POWERFUL PACIFISTS: DEMOCRATIC STATES AND WAR

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Democracies are less likely to fight wars with each other. They are also more likely to prevail in wars with autocratic states. I offer an explanation of this syndrome of powerful pacifism drawn from the microeconomic theory of the state. State rent seeking creates an imperialist bias in a country's foreign policy. This bias is smallest in democracies, where the costs to society of controlling the state are relatively low, and greatest in autocracies, where the costs are higher. As a result of this bias, autocracies will be more expansionist and, in turn, war-prone. In their relations with each other, where the absence of this imperialist bias is manifest, the relative pacifism of democracies appears. In addition, democracies, constrained by their societies from earning rents, will devote greater absolute resources to security, enjoy greater societal support for their policies, and tend to form overwhelming countercoalitions against expansionist autocracies. It follows that democracies will be more likely to win wars.

No less likely to fight wars in general, democracies are significantly less likely to fight each other. The relative pacifism of democracies remains a puzzle. Although it has attracted significant attention, most of the recent work has been empirical (Maoz and Abdolali 1989; Small and Singer 1976) or philosophical (Doyle 1983a). No *theory* presently exists that can account for this striking empirical regularity.

Equally important, but far less widely recognized, is the propensity of democracies to win the wars that they do fight. In view of the drawbacks commonly associated with the democratic conduct of foreign policy,[1] this finding poses even more of a conundrum. If democratic decisionmaking is often slow, inept, naive, and prone to stalemate, how and why do democracies typically triumph over their faster, more professional, sophisticated, and decisive autocratic brethren? In the ultimate contest of national strength and will, why are democracies more powerful?

I offer one possible explanation for this syndrome of powerful pacifism drawn from a larger theory of grand strategy (see Lake 1991). I argue that autocratic states, which typically earn rents at the expense of their societies, will possess an imperialist bias and tend to be more expansionist and, in turn, more war-prone. To the extent that democratic states tend to be more constrained by their societies from earning rents, wage their own wars of expansion under more restricted conditions, possess greater incentives to intervene in the domestic political affairs of autocracies, and become objects of autocratic expansion, there should be no significant overall difference in frequency of war involvement. In the absence of this imperialist bias, however, democracies should be relatively pacific in their relations with each other.

Moreover, democratic states, because they are constrained from earning rents, will tend to create fewer economic distortions, possess greater national wealth, and devote greater absolute resources to national security. They will also tend to enjoy greater societal support for their policies. To the extent that states balance threats rather than power, democracies will also tend to form overwhelming countercoalitions against expansionist autocracies. Together, these three propositions imply that democratic states should be more likely to win wars.

A THEORY OF THE RENT-SEEKING STATE AND FOREIGN POLICY

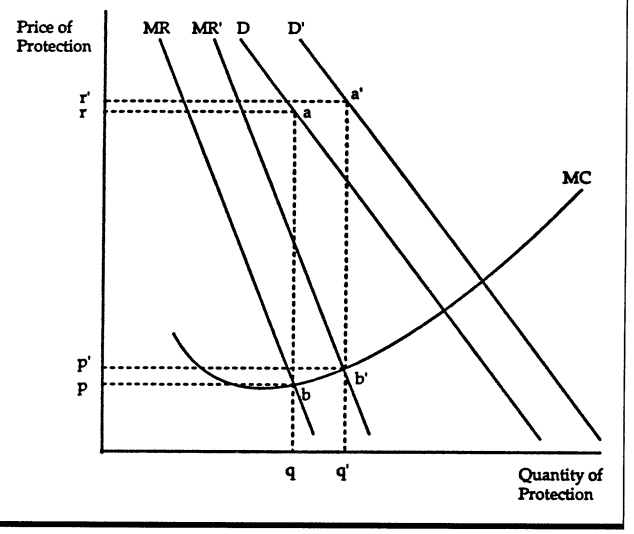
Stimulated by the pioneering work of Lane (1979), the microeconomic theory of the state conceives of the state as a profit-maximizing firm that trades services for revenues.[2] I define *profit* here as the difference between revenues acquired by the state and its real costs of producing services and collecting revenue. Real costs are determined, in turn, by the fair market value of the resources consumed by the state in the production and collection processes.[3] Thus, following normal usage, profit includes both what is commonly called *normal or economic profit*, defined by the opportunity cost of the factors of production or their return in their next-best occupation, and *supernormal profits or rents*, returns greater than what is necessary to sustain the factors of production in their present use. (See Tullock 1980.)

