Chiozza and Goemans (2003) find that leaders at risk of removal are less apt to initiate conflicts but the heightened risk of foreign crisis also leads to leader removal. However, separating wars from crises, Chiozza and Goemans (2004a) find that war is detrimental to leader duration.

<sup>4</sup>Other studies at the systemic level and national levels of analysis argue that higher rates of economic growth are positively related to interstate conflict (Choucri and North 1975; Doran 1983, 1985; Goldstein 1988; Kondratieff 1984; Mansfield 1988; Pollins 1996; Pollins and Murrin 1999; Pollins and Schweller 1999).

<sup>5</sup>The most direct measures are based on leader approval through polling. However, other indirect measures are used as proxies, such as the state of the economy, assuming that economic growth leads to less domestic conflict (Bennett and Nordstrom 2000; Heldt 1999).

<sup>6</sup>On the one hand, Russett (1987, 1990) and Gelpi (1997) find evidence that democracies are more prone to diversion, although Gelpi does not include economic conditions in his analysis. On the other hand, Miller (1995, 1999), Heldt (1999), and Enterline and Gleditsch (2000), present evidence to the contrary—less-developed autocracies may be the states most likely to initiate interstate conflicts during times of low growth. Bennett and Nordstrom (2000) do not find any relationship between polity type and diversionary behavior.

<sup>7</sup>I previously found that missing economic data typically leads to a bias in samples skewed toward the more highly developed states, which has the effect biasing coefficients for economic growth and conflict. This problem likely occurs in most of the cross-national studies cited here and is particularly damaging in dyadic studies where it takes missing data in only one state to skip over an observation (Boehmer 2002), doctoral dissertation.

<sup>8</sup> There has been some research on the question of democratization leading to conflict, as argued by Mansfield and Snyder (1995, 1997, 2002), although no other studies have been able to replicate this finding. Still, most scholars tend to cite this finding despite the other studies showing null results (Enterline 1996; Thompson and Tucker 1997).

<sup>9</sup>I plan to further investigate this topic using the data used to measure leader survival created by Bueno de Mesquita and others (1999) in the future, if it is released to the public.

<sup>10</sup> The GDP variable was created by converting the PWT data into GDP from GDP per capita and rescaling the Maddison GDP data to fit the PWT data. The variable is built upon Maddison (1995). Then I ran an update merge with the replace option in Stata, filling in missing data in Maddison (1995) with data from Maddison (2001). This stage expands the GDP variable to include many countries missing from Maddison (1995) (which only included 56) while also replacing existing values between 1950 and 1992. Growth rates were calculated separately in each source before merging (Maddison, PWT 6.1). Finally, the PWT GDP growth rates were used to fill in the missing data in the Maddison sample. Note however, that one should carefully consider whether data from different sources are compatible. See Maddison (1995) for a discussion of the methodologies used to create power purchasing parity data and comparability across different sources. The method used by Maddison is similar to that used by Heston, Summers, and Aten (2002), but not without some error.

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<sup>11</sup> The construction of these variables was inspired by Enterline and Gleditsch (1999) who created a single domestic conflict variable from the eight Banks variables. I believe their analysis mixed the differences between the lesser and more severe types of conflict events, resulting in the *a priori* specification I discuss here. The factor analysis was used to confirm that these events belong in separate variables. Stata 7 was used to construct the variables based on the factor weightings using the Score command. See Vincent (1971) and King (1989) about factor analysis.

<sup>12</sup>The results were not sensitive to either an oblique (promax) or orthogonal (varimax) rotation. The results of the factor analysis can be viewed in the Blackwell Synergy online Supplementary Material for this article.

<sup>13</sup> Future work should better capture the interaction of different types of domestic conflict with different regime types. The correlation between democracy and Protest is .15 but -.0019 with Rebellion.

<sup>14</sup> The graph only shows the middle range of rates of growth states would normally see and cuts a few extreme values that hide the variation in the middle range.

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Charles R. Boehmer received his Ph.D. from The Pennsylvania State University in 2002 and is an Assistant Professor of Political Science at The University of Texas at El Paso. His main research interests include the economics of international conflict, food deprivation and civil war, international organizations, and international political economy. He has published articles in *World Politics*, *International Organization*, and *Journal of Peace Research*.

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