

Territorial Issues, Audience Costs, and the Democratic Peace: The Importance of Issue Salience*

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Abstract

Democratic leaders are thought to be prone to domestic sanction following defeats or changed policies, and these audience costs should allow democracies to better signal their intentions during public disputes. Empirical tests have previously provided strong support for this relationship. However, we argue that democracies face a different agenda of contentious issues compared to other regime types. Democracies rarely have territorial issues, which is an issue that is highly salient and likely to escalate to war. This allows democratic leaders to carefully choose the crises over which they will try to bargain and generate audience costs. Empirical tests that do not control for this type of selection process are likely to produce biased results. Our tests confirm this selection argument in multiple contexts. We re-estimate the findings of Schultz (2001) and test the expectations of Fearon (1994) using dispute data from 1816 to 2001 as well as incident-level data from 1993 to 2001. Our findings suggest that democratic challenges over territorial issues fare no better (and often worse) than non-democratic challenges. Territorial issues are much (1) more likely to be reciprocated, 1816 to 2001. The incident data suggests that territorial disputes have (2) a greater number of incidents and (3) escalations, and (4) force more challengers to back down. Any regime differences in our tests generally suggest a *disadvantage* for democratic challengers over these issues. We discuss the importance of these findings for both the audience cost and territorial issue literatures.

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1 Introduction

On the evening of October 22, 1962, President John F. Kennedy gave a nationally televised address in which he alerted the American public to the installation of Soviet missiles in Cuba and famously announced his plans to quarantine the island.¹ With this speech Kennedy clearly signaled Premier Krushchev and the Soviet Union's leadership that the United States was unwilling to allow the installation of missiles to continue; further, Kennedy would risk his tenure with this stance since there was no possible way the president could have retreated from such a public signal of determination. To do so would have surely been met with punishment at the polls come next election, and, in this sense, Kennedy's risk of both personal and national interest made the threat to the Soviets highly credible. Following Kennedy's announcement, the Soviets backed down and removed their missiles from Cuba.

The Cuban Missile Crisis presents one of the clearest historical examples of the audience cost advantage for democracies.² When leaders are able to make such public announcements and risk their tenure as leader, the credibility of their policies obviously increases. In this manner democratic leaders have a distinct bargaining advantage over the leaders of other types of states since they have the ability to reveal their true preferences. This advantage has been used to explain both the democratic peace and the ability of democracies to win their challenge (Fearon 1994, Schultz 2001*a*).

We do not dispute the logic of the audience cost argument, but in this paper we do emphasize one simple caveat to the theory: we argue that the issue under contention must be *salient* to the public at large, or whoever keeps the leader in power. If the issue is not

¹Per the address, Kennedy stated: "To halt this offensive buildup, a strict quarantine on all offensive military equipment under shipment to Cuba is being initiated. All ships of any kind bound for Cuba from whatever nation and port will, if found to contain cargoes of offensive weapons, be turned back. This quarantine will be extended, if needed, to other types of cargo and carriers. We are not at this time, however, denying the necessities of life as the Soviets attempted to do in their Berlin blockade of 1948."

²There is some debate over the extent that the Cuban Missile Crisis was an unconditional victory for the United States. Private bargaining may have led Kennedy to provide significant concessions to avoid conflict. Of course, even this explanation provides important information about the nature of public diplomacy for democracies. Democratic leaders may be severely constrained by their publics.

salient to the public, then the public has little motivation to punish the leader following policy reversals (Slantchev 2006). Consider again the Cuban Missile Crisis. President Kennedy effectively used the television address to both publicly commit to a certain policy and also to galvanize support for that policy. Had that public support not been attached to the president's actions, the credibility of the presidential commitment would have been much less certain.

Salience also affects the targeted state. In the case of the Cuban Missile Crisis, the Soviet Union was mostly pressing their reach into their rival's sphere of influence. The challenge by the United States was not directed toward a vital issue for the Soviet Union, such as their homeland territories. The challenge did not even directly threaten the Soviet ruling regime. Instead, the credible challenge on Cuba increased the costs for the Soviets of pressing an important, though not vital issue. Had the challenge been directed at the homeland territories of the Soviets, escalation would probably have occurred.

We demonstrate that the empirical implications of the seemingly small caveat of differential levels of salience can actually be quite large. Democracies tend to cluster together in peace (Gleditsch 2002); democracies are also unlikely to fight other democracies (Russett and Oneal 2001). Indeed, the conflicts that democracies do escalate are mostly matters of choice by the leader (Reiter and Stam 2002). These empirical patterns suggest that democracies face few direct threats to their homeland—those threats that rival the Cuban Missile Crisis in intensity—and this makes situations in which audience costs matter both exceedingly rare and more easily manipulable by the leader. Safe in peaceful environments, democratic publics tend to care more about their economies and taxes rather than conflicts abroad that have little direct effect on the average citizen. Foreign policy reversals (or steadfastness) become inconsequential during either good or bad economic times. However, if the leader is able to choose an issue over which to remain steadfast while also garnering public support, then the credibility of that commitment will be strong. We therefore expect democracies to experience relatively few cases which target

their homeland territories, and this will affect their ability to generate audience costs. Should the leader be able to garner support for selected issues, though, the democratic advantage will be quite strong.

Our argument begins in the next section with a brief outline of the audience cost literature. We note especially that few studies consider the relative worth of each issue to the public at large. This is important because, as our theoretical argument suggests, the types of issues which democracies face are inherently different from the issues faced by the leaders of other types of states. Democracies mostly rest comfortably in territorially settled regions and face few threats to the homeland. We then describe some of the difficulties inherent in testing the argument using existing data sets of dispute reciprocation. We consider those difficulties and also test our argument using a new test based on the actual threats (incidents) employed during a dispute. We close with a discussion of the results of our tests and our suggestions for future research.

2 The Audience Costs Argument

Originating with Thomas Schelling's (1960) discussion of credible commitments, audience costs are the domestic penalties (e.g. removal from office) that leaders fear they will suffer if they back down from a public threat during an international crisis or dispute. The added cost associated with backing down adds credibility to leader threats, thereby providing a more informative signal to other leaders (Fearon 1994). Audience costs have been used to explain a variety of international interactions, but most studies have focused on the unique ability of democratic leaders to signal their intentions and the effects this has on the peace between democracies (Fearon 1994, Eyerman and Hart 1996, Schultz 2001*b,a*, Partell and Palmer 1999, Gelpi and Griesdorf 2001).

When leaders hold private information regarding their capabilities and resolve, cooperation becomes challenging. State leaders have an incentive to bluff their capabilities

or resolve in order to coerce greater concessions from the other actor. Therefore, the ability to differentiate between cheap talk and credible information becomes critically important to both avoid losses and win concessions. While leaders can often deduce reliable assessments of opposing capabilities, understanding an opponents' resolve is more difficult. How does one distinguish between a leader who is bluffing and one who is resolved to carry through with their threat? Similar to deterrence, sanctions, and alliances which also rely on credible commitments to be effective, the key is to determine whether the likely cost of backing down is higher than any expected gains the leader may find in a reversal. If the cost of backing down is higher, then the threat becomes more credible and can serve as an informative signal of resolve.³

Leaders may sometimes engage in escalatory behavior in order to generate domestic audience costs. The escalation signals their resolve, and the check of the audience adds credibility to the signal. The intent of the escalation is to coerce the opposition into yielding the issue short of war. This type of escalatory behavior can, however, also lead to war when opposing leaders publicly constrain themselves from backing down (Slantchev 2006). Thus, leaders seeking to avoid war will generate audience costs selectively and avoid engaging in escalatory behavior with state leaders who also possess the means and motives to generate audience costs (Schultz 2001*b*). This strategic logic serves as the theoretical foundation for a variety of empirical regularities but especially the findings associated with the democratic peace (Fearon 1994, Schultz 2001*a*, Gelpi and Griesdorf 2001).