Foremost among the services provided by the state is protection. For purposes of the following analysis, protection is further restricted to mean only defense from external threats. While I focus on this single "industry," the argument can easily be generalized to other state services; and rents earned by the state on any service in any area under its control are sufficient to create an imperialist bias in its grand strategy.

Many competing definitions of the state exist. In this theory, the state, a service-producing firm, is defined by two functional attributes. Since the protection industry typically enjoys economies of scale over an extensive geographic area, the state forms a natural but local monopoly (Lane 1979, 23). As a result, one and only one state will exist in any area at

Figure 1

The Supply and Demand for Protection under Monopoly Provision



any given time. Similarly, as protection from foreign threats forms a local public good, whose suboptimal provision is otherwise ensured by the large number of citizens involved, the state will supply this service only if it is granted, or is able to obtain, some coercive ability over its society. These two aspects of the protection service, local monopoly and coercive supply, are consonant with Weber's classic definition of the state as a "compulsory organization with a territorial basis" that monopolizes the legitimate use of force (1978, 1, 58).

The Demand and Supply of Protection

All individuals possess a positive demand for protection; and as price declines, they increase the quantity they demand. Accordingly, the demand curve for protection slopes downward and to the right, as in Figure 1.[4] The precise slope is a function of societal preferences (which are considered to be exogenous) and the availability of substitutes (which, given the nature of protection, tend to be few), suggesting that demand is relatively inelastic and the curve correspondingly steep. Although theoretically possible, it is unlikely that the demand for protection is perfectly inelastic (i.e., that the demand curve is perpendicular to the horizontal axis), since this implies that society is willing to pay virtually any price for even small amounts of the service. To the extent that society places any value on goods and services other than protection, or, if there is any trade-off between guns and butter, the demand curve must possess at least a slight negative slope. It is equally unlikely that the demand for protection can be saturated. Historical experience suggests that even high levels of defense spending do not create feelings of total security. To the extent that the security dilemma holds at all (Jervis 1978), the demand for protection can be sated not at some high level of military spending but, rather, only in a world where everyone else is completely disarmed.[5] In short, under most feasible conditions, the demand curve for protection is sensitive to price.

The level of protection demanded by society, in turn, is primarily a function of the level of external threat. The greater the external threat, ceteris paribus, the higher the demand for protection will be. This is depicted in Figure 1 as a shift outward in the demand curve ($D' > D$).

As in any monopoly, the state enjoys some measure of market power and can, within the limits set by the demand schedule, control the quantity of the good (protection) supplied; and as with any profit-maximizing firm, the state will set its output at the level that equates marginal cost with marginal revenue and charge what the market will bear.[6] In Figure 1, price p represents the normal profit level; but since in all monopolies the profit-maximizing level of production lies below the demand curve, the final price charged to consumers will be higher and may be as high as r. The difference between p and the price charged, say r, defines the rent or supernormal profit earned by the state—represented graphically by the rectangle p-r-a-b.[7]

Unlike other monopolists, however, states can also act opportunistically against their own societies by artificially increasing the demand for their services through extortion or racketeering. Extortion occurs when states magnify, exaggerate, or "oversell" foreign threats to society, whether by supplying incomplete information or engaging in outright deception (see Ames and Rapp 1977; Lowi 1967). States conduct protection rackets by actively creating foreign threats, from which they then protect society (see Tilly 1985). In both cases, a state effectively shifts the demand curve outward ($D' > D$) and thereby earns greater rents (p'-r'-a'-b' > p-r-a-b).

Two important points follow from this analysis. First, the level of protection supplied by the monopoly state will always be less than that produced under conditions more closely approximating "pure competition."[8] While society would benefit from higher levels of protection, given prevailing costs of production, the profit-maximizing or optimal strategy for the state is to restrict supply—whether it can successfully capture the potential rents or not. Insecurity is an inherent feature of life under the modern state.