2.1 Empirical Examinations of Audience Costs

Given their theoretical importance in explaining the strategic nature of international interactions, most of the empirical tests in this field have focused on identifying the factors

³As first articulated by Schelling (1960), audience costs require a principal-agent dynamic to be effective communication tools. State decision-makers are agents carrying out foreign policy at the behest of the principal who is, in this case, the domestic audience. For agents to effectively negotiate, the opposition must believe that the agent will lose their job if they fail to secure a pre-determined minimal outcome. If the opposition believes that the agent will be sanctioned for accepting an offer lower than the minimal requirement, the agent's demand will be perceived as credible.

conducive to generating audience costs. Almost uniformly this focus has further narrowed to an examination of regime type. Indeed, the theoretical link between audience costs and democracy was directly addressed by Fearon (1994) and referenced in most subsequent studies examining the effects of audience costs on state behavior and international outcomes (Eyerman and Hart 1996, Schultz 2001*b,a*, Partell and Palmer 1999, Gelpi and Griesdorf 2001, Prins 2003). The conventional wisdom is that democratic elections serve as the most effective and consistent means of punishing leaders for policy failure, including backing down from a public threat in an international crisis.⁴ Because of the presence of these political institutions and the regularity of their use, democratic leaders are generally perceived as being more vulnerable to domestic sanction than autocratic leaders. Consequently, democratic leaders are assumed to be more capable of generating audience costs in international crises, and, when compared to their autocratic counterparts, their elevated susceptibility to domestic sanction alters the strategic behavior of democratic leaders over a wide range of scenarios, including crises. Early studies have mostly confirmed this advantage, although the evidence generally remains confined to indirect observations of bargaining outcomes (Eyerman and Hart 1996, Partell and Palmer 1999, Gelpi and Griesdorf 2001, Prins 2003).

Eyerman and Hart (1996) were the first to empirically test Fearon's argument. Using a sample from the SHERFACS conflict management dataset and employing multiple measures of democratic institutions, their findings were consistent with the conflict behavior expectations cited by Fearon. Partell and Palmer (1999) confirmed this finding using dispute data and a revised coding of audience costs based on executive constraints. Their study also confirmed a signalling advantage for high-audience cost states.

⁴This proposition hinges on several simplifying assumptions including the postulate that although non-democracies can generate audience costs, it is much more costly for autocratic audiences to remove leaders from office. Typically, endogenous regime change within an autocracy is the result of social unrest, coup d'état, or civil conflict; either independently or in some combination with one another (see McGillivray and Smith (2000) on this point). This implies that autocracies need to generate much higher audience costs to overcome the higher costs of domestic sanction. Consequently, autocracies have a harder time making credible signals using audience costs than democracies given these difficulties.

Two observations are worth noting from this early exchange of studies. First, the descriptive statistics of the MID outcome variable reveal the general infrequency in which states back down in a dispute. In the Partell and Palmer sample of 1,463 dispute cases, one side backed down in only 123 cases.⁵ As they note, the likelihood of either side backing down in a dispute is almost equivalent to the dispute escalating to war. These figures are even more interesting when one considers that approximately 50% of disputes are not even reciprocated initially, see (Schultz 2001*a*, 142-143). This provides good evidence that the effects of threat credibility matter most at the decision to reciprocate threats. Second, the Partell and Palmer findings suggest that democracy was a strong predictor of MID outcome, but the executive constraint measure was an even more effective predictor. This observation has led more recent studies to argue that some autocracies are also capable of generating audience costs and that the assumed relationship between democracy, audience costs, and international outcomes may be misleading (Slantchev 2006, Weeks 2008). We believe that both these conclusions suggest a more nuanced view of observed audience costs. Certain types of crises will almost always be reciprocated, regardless of the credibility of the challenge, and, further, audience costs may depend less on regime type than on the ability of the leader to convincingly demonstrate a connection with a public that is able to sanction.

While these and later studies offer empirical support for the proposition that democracies generally incur higher audience costs than nondemocracies (Schultz 2001*a*, Gelpi and Griesdorf 2001, Prins 2003), Schultz (2001*b*) provides a damning critique of most attempts to empirically identify domestic audience costs. Schultz argues that the strategic behavior theoretically implied by the audience cost argument would most likely cause them to be unobserved empirically. Because escalating a crisis and subsequently backing down endangers political survival, a leader's strategic incentives dictate that she purposely avoid situations in which audience costs would be highest. Observed outcomes then represent a

⁵Of the 1463 disputes, 38 ended with the initiator backing down, 85 ended with the target backing down, and 1340 ended with neither side backing down (Partell and Palmer 1999).

censored sample because leaders will only choose to engage in situations with lower audience costs and, hence, a reduced risk of removal. Schultz (2001*b*, 35) concludes that “the probability of observing the audience costs depends on their value.” Therefore, the mean of observed audience costs is systematically different from the mean of the population of audience costs, the vast majority of which remain unobserved.

Schultz’s argument poses serious problems for empirical studies of audience costs. First, the partial observability of audience costs would lead most studies to greatly underestimate the magnitude of audience cost effects within the population.⁶ Perhaps more importantly for a literature focused on regime type, Schultz argues that almost all leaders can generate audience costs which would make the differences across regime type minimal, an argument which Weeks (2008) confirms. Together, these may imply that leaders can carefully choose the crises over which to use an audience cost advantage, provided, of course, that their foreign policy agenda provides them with such choices.

2.2 Examining the Microfoundations of Audience Cost Theory

Although the audience cost logic enjoys consistently strong empirical support, a growing concern over a general lack of specified microfoundations in Fearon’s original argument raises serious challenges to the theory’s overall explanatory power (Smith 1998, Schultz 1999, Slantchev 2006). This skepticism centers on the core tenet that democracies possess a systematic advantage in generating domestic audience costs (Slantchev 2006, Weeks 2008). While this proposition has intuitive appeal and indirect empirical support, recent studies focusing on both the process and necessary conditions required to generate audience costs offer compelling evidence that the relationship is misleading. To address this problem, Weeks developed measures of how the importance of audience costs might vary across states independently of regime type; these include the composition of the

⁶In his analysis on the microfoundations of audience costs, Branislav Slantchev challenges Schultz’s conclusion that the effect of audience costs on leader behavior is underestimated (Slantchev 2006). By outlining the numerous conditions necessary to generate audience costs, even within democracies, Slantchev concludes that the effect of audience costs is likely to be minimal across the population.

domestic audience, the ability of the audience to punish its leaders, and the motivation of the audience to use those means (Weeks 2008).

2.2.1 Audience Composition

The focus on democracies only has begun to change as the democracy/non-democracy dichotomy evolved in other fields to consider the foundations of leader political power. For example, Bueno de Mesquita and coauthors (Bueno de Mesquita et al. 1999, 2003) argue that the size, makeup, and effectiveness of the domestic audiences that provide political support for leaders vary substantially across regime types. Weeks (2008) develops this point and disaggregates autocratic regimes by both the relevant domestic audiences and the institutional means available to sanction political leaders. Using Geddes' (2003) typology of autocratic leaders, Weeks finds that democracies have no clear advantage in generating audience costs over other types of regimes. Instead, commitment credibility turns on the ability and motivation of the domestic audience to punish its leaders.

2.2.2 The Ability to Punish Leaders

The extant empirical literature generally relies on simplifying assumptions about the means used to generate audience costs. For democracies, elections serve as institutionalized mechanisms designed to reward or punish leaders for policy performance. By comparison, the means to punish an autocratic leader are more costly (McGillivray and Smith 2000), and requires greater coordination among relevant domestic groups (Weingast 1997, Weeks 2008). Elections are therefore viewed as the more efficient and effective means of sanctioning leaders because of their regularity and relatively low participant cost. Consequently, this logic underlies the conventional wisdom that leaders of democratic states are systematically better at generating audience costs to improve their bargaining leverage.

Slantchev (2006) asserts that even this assumption is overly simplistic, however, because the ability to generate audience costs varies substantially across democratic

regimes. He contends that audience costs can only be generated if the policy preferences of the leader (agent) and the domestic audience (principal) are divergent. Further, policy preference divergences require independent media sources to inform the public whether a leader's action were different from what they would have preferred. Marked differences in media freedoms across democracies would imply large variations in audience cost susceptibility across countries of all types.

Weeks (2008) goes further by arguing that most types of nondemocracies can produce audience costs on par with democracies. Although the ability to punish leaders in non-democracies is oftentimes more varied, specific types of nondemocracies are able to offer the credible commitment necessary to generate audience costs during an international crisis. Her empirical results show that only personalist dictatorships, new democracies, and unstable autocracies fail to generate audience costs, and this suggests that earlier empirical studies linking democracy to audience costs were misleading, as Schultz (2001*b*) speculated. She concludes that democracies are generally not better at generating audience costs than most types of authoritarian regimes. In short, Weeks' study strongly suggests that while democratic institutions may be a sufficient condition to generate audience costs, they are by no means a necessary condition.

2.2.3 The Motivation to Punish Leaders

The final microfoundation of audience cost theory is the motivation of the domestic audience to sanction political leadership for backing down from a public threat. Fearon's (1994) model makes the assumption that yielding after making a public threat will invite sanction because of audience costs. However, for punishment to be likely, the threat requires that audiences view backing down as worse than the *status quo* prior to making the public threat. As both Schultz (1999) and Smith (1998) point out, however, this critical mechanism cannot be universally assumed across all cases of backing down. Instead, if the means to sanction are available, the critical factor becomes domestic

audience motivation to punish leaders for their actions during the international crisis.

Most studies assume some form of reputational cost will elicit domestic sanctioning responses. For Fearon, the assumption was that worries over the national reputation would be enough to enforce domestic sanctioning behavior (Fearon 1994). Smith (1998) offers an alternative motivation. He asserts that domestic audiences value capable national leadership and have strong incentives to remove leaders perceived to be incompetent. However, Smith cautions that this motivation is situationally dependent because backing down from a public threat during an international crisis will not always be perceived as a signal of incompetence; such behavior is sometimes prudent. Finally, Guisinger and Smith (2002) assert that audiences are motivated by instrumental concerns to restore their country's international credibility (See also, Sartori 2002). They argue that because yielding after making a public commitment hinders a leader's ability to make credible threats in the future, the country will be at a disadvantage in future international crises. Consequently, audiences will remove the leader to restore international credibility.

Some empirical support for the reputational link can be found in Tomz's (2007) recent work in which he embedded an experiment within a public opinion poll and found that citizens do actually care about national reputation. Specifically, Tomz finds that citizens always prefer the leader who stays out of international crises over the leader who backs down from initial threats. Empty threats are likely to be punished by the citizenry. This type of evidence of course lends strong support to reputation as a motivation for domestic sanctioning of the leader. Also of note, however, was that the smallest differences in public approval were found in reactions to leaders involved in crises that were salient to the country's interests. In these cases, Tomz argues, citizens prefer a leader willing to take action over those leaders who remain aloof, and this suggests that audience motivation may sometimes be situationally dependent. Slantchev (2006, 469) also argues for situational dependence, noting that costs are likely to be greatest for those policies of national import.

3 Issue Salience, Territory, and Audience Costs

Collectively, the theoretical arguments from the audience cost literature are clear: leaders can be constrained when the appropriate audience has the means and motive to punish those who back down during a crisis. Now explicit is the observation that regime type matters less than the connection between the leader and those who have the ability to punish the leader. Signals will be credible when targets perceive the connection is real.

What we find interesting in all these studies is that the issue causing the crisis seems to be inconsequential. The focus on regime type and the microfoundations of the theory have led most studies to set aside the obvious fact that crises mostly vary in intensity because the issues under contention also vary in salience to both leaders and publics. The public's motivation to punish may stem not from disagreement with the leader's positioning but instead be a reaction to the leader's ability to win or survive a difficult crisis. Some issues, like territorial issues, are so salient to the public at large, even credible challenges to the status quo will be met with resistance by the target. In this section we outline the implications of this type of issue salience and discuss how the absence of territorial issues in democracies may affect our understanding of audience costs.

3.1 The Salience of Territorial Issues

Among the issue classifications used by the Correlates of War datasets, territorial issues are much more likely to end in war than disputes over regime type, policy, or any other issue (Vasquez 1993, 1995, 2001, 2009, Senese and Vasquez 2008, Vasquez and Henahan 2001). Vasquez and Henahan (2001), for example, find that over 50% of all wars (53 of 97 in their dataset) are fought over territorial issues. This confirms an earlier study by Holsti which found that 79% or more of the wars since 1648 have been fought over territory or territory-related issues (Holsti 1991).⁷ The results are not limited to wars either. Compared to other issue types, territorial disputes also generally have higher fatalities

⁷Vasquez see also 1993, 128-131.

(Senese 1996), are more difficult to resolve, and are more likely to recur (Hensel 1998). Together, these results confirm a higher rate of conflict for territorial issues which implies higher salience for the countries affected by these issues.

From the perspective of the individual in a targeted state, territorial issues often present a direct threat to their homes, lives, and livelihoods (Gibler 2012). Land provides shelter in less-developed countries and often constitutes one's greatest asset in more advanced countries. Thus, targeting the land with occupation implies a threat to both shelter and economic well being. Of course, territory also holds more than economic value for most individuals. As Vasquez (1995) describes, most individuals have strong attachments to their homes and birthplaces. This attachment is often encouraged by groups within society who socialize the individual with myths and legends, signs and symbols, education, and religion that all equate particular lands with ethnic and national groups (Duchacek 1970, Paasi 1996, Tuan 1991). This socialization reaffirms that threats to territory will be equated with threats to individual identities.

Territorial issues are especially salient to individuals in targeted states. For example, territorial issues lead to a centralizing effect within public opinion that is often nationalistic and intolerant of minority groups (Hutchison and Gibler 2007). Similarly, domestic opposition groups in both democracies and non-democracies expect strong public reaction to territorial issues and respond strategically by supporting the leader; the leader then centralizes his institutional power within the regime (Gibler 2010). The strong domestic reactions to territorial issues, which include both behavioral and institutional changes, indicate that domestic audiences pay attention to territorial issues.