Second, the state faces strong incentives to seek rents at the expense of society. In other words, the state can benefit itself by charging consumers the monopoly price for protection (r in Figure 1) and by artificially inflating demand through extortion or racketeering.

Societal Constraints on State Rent Seeking

Consumers clearly prefer to purchase protection at the lowest sustainable price (p in Figure 1). The state, on the other hand, clearly prefers to sell protection at the highest possible price, which is determined by the slope of the demand curve and represented by r.

The actual price—and the level of rents extracted from society—is determined by how well individual citizens can control or regulate the rent-seeking behavior of the state. Society's ability to control the state, in turn, is influenced by the costs of three separate activities: monitoring state behavior, voice, and exit (see Hirschman 1970).

In order to control the state, individuals must first monitor its performance and acquire information on the strategies it is pursuing, its real costs of protection production, the level of foreign threat, and the like. Monitoring the state is analogous to principal–agent problems in publicly held corporations, where the stockholders (the principals) seek to ensure that the managers (the agents) work hard and faithfully in their interests.[9] The "problem" arises because no single stockholder typically has any incentive to invest in, or acquire information on, the manager's true performance—information, of course, it is assumed that the managers themselves possess. Collective action problems also stymie any group investment in information. The higher the costs of acquiring information, the less control the stockholders can exert over the firm and the more the managers can shirk or adopt policies that benefit themselves at the expense of their principals. The same is true of the state–society problem: no single citizen has any incentive to invest in information; and, because of the free-rider problem, collective investment in information occurs only at suboptimal levels.[10] The higher the costs of acquiring information regarding state performance, the greater latitude state officials possess to engage in rent-seeking behavior.

Once performance and the level of state rents have been assessed, individuals have two instruments through which to alter or change state behavior: exit and voice. Through exit, individuals move and deplete both the resource base of the state, raising its real costs, and its market for protection, lowering the price it can charge. Discipline is imposed upon the state, in other words, by reducing its profits, thereby punishing it for undesirable behavior.

As Hirschman notes, exit is the quintessential economic strategy: if a consumer ceases to like a product, he or she simply stops purchasing it (1970, 15). Consumers of state-provided services do not have quite the same freedom. Because protection is a public good supplied by a local monopoly, individuals cannot choose to consume varying amounts or qualities; indeed, because it is coercively supplied, individuals cannot choose whether or not to consume any protection at all. Nonetheless, political exit can occur, although it takes different forms and usually entails a higher cost than exit from private goods consumption. Individuals can choose to migrate or "vote with their feet" (or assets), moving from high-rent to low-rent areas.[11] Freedom of emigration is often one of the first rights obtained in the process of democratization (as was recently witnessed in Eastern Europe), suggesting that the right to exit and democracy will tend to be conjoined, with the former serving as the ultimate guarantor against failures of the latter. Similarly, territories can secede or threaten to secede. If large enough, they can try to form an independent state or, failing that, they can try to merge with other secessionist or democratic territories into a larger union. While possible, exit is costly to the individuals or territories that choose it. The higher the cost of exit, the greater the ability of the state to earn rents.

Voice, or political participation, disciplines the state by separating or threatening to separate state officials from their offices: the citizens stay, but the composition of the state changes. Voice can take many forms, from voting, to campaign contributions, to mass unrest, to active rebellion.

At the individual level, the costs of political participation are unevenly distributed across society. This occurs for a host of idiosyncratic reasons. For instance, not all countries have universal suffrage, the opportunity cost of a campaign contribution is significantly less for a multimillionaire than for a welfare family, and the military can overthrow a leader with greater ease than can unarmed civilians.

At the aggregate or national level, the costs of political participation vary by regime type. For instance, in most democracies, where elections are the primary focus of political participation for the majority of citizens, it is relatively costless to vote and exercise voice.[12] At the other extreme, autocratic states typically suppress political dissent; and voting, if it occurs at all, is ineffective in removing officials from power. In these countries, to replace, or effectively threaten to replace, a ruler requires either mass unrest or some form of armed rebellion—activities that carry considerably higher individual costs, including the possibility of death. In these polities, voice is very costly to the average citizen and, as a result, is seldom exercised. It follows that the higher the costs of political participation, on average, the greater the state's ability to earn rents will be.[13] The relatively low cost of political participation in democracies constrains the state's rent-seeking ability, whereas the relatively high cost of political participation in autocracies frees the state to earn rents.