3.1.1 Challenges on High-Salience Issues like Territory

The salience of territorial issues has important implications for current tests of audience costs theories, which rely mostly on dispute reciprocation as a measure of threat credibility (Schultz 2001*a*, Weeks 2008). It may be the case that disputes are reciprocated not because

the threat was incredible; rather, territorial issues are so salient to the public in threatened states that dispute reciprocation is necessary. Failure to respond to even a credible threat to territory poses too many risks for the regime of the threatened state. Thus, tests of audience costs that do not properly control for the distribution of territorial issues will be unable to differentiate the threat credibility of the challenger from the salience of the issue for the target.⁸

3.1.2 Democracies and Territorial Issues

Territorial issues are also important for the tests linking democracy with credible threats. A number of recent studies are beginning to demonstrate that territorial issues affect the development of the state. Consistent with the external threat and state centralization literature (Hintze 1975, Tilly 1985, Desch 1996, Thompson 1996, Rasler and Thompson 2004), Gibler (2012) argues that territorial threats to the state actually prevent states from developing democratic governments. Unlike other types of issues, the salience of territorial threats leads to the creation of large, standing land armies. This military then becomes a tool for repression by the elite, and, when combined with the centralization of public opinion and institutions, autocratic governments become more likely. Democracy only emerges after the state has settled its borders with neighbors as the peace allows for the decentralization of power (Gibler and Tir 2010). If the territorial threat argument is

⁸Another issue that our paper does not have space to address is the role of punishment for the leader. The assumption is that leaders who back down will be punished at the polls, but what if the opposition candidate agrees with the actions of the leader and presents no viable policy alternative? Candidates have to actively disagree on a consistent platform of foreign policy objectives and advertise those differences to the public at large. Without a choice between candidate positions, the actual foreign policy position will of course not matter. This is an important point because candidate differences are actually quite rare for states targeted by territorial disputes and other intense crises. In most states the opposition parties will move to back the leadership of the country, at least during the early stages of the crisis. Schultz 2001*a*, 168, for example, found that “domestic opposition to a deterrent threat is relatively rare; we observe it in only five of the thirty-one cases in which democratic states made retaliatory threats.” This type of support is also true during territorial crises. As Gibler (2010) demonstrates, only 2 of 82 nondemocracies had oppositions that broke from the leadership during territorial disputes; when democracies are targeted by territorial disputes (a rare event), the opposition supports the leadership in 71% of the time (24 of 34 cases). So there seems to be few instances of opposition difference during times of intense crisis over territorial issues, which is necessary for the public to take a punishment-based voting position. Instead, the opposition party has a strategic incentive to conservatively back the leadership, and this makes leader punishment difficult to implement.

correct, then democratic leaders are unlikely to face territorial issues, and this greatly reduces the number of issues that are likely to be salient to the public at large in a democracy. Thus, democracies should actually be constrained by their foreign policy agendas in their ability to wield credible threats.

One need not go so far as to argue that territorial issues cause regime type changes to note that the types of issues facing democratic leaders is indeed different from those facing other regime types. For example, studies of democratization have generally associated democracy with peaceful regional environments. Gleditsch (2002) argues that democratic clustering coincides with a peaceful regional environment that is also reinforced by the pacifying effects of joint democracy. Democracies assist neighboring states rather than target their territories, which is why democratization tends to occur near other democracies (Gleditsch and Ward 2006). It is therefore no accident that democracies have clustered in peaceful Western regions since World War II, and this clustering contributes to the general indifference of the public to external affairs. Democracies are rarely the targets of other states. Their issues are more likely to concern trade, fishing rights, and the like.

Bueno de Mesquita et al. (2003) use their selectorate theory to suggest that democratic leaders will seldom challenge over territorial issues. Leaders maintain political power through the use of public and private goods, distributing these to followers to retain their office. In democracies, the number of followers able to punish the leader is usually large, and private goods such as conquered territories cannot be adequately split among the electorate. The costs of conflicts over territory and the inability to divide the conquered goods make territorial wars by democracies incredibly rare. Of course, since we know that democracies cluster in time and space, as Gleditsch (2002) demonstrates empirically, the selectorate logic suggests that democracies are unlikely to see their territories targeted as well. Democracies' neighbors have no incentives to challenge their homeland territories.

These arguments that democracies have fewer territorial issues have been confirmed empirically. In an important piece of investigative research, Mitchell and Prins (1999) find

that most disputes between democracies involve “fisheries, maritime boundaries, and resources of the sea.” Very rarely do mature democracies fight over territorial issues that are likely to be salient to the public at large. In fact, the actual data is worth examining to show how stark the relationship actually is.

In the Mitchell and Prins (1999) study, over one-third of the disputes between democratic dyads from 1946 to 1992 involved territorial issues. However, almost none of these disputes were between states that scored 10 on the combined Polity scale of autocracy-democracy, the highest level of democracy attainable using the combined measure. In fact, only two of the 23 disputes between full democracies involved territory; 31 of the remaining 74 disputes that involved democracies scoring less than 10 on the Polity scale involved territorial issues. In the pre-World War II sample, none of the fully democratic dyads fought over territory, but 40% of the disputes between lower-scoring democracies included territorial issues. As Mitchell and Prins (1999: 174) note: “More institutionalized democracies . . . seem to be considerably more satisfied with the internationally recognized territorial boundaries.” This finding provides empirical support for Kacowicz’s (1995) claim that democracies do not fight each other because they are satisfied with the territorial status quo.

Each of these lines of inquiry suggests that democracies will not have territorial issues on their agenda and are, therefore, much less likely to face issues that will galvanize the public enough to generate audience costs for the leader. So, while Tomz’s (2007) findings are probably correct that citizens in democracies will punish their leader for backing down during crises, the public itself rarely has such an opportunity. Instead, democratic citizens enjoy safety from direct threats and worry more about the economy, taxes, and their prospects for the future.

3.1.3 Democracies' Issue Agendas and Audience Costs

Citizens need to know the content of foreign policy positions in order for the leader to generate audience costs (Slantchev 2006). As importantly, the citizens also need to care. Not all foreign policies will be salient since crises vary so widely in their importance to the average individual. Most seizures of ships or goods by foreign powers, for example, matter little to the average individual who is unaffected by the outcome of the crisis. Contrast these cases, however, with the example of the Cuban Missile Crisis we describe in the introduction. When the leader addresses the public and states plainly that the risk of a nuclear exchange rises with the installation of missiles in Cuba, then the average citizen will care. This issue's salience connects the audience to the leader, and credibility is attached to the leader's threat once the public is interested in the outcome.⁹

But these cases of escalation with high audience costs are likely to be selected by the leader. If highly salient issues like territory are removed from the agenda of states, the leader then has the ability to choose those international issues that can be escalated. Smart leaders are of course likely to use whatever bargaining advantage they have—including any audience cost advantage—on those issues that favor victory. For most non-vital issues, then, the likelihood of demonstrating strong audience costs will be endogenous to the probability of a targeted state backing down. After all, this is what Schultz (2001*b*) has already demonstrated.

Those states mired in border fights and challenges to their homeland territories do not have the ability to select their crises. For these cases, audience cost advantages will vary, and the likelihood of reciprocation and escalation in both states will be high. Since non-democracies are more likely to have territorial issues, then these states will also be empirically associated with weaker audience cost bargaining.

⁹See also Slantchev's argument regarding salience: "[a]udience costs are more likely to matter only for salient policies of great national importance," 2006, 469.

Our Expectations and Tests

Given our theoretical outline, we expect that territorial issues will be much more likely than other issues to generate reciprocation by targeted states. Since democracies have few territorial issues, empirical tests will be biased toward finding a lack of target reciprocation following democratic challenges. We expect no democratic challenger advantage once controls are introduced for issue type.

We test these expectations in two parts. First, we use the Militarized Interstate Dispute (MID) dataset, from 1816 to 2001 (Ghosn, Palmer and Bremer 2004) to re-examine the findings in Schultz (2001*a*) and Weeks (2008). These models have focused on dispute reciprocation due to the dearth of data regarding within-dispute bargaining. However, following the release of the 3.0 version of the MID dataset, incident-level actions are now available for the disputes between 1993 and 2001. We therefore use these data to directly examine Fearon’s (1994) expectations regarding high audience cost states in the second set of empirical tests. Importantly, our findings are consistent across both sets of data.

4 Testing the Audience Cost Argument using Militarized Dispute Reciprocation

To test the argument that territorial challenges are more likely to be reciprocated and that this affects regime-based audience cost conclusions, we constructed a sample of all directed-dyad MID initiations, from 1816 to 2001. Our regime identifications are dichotomous—democracy or non-democracy—and are based on the Polity IV combined democracy-autocracy scale (Marshall et al. 2002). We code democracies as those states scoring 7 or above on this 21-point scale.¹⁰ We include dummy variables for the presence of democracy in the (1) initiator, (2) challenger, and (3) both initiator and challenger. This

¹⁰Analyses using 6 and above as a definition of democracy are substantively the same as those presented here.

construction is exactly the same as Schultz’s (2001*a*, 146) dispute-reciprocation model.

Our capability controls are also similar to Schultz’s model. We include dummy variables for the presence of a (1) major state challenging another major state, (2) a major state versus a minor state, and (3) a minor state challenging a major state. We also control for the total share of dyadic capabilities held by the challenger (Singer, Bremer and Stuckey 1972).

We include controls for contiguity (Stinnett et al. 2002) and alliance portfolio similarity (1) in the dyad, (2) between the challenger and the hegemon, and (3) between the target and the hegemon (Gibler and Sarkees 2004). The last two variables have been used to approximate state *status quo* evaluations (Bueno de Mesquita 1981).

Finally, we code issue type using Correlates of War definitions—territory, policy, regime, or other. We code each issue as positive if either the challenger or the target has the issue as their first revision type. We omit a dummy variable for disputes in which the issue is coded as “not applicable” to avoid perfect multicollinearity among issue definitions.

4.1 Challenger Hostility Level and Reciprocation

The principle way in which we differ from previous empirical tests of the audience cost argument is that we include several controls for the type of challenge used in the dispute. As we detail below, these are the cases in which the challenger’s highest action conditions the likelihood and type of response from the target. Further, these actions vary substantially by both disputed issue and regime type. As we demonstrate later, the failure to include these controls has substantially biased our inferences regarding the effects of democratic audience costs.

4.1.1 Clashes

One subset of cases in the MID dataset includes uses of force that are defined as a clash between forces. These cases include all “outbreak(s) of military hostilities between regular

armed forces of two or more system members, in which *the initiator may or may not be clearly identified*” (Jones, Bremer and Singer 1996, 174), *italics added*. While Jones, Bremer, and Singer equivocate somewhat on the point of reciprocation,¹¹ as point of fact, all clashes are reciprocated. Therefore, naively including clashes in the sample of possible reciprocation cases will bias tests of audience costs since reciprocation is strictly defined by the use of force category (clash) and cannot possibly be altered by regime type or any other independent variable in the estimation of audience costs. The lack of a clear challenger also makes it difficult to identify the actor to which credibility is supposed to attach in empirical tests.

Since most of the dispute cases that are labeled clashes also list non-democracies as an initiator [353 of 451 cases], results from tests using reciprocation as the dependent variable will be systematically biased toward finding an association between democracy and threats that are not reciprocated.¹² That so few democracies engage in border conflicts also lends support to the argument that territory and regime type are connected (Gibler 2012).

4.1.2 One-sided Occupations

A different sort of methodological problem arises when the target of the initiation is unable to respond.¹³ There are numerous disputes in which the target does not have the capabilities or time to launch a response to an occupation of land because the target is preoccupied in an international war (France targeted by Italy in 1940 as described above) or civil war (Bolivia when Chile seizes territory in 1857 or Colombia after Peru’s seizure in 1899). Also fairly common are occupations that were completely unknown by the target. Several early South American disputes, for example, involve occupations of territory that were either never realized by the dispute target or were realized and reciprocated too late to be included in the same dispute. These include multiple Chilean-Argentine disputes and

¹¹Jones, Bremer and Singer (1996): “Reciprocation was *almost always* present in clashes because by definition a clash involves forces from both sides [*italics added*].”

¹²We label democracies as states with Polity 2 scores greater than 6 (Marshall and Jaggers 2002).

¹³We thank Steve Miller for describing the particulars of many of these cases to us.

also the case in which Venezuela occupied the then Dutch Alves Island for months in 1854 before the Netherlands realized the occupation had taken place. When the Netherlands realized the occupation had taken place, their actions started a *separate* dispute.¹⁴ These types of cases are also rampant within the dispute histories of the Russia-China and China-Japan dyads.

The credibility of the challenger is of course moot in this type of one-sided occupation case since the target has no knowledge of the action. Reciprocation of the dispute merely proxies knowledge of the occupation of territory.¹⁵ Identifying these cases systematically is difficult, however. One-sided, information-poor occupations are probably more likely to occur before World War II, or before the turn of the century, when communications and monitoring technologies were rudimentary. Still, only careful review of the histories of all disputes would enable proper sampling of these one-sided occupations. We do not do this here—there are over 2,400 disputes in the current dataset—but instead include a dummy variable denoting cases in which occupation was the highest action used by the challenger.

4.1.3 Wars

Finally, the war cases also present problems for analyses of dispute reciprocation. The MID data is structured so that only the highest action of each state within the dispute is recorded. Most war cases probably had a series of escalatory steps before reaching the threshold of war, but these are lost in the coding of the dispute. Analyses of the MID data will therefore find that a near unity of war cases [117 of 120 wars] are reciprocated. This

¹⁴The MIDs described include 3820 (Italy-France), 1500 (Chile-Bolivia), 1597 (Peru-Colombia), 1507 and 1511 (Chile-Argentina), and 1494 and 1495 (Venezuela-Netherlands).

¹⁵There are also cases of one-sided occupations that were made with overwhelming force. Germany occupied Czechoslovakia, Hungary occupied Ruthenia, and the Soviets occupied the Baltic States without challenge. In none of these cases was the credibility of the challenger debated. Quite the opposite—the overwhelming capabilities of the challenger made sure reciprocation would be futile.

While including capability ratios as a control for estimating the decision to reciprocation should ameliorate some issues associated with these overwhelming uses of force, we are still hesitant to think of this control as a cure-all for these one-sided occupations.

makes sense since few leaders would be willing to allow another state to launch a war against their country without responding in some meaningful way. However, there is no way to disentangle threat credibility in the many incidents that preceded the escalation of dispute to war.¹⁶

While wars are not explicitly defined as reciprocated, as clashes are, the near unanimity of reciprocated responses to war initiations means that these cases introduce bias into tests of the audience cost argument. Once again, the act of initiating war implicitly requires reciprocation, and this suggests that the credibility of the action does not depend upon the regime type of the initiator or any other independent variable commonly used to assess threat credibility. The level of force again controls the value of the dependent variable—empirically rather than by coding rule in this case. Also similar to the clash cases, the war initiations in the data overwhelmingly include non-democracies [97 of 119 cases], which again leads to a biased estimation of democracy’s effects on the likelihood of dispute reciprocation.

5 Territorial Issues and Dispute Reciprocation

Table 1 presents the results of our first set of tests. We use the entire sample of all MID initiations, but, consistent with earlier studies (Schultz 2001*a*, Weeks 2008), we omit the disputes that occur during the worlds wars. In Model 1 we estimate a base model without controls for the level of hostility used by the challenger. Here, democratic challengers seem to have a distinct audience cost advantage since their dispute initiations do not seem to be

¹⁶In fact, closer examination of the three outlier cases further proves this point. For example, Germany did actually reciprocate against Romania’s entry into World War I, moving large numbers of troops across the mountains into Wallachia (Stevenson 2005). Similarly, Greece did respond to Italy’s invasion with pitched battles, capturing thousands of troops and forcing the Italians back (Porch 2005). Both these cases suggest coding errors in the original dispute data, since both targeted states did actually reciprocate the threats with intense uses of force. In the third and final outlier, France did not have the capabilities to fully reciprocate the Italian initiation of war in 1940 since it was fighting the German *blitzkrieg* and would surrender to Germany by June of 1940. While technically France did not reciprocate Italy’s declaration of war, this is hardly a test for the audience cost argument since France had little time or choice to consider whether the Italian initiation was credible. These cases are listed in the MID data as dispute number 396 (Romania and Germany in 1916), 3820 (Italy and France in 1940), and 418 (Italy and Greece in 1940).

reciprocated. Among the control variables, disputes between contiguous states and the presence of territorial or regime issues are all more likely to generate reciprocation by the targeted state. Policy disputes are less likely to be reciprocated. Overall, the results of this model are consistent with the findings by Schultz (2001*a*) and the replication of those results by Weeks (2008).

In Model 2 we include dummy variables for those actions that are most likely to control the likelihood of reciprocation, regardless of regime or issue type. These actions include occupations and clashes. We also include a dummy variable for seizures of personnel or material.¹⁷ However, our model would not converge if we included a variable indicating the dispute was a war since all wars are, in fact, reciprocated. Our results confirm our prior expectations—clashes have a high likelihood of being reciprocated while occupations and seizures do not. In these cases the highest level of action does control the likelihood of a response, even after controlling for regime type and disputed issue.

*****Table 1 About Here*****

Model 2 suggests that our inferences regarding regime type change as we add the controls for the highest level of action used by the challenger. Democratic challengers no longer have a signaling advantage in this model. While the coefficient remains negative, it is no longer statistically significant at any conventional level. Nevertheless, contiguity and the issue type variables do remain as before—contiguous disputes are more likely to be reciprocated as are territorial and regime disputes; policy disputes are again unlikely to be countered. These results further suggest that the demonstrated signaling advantage of democracies may result from biased estimates.

Recall that one of our primary expectations is that democracies are unlikely to be involved in territorial disputes and that this will bias regime-related audience cost tests.

We test this expectation in Model 3 by adding a simple interaction term that is positive for

¹⁷These disputes are fundamentally different from other types of disputes since they so often involve private citizens. This is why a large majority of seizures provoke diplomatic rather than military responses.

democratic challenges over territorial issues. The estimates of all our control variables remain as before in Model 3. Indeed, the only real changes are found in the regime variables. The addition of the interaction term changes the effect of democratic challenges, which is now once again negative and statistically significant. Territorial issues remain likely to provoke reciprocation. More importantly, however, the interaction term of democratic challengers initiating territorial challenges is *positive* and statistically significant.

We believe the estimates in Model 3 provide strong evidence for the argument that any democratic signaling advantage results from the lack of territorial issues confronting most democracies. As is evident from the interaction coefficient, democracies actually fare worse when issuing territorial challenges. When combined with the estimate for the base term of democratic challengers, democracies have no signaling advantage (or disadvantage) whatsoever (see Model 2 as well). Instead, democracies are among a set of states that have the unique advantage of being confronted with relatively few territorial issues. We elaborate on this point in our next set of tests.

6 Testing Audience Costs using Incident-Level Data

The third iteration of the MID data collection project provided incident-level data for each dispute, 1993 to 2001. These incidents are the events that comprise a dispute—from the first threat of force to the final event in the dyadic dispute. Thus, they provide us the opportunity to examine for the first time the escalation (or descalation) *within* a dispute rather than relying on the highest level of action used throughout the conflict. In short, we can use this data to better determine the clarity of challenger signals of resolve and the original audience-cost predictions given by Fearon (1994).

Much of the audience cost literature implies selection effects in the empirical distribution of disputes. However, Fearon (1994) was quite explicit in his expectations

regarding the behavior of those states that are selected into dyadic disputes. We organize this section around those expectations.

6.1 Backing Down in a Public Dispute

Fearon's (1994, 585) first prediction is that higher-audience-cost states are less likely to back down in a dispute: "Thus if actions such as mobilization generate greater audience costs for democratic than for nondemocratic leaders, we should find the democracies backing down significantly less often in crises with authoritarian states." As we mentioned previously, Partell and Palmer (1999) test this proposition using MID outcomes, and they were especially struck by the relative infrequency of states backing down during disputes. However, with backing down defined only as yields by the target or victories by the challenger, dispute-based coding of backing down may entirely miss the many cases of states de-escalating into a stalemate or even a compromise. The bargaining process within a dispute is likely to include a series of steps, and failed *status quo* challenges could provoke backing down so that the challenger can draw a stalemate or work out a negotiated compromise. These are of course missed with end-of-dispute coding of outcomes, as Partell and Palmer (1999, 393) note.

To better test the proposition that high-audience-cost states are unlikely to back down, we created a two-part dependent variable that identifies the number of times a state de-escalated their hostility level during a dispute and the overall outcome of the dispute. Hostility levels include (1) no militarized action, (2) threat to use force, (3) display of force, (4) use of force, and (5) war, and these are defined for each incident within a dispute based upon the hostile action that was taken. We define backing down in a dispute as Partell and Palmer (1999) do—the presence of a victory by the target state or yield by the challenger—but we also include cases of stalemate or compromise that contained the de-escalation of hostilities by the challenger. These are cases of bargaining in which the

challenger backed down into a stalemate or compromise with the targeted state.¹⁸

Our independent variables for these and subsequent models remain largely the same, except for two changes. While the dispute reciprocation studies controlled for the presence of joint democracy, Fearon (1994) had explicit predictions for cases in which the audience costs of challenger and target diverged. Therefore, we no longer include a dummy variable for disputes between democracies and instead control for democratic challenges against authoritarian states, with authoritarian states defined as -7 or below on the Polity IV scale. We also change the interaction term to assess the prediction that regime type behaves consistently across issue type. We now include a dummy variable for democracy-versus-autocracy challenges made over territorial issues. Finally, since our model is dichotomous—the presence (or absence) of backing down in a dispute—we again use logistic regression with standard errors clustered by dispute to estimate the model. Our results are presented in Table 2.

*****Table 2 About Here*****

We present two models in Table 2 to demonstrate the effects of adding the interaction term for regime predictions over territorial issues. Model 1, without the interaction, confirms Fearon’s assumption that democracies are unlikely to back down against non-democracies ($p < .05$). The strategic setting is indeed important as democratic challengers seem to have no intrinsic likelihood of de-escalating the dispute. This is also true of the capability-based indicators since these have no effect on the likelihood of a challenger backing down. Strangely, for the original model at least, challenges against democracies are less likely to result in backing down. These regime estimates are found while also controlling for contiguity and disputed issue type, each of which is associated (to

¹⁸It is interesting to note that a large majority of de-escalatory moves occur in the disputes with a stalemate outcome. There are 136 disputes in which the challenger acted in ways that were less hostile than previous actions in the dispute; 104 of these de-escalated disputes ended in stalemates. The five categories of victory (side A or B), yield (side A or B), and compromise only had 18 de-escalations combined. Almost 60% of the de-escalations ending in stalemate (58 of 104) concerned territorial issues while the remaining cases were equally split across other four issue categories.

varying degrees) with an increased probability of the challenger backing down. There may also be some systemic influences in the model since similarity with the system leader increases the likelihood that the challenger will back down.

Model 2 introduces the interaction term of democratic challenges to autocracies over territorial issues, and this variable is positive and statistically significant ($p < 0.04$). This suggests that democracies are *more likely* to back down when confronting non-democracies over territorial issues. Of the 369 cases of dispute in our sample, there are only 17 instances of democracies challenging autocracies over territorial issues, and the democracy backs down in 12 of those cases. The relationship between democracy and backing down over territory seems to be strong enough, though few in total, to dilute the base coefficient of democracy versus autocracy, since the added control now makes these challenges substantively stronger.¹⁹

Not reported here are tests we conducted on the ability of challengers to force backing down by the targeted state. We estimated the exact same models as above in Table 2, but we changed the dependent variable to whether the target backed down. Regime type dummies had no statistically significant effect in either model. Only contiguity (negative) and three issue variables—territory, policy, and regime (all positive for an increased likelihood of backing down)—were statistically significant in each model. In short, we found no evidence that challenges against democracies were more likely to be averted during a dispute. If there is a naive audience cost advantage for democracies, it must happen during conflict selection, at least for this sample of cases.

Overall, these results provide support for our theory and also some support for the original model developed by Fearon (1994). Democracies are generally less likely to back down against autocracies in public disputes, as Fearon predicted. However, much of this behavior is conditioned by the types of disputes democracies face. When involved in

¹⁹The coefficient increased by over 50% from Model 1 to Model 2. Since the models are nonlinear, we confirmed that this increased substantive effect was true using predicted probabilities. Holding all other variables at the mean in both models, we found the strength of the effect to increase by 72% with the addition of the interaction term.

territorial issues, democracies tend to de-escalate their hostilities, backing down from their original dispute actions.

6.2 Low-Level Disputes, or Limited Probes

Fearon (1994) also argues that “if democratic leaders tend to face more powerful domestic audiences, they will be significantly more reluctant than authoritarians to initiate ‘limited probes’ in foreign policy.” The incident data for the 1993 to 2001 disputes allows us to easily test this proposition. We created a dichotomous variable for the presence of a limited probe by the challenger in which only 1 incident was initiated by the challenger during the dispute.²⁰ Since Fearon’s expectation seems to apply to all democracies, rather than democracies challenging autocracies, we again return our interaction dummy variable to the presence of a democratic challenge over territory. Otherwise, our models remain the same as before, and we present the results predicting limited probes in Table 3 below.

*****Table 3 About Here*****

Once again Model 1 finds support for the regime-based expectations of the model. Democracies are unlikely to pursue limited probes of their rivals ($p < .07$). Further, limited probes are unlikely to target democracies. Differences in regime type between challenger and target seem not to matter.

These conclusions change with the addition of the interaction term, which controls for democratic challenges over territorial issues. Democratic challenges over other issues are no longer statistically significant at any conventional level, though challenges of democracies do tend to last longer than one incident. The only other effects consistent across both models include issue type (territory and policy) and the system similarity score of the target. Each of these variables predict disputes containing more than one incident

²⁰Over 48% of the disputes (196 cases) have only one incident made by the challenger. Seventy-three percent of disputes have 4 or fewer incidents initiated by the challenger.

initiated by the challenger.

The results of these models again provide confirmation of our argument that the types of issues on the agenda of democracies control the likelihood of observing audience cost effects empirically. Democracies behave as expected over non-territorial issues, with lower likelihoods of conducting limited probes. However, when the disputed issue concerns territory, there seems to be no regime-type advantage.

6.3 Threat Credibility

The final prediction of Fearon's (1994) model that we test concerns the number of escalatory steps in disputes involving democracies. As Fearon (1994: 585-586) notes: "When large audience costs are generated by escalation, fewer escalatory steps are needed credibly to communicate one's preferences... Thus crises between democracies should see significantly fewer escalatory steps than crises between authoritarian states." As we mentioned in our review of the literature, Eyerman and Hart (1996) tested this prediction using SHERFACS data and found strong support for Fearon's model, but their tests only span from 1945 to 1984. This time period excludes a large number of democratizations that occurred following the break up of the Soviet Union and the move away from authoritarianism in South America, southern Europe, and South Asia. Further, while democracies fight relatively few contests over territory compared to other types of states, each of these regions is notable for the lingering presence of isolated territorial issues between democratic neighbors—for example, Greece-Turkey, Ecuador-Peru, India-Pakistan, etc. . . . Though the SHERFACS-based tests did include measures of revision type, even territory, no effort was made to distinguish among regime-based behaviors across these issue types.

Again, the incident data can provide some empirical leverage to test these propositions. We created two dependent variables to measure threat credibility. First, we totaled the number of incidents in the dispute initiated by the challenger; we use the

natural logarithm of this measure since the event data is highly skewed. Our assumption with this measure is that challengers will need fewer threats in order to convey their resolve. Our second dependent variable is similar to the dependent variable used in the Eyerman and Hart (1996) study. We used the hostility levels of each incident to calculate the number of escalatory moves by the challenger. According to Fearon’s argument, democracies should need fewer escalatory moves in order to signal their intentions. Table 4 presents our findings.²¹

*****Table 4 About Here*****

Models 1 and 2 use the total number of incidents as the dependent variable, and, as can be seen in the table, there are few regime-based effects in either model. More importantly, democratic challenges only seem to matter over non-territorial issues. In Model 1 democratic challenges are not statistically significant at any meaningful level; these challenges only have an effect once the challenges over territory are specified with the interaction term. Further, democratic challenges over territory are more likely to have numerous incidents, which further suggests that the level of democracy only conditions the clarity of signaling over certain issues.

To help confirm these results, we estimated Models 3 and 4 with the number of escalatory steps as the dependent variable. We define escalation similarly to our de-escalation variable—any incident that represents an increased hostility level from the previous incident is coded as escalatory. We sum these escalations for each dispute. Since this sum is a count variable, with variance greater than the mean, we estimate the models using a negative binomial regression, clustering the standard errors on the dispute.

Models 3 and 4 again demonstrate the importance of controlling for democratic challenges over territory. The results from Model 3 confirm regime effects for

²¹We also added a dummy variable for the NATO versus Serbia dispute, MID#4343. There are 37 dyadic disputes associated with this MID, which makes it incredibly difficult to discern to which state Serbia responds with its incidents.

escalation—democracies are likely to escalate more often against democracies and non-authoritarian states but much less often against authoritarian states. These findings are consistent with the original Fearon model. Issue types also have an effect since disputes over territorial and policy issues tend to have more escalatory moves on average. Model 4 adds the interaction to predictions of escalation and finds that democracies have more escalatory moves than average when their challenges are against authoritarian states over territorial issues. There are only minimal substantive effects on the other variables in the model due to the addition of the interaction term.

The results using two separate operationalizations of challenger signaling suggest that democracies can, in fact, signal better in public disputes than other types of regimes. However, again, that signaling advantage is limited to non-territorial issues. Democracies behave like other states—or, are even worse at signaling—when territorial issues are contested. Democracies have more incidents in their territorial disputes, and they have more escalation attempts. In signaling terms, democratic threats over territory tend not to be credible.

7 Conclusion

Our findings confirm several previous studies. The dispute reciprocation studies by Schultz (2001*a*) and Weeks (2008) were replicated. We then provided within-sample corrections to control for the highest actions in a dispute. While this eliminated the original result linking democracy to lower dispute reciprocation, that result returned one we specified the issues at stake in the dispute. Democratic challenges are likely to be unmet, unless those challenges concern territory. Luckily for democracies, of course, few of these states have territorial issues over which to bargain.

Our incident-level tests also confirmed earlier studies by Eyerman and Hart (1996) and Partell and Palmer (1999). These early tests of Fearon’s (1994) model used inferences

from cooperation levels and disputes in general to assess the effects of democracy. Our tests used the newly available incident data for militarized disputes between 1993 and 2001 to directly examine Fearon's expectations. Consistent with Fearon, we did find a signalling advantage for democracies, but that advantage is limited to challenges over non-territorial issues. Democratic challenges over territory did not fare well in our tests. We believe that is because of the unique, highly-salient nature of these types of issues. Of course, this also implies that, audience costs cannot be a consistent explanation for why democracies do not fight each other.

Finally, the incident-level tests provide some of the first evidence of within-dispute bargaining over territorial issues. We found that territorial issues have (1) more incidents, (2) more instances of backing down by the challenger, and (3) more attempts at escalation by the challenger. Indeed, the presence of a territorial issue was one of the strongest and most consistent indicators of higher-intensity disputes in our sample. Territorial issues do seem different from other types of issues.

Future research may wish to extend the logic of salience we develop here to nondemocratic states. Space permitted us only an investigation of the role of issue salience for democracies, but it remains possible that salience could have the same effects in certain types of nondemocracies, as Weeks (2008) has suggested. Much more theorizing is needed before making this connection, however.

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Table 1: The Probability of Dispute Reciprocation, 1816-2001

<i>Variable</i>	(1)	(2)	(3)
Initiator is Democracy	-0.293* (0.144)	-0.251 (0.157)	-0.433* (0.185)
Target is Democracy	-0.060 (0.134)	0.109 (0.149)	0.120 (0.147)
Both States are Democracies	-0.254 (0.284)	-0.423 (0.306)	-0.466 (0.312)
Major versus Major	-0.000 (0.226)	0.010 (0.246)	0.008 (0.246)
Major versus minor	0.122 (0.169)	0.228 (0.185)	0.228 (0.184)
minor versus Major	0.255 (0.203)	0.420† (0.219)	0.412† (0.220)
Initiator's Share of Capabilities	-0.288 (0.200)	-0.295 (0.227)	-0.305 (0.227)
Contiguous	0.830*** (0.118)	0.709*** (0.128)	0.704*** (0.127)
Alliance Portfolio Similarity	-0.106 (0.176)	-0.104 (0.195)	-0.121 (0.196)
Status Quo Evaluation of Initiator	0.214 (0.252)	0.412 (0.278)	0.494† (0.281)
Status Quo Evaluation of Target	-0.345 (0.241)	-0.226 (0.262)	-0.298 (0.265)
Territory	0.883*** (0.154)	0.977*** (0.176)	0.813*** (0.189)
Democratic Initiator X Territory			0.612* (0.286)
Policy	-0.519*** (0.141)	-0.317* (0.160)	-0.310† (0.161)
Regime	0.805*** (0.238)	0.824** (0.273)	0.822** (0.274)
Other	-0.495† (0.280)	-0.258 (0.304)	-0.256 (0.305)
Highest Action: Occupation		-0.638** (0.237)	-0.587* (0.233)
Highest Action: Clash		3.962*** (0.367)	3.966*** (0.368)
Highest Action: Seizure		-0.426** (0.165)	-0.435** (0.165)
Constant	-0.220 (0.240)	-0.794** (0.281)	-0.740** (0.280)
N	2325	2325	2325

Logistic regression of dispute reciprocation, robust standard errors clustered on directed dyad.

† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 2: The Likelihood of Challengers Backing Down, 1993-2001

<i>Variable</i>	(1)	(2)
Initiator is Democracy	0.842 (0.619)	0.664 (0.597)
Target is Democracy	-0.882* (0.433)	-0.939* (0.426)
Democratic Challenger vs. Authoritarian Target	-2.082* (0.908)	-3.272* (1.389)
Major versus Major	-0.113 (0.927)	-0.157 (0.980)
minor versus Major	-0.091 (0.643)	-0.382 (0.659)
Initiator's Share of Capabilities	-0.221 (0.484)	-0.174 (0.472)
Contiguous	0.601 (0.406)	0.737† (0.417)
Alliance Portfolio Similarity	-0.333 (0.679)	-0.759 (0.844)
Status Quo Evaluation of Initiator	3.541* (1.424)	4.421* (1.754)
Status Quo Evaluation of Target	-1.429 (1.479)	-1.908 (1.693)
Territory	4.918** (1.565)	4.691** (1.595)
Territory X Dem Challenge of Authoritarian Target		2.920* (1.393)
Policy	3.885* (1.524)	4.022** (1.558)
Regime	0.404 (0.889)	0.612 (0.857)
Other	3.018* (1.451)	3.029* (1.482)
Constant	-5.574** (1.967)	-5.411** (1.984)
N	369	369

Logistic regression predicting whether a challenger backs down in a public dispute, robust standard errors clustered on directed dyad.

† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 3: Predicting Limited Probes, 1993-2001

<i>Variable</i>	(1)	(2)
Initiator is Democracy	-1.191† (0.644)	-1.170 (0.757)
Target is Democracy	1.047** (0.406)	1.050* (0.412)
Democratic Challenger vs. Authoritarian Target	0.882 (0.605)	0.891 (0.601)
Major versus Major	0.523 (0.574)	0.522 (0.574)
minor versus Major	0.417 (0.550)	0.424 (0.559)
Initiator's Share of Capabilities	-0.547 (0.513)	-0.544 (0.510)
Contiguous	0.217 (0.423)	0.222 (0.415)
Alliance Portfolio Similarity	0.944 (0.662)	0.948 (0.678)
Status Quo Evaluation of Initiator	2.197† (1.332)	2.191 (1.349)
Status Quo Evaluation of Target	-2.726* (1.127)	-2.708* (1.098)
Territory	-2.655** (0.845)	-2.626** (0.856)
Democratic Initiator X Territory		-0.077 (0.693)
Policy	-1.999* (0.836)	-2.000* (0.835)
Regime	0.029 (0.975)	0.031 (0.971)
Other	-0.742 (0.841)	-0.740 (0.839)
Constant	1.535 (1.358)	1.507 (1.348)
N	369	369

Logistic regression of a "limited probe" defined as 1-incident challenge, robust standard errors clustered on directed dyad.

† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 4: Predicting within Dispute Escalation, 1993-2001

<i>Variable</i>	(1-Incidents)	(2-Incidents)	(3-Escalation)	(4-Escalation)
Initiator is Democracy	-0.102 (0.257)	-0.157 (0.261)	1.305* (0.560)	1.204* (0.552)
Target is Democracy	-0.214 (0.195)	-0.217 (0.194)	-0.645 (0.451)	-0.628 (0.458)
Democratic Challenger vs. Authoritarian Target	-0.062 (0.262)	-0.301 (0.272)	-1.470* (0.615)	-1.779** (0.687)
Major versus Major	-0.174 (0.227)	-0.159 (0.228)	-0.734 (0.721)	-0.735 (0.721)
minor versus Major	-0.262 (0.223)	-0.334 (0.227)	0.119 (0.591)	-0.026 (0.587)
Initiator's Share of Capabilities	0.330 (0.227)	0.346 (0.226)	0.245 (0.581)	0.287 (0.576)
Contiguous	0.083 (0.146)	0.109 (0.149)	0.782† (0.423)	0.799† (0.422)
Alliance Portfolio Similarity	-0.585† (0.335)	-0.631† (0.340)	-0.547 (0.603)	-0.597 (0.619)
Status Quo Evaluation of Initiator	-0.228 (0.571)	-0.051 (0.539)	0.857 (0.797)	0.983 (0.793)
Status Quo Evaluation of Target	0.473 (0.593)	0.383 (0.585)	-2.434* (0.993)	-2.433* (0.996)
Territory	1.141*** (0.231)	0.995*** (0.255)	3.619*** (0.692)	3.496*** (0.710)
Territory X Dem Challenge of Authoritarian Target		0.891* (0.415)		0.913† (0.518)
Policy	0.695*** (0.204)	0.690** (0.223)	2.815*** (0.658)	2.878*** (0.677)
Regime	0.330 (0.297)	0.360 (0.301)	0.953 (0.730)	1.010 (0.770)
Other	0.242 (0.236)	0.209 (0.251)	1.031 (0.649)	1.059 (0.657)
Constant	0.194 (0.459)	0.240 (0.480)	-2.857* (1.116)	-2.864* (1.138)
lnalpha Constant			0.887* (0.393)	0.865* (0.392)
R-squared	0.588	0.598		
N	369	369	369	369

OLS is used in Models 1 and 2 to estimate the (natural log of the) number of incidents initiated by the challenger. Negative binomial regression is used in Models 3 and 4 to estimate the number of escalations in hostility level by the challenger. Omitted from the table is a dummy variable in each model that controls for the dyadic disputes of NATO versus Serbia (see text). Standard errors are again clustered by dispute.

† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$