In determining its level of feasible rents, the state will act as a discriminating monopolist, charging citizens in general and each separate citizen in particular a price for protection positively related to the costs of monitoring, exit, and political participation. Indeed, the state will charge up to—but in equilibrium not more than—the price at which individuals would be tempted either to exit or to engage in the lowest-cost form of political participation available to them that would effectively remove current state officials from power.

Expansion and the Rent-seeking State

In practice, there are always positive costs of monitoring state behavior and exercising voice and exit. As a result, all states possess some ability to earn rents, although the ability will be larger in autocracies than in democracies for the reasons just surveyed. To the

extent that a state can earn rents, state and societal interests will diverge and the state will be biased toward an expansionary foreign policy.[14] This relationship is continuous. The higher the costs to society of controlling the state, the greater will be the rent-seeking ability of the state, the more the interests of state and society will diverge, and the more expansionist the state will become.[15] This imperialist bias arises for three reasons.

First, expansion may increase the state's rent-seeking ability by reducing the benefits of exit. The net benefit of exit to any individual (and thus that individual's incentive to engage in this action) is determined by both the *push* of high rents at home and the *pull* of lower rents abroad. When all states extract equally high rents, there is no incentive to move. If through expansion a state can eliminate or engulf a low-rent competitor, it increases its own ability to earn rents. This suggests that low-rent states will often be objects of expansion for rent-seeking autocracies.

Second, a state may also expand so as to provoke others into threatening its own society. Both extortion and racketeering rest upon persuading citizens that foreign threats are larger and more real than they are or otherwise would be. If successful, the state convinces consumers to increase their demand for protection and, in turn, earns more rents. Even with incomplete and costly information, however, citizens may eventually discern the true level of threat and lower their demand. Through expansion short of universal empire, the state lends credibility to extortion and supports racketeering, thereby strengthening its ability to earn rents at the expense of society.

Third, and most important, the larger the state's rent-seeking ability, the higher the total revenue earned by the state. The more revenue (ceteris paribus), the larger the optimal size of the political unit. These relationships are depicted in Figure 2.

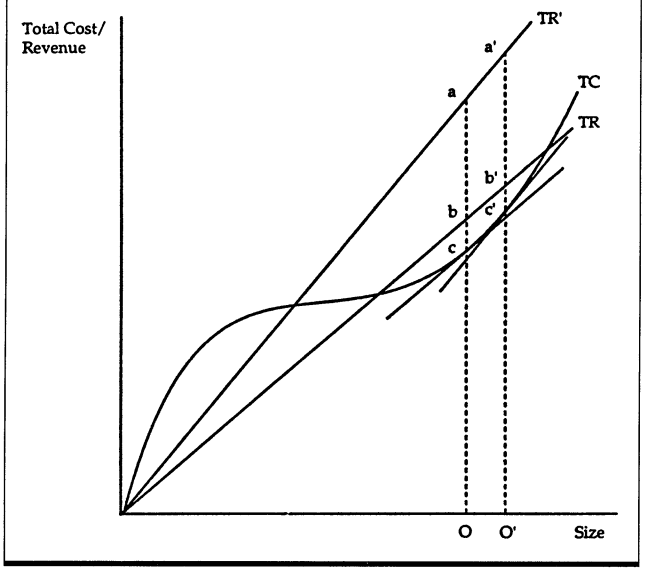
For all states, an optimal size exists defined by the costs of collecting revenue and producing protection and the revenues earned by providing this service to society. Each additional unit of territory acquired by the state produces additional revenue: the state becomes the new local monopoly supplier of protection, and it taxes consumers in that region accordingly.

On the other hand, the costs of governing rise with the size of the political unit, placing an effective cap on the size of nation–states. These resource costs occur primarily in the form of transactions costs of revenue collection (see Levi 1988; North 1981). Over some limited range, the state may enjoy increasing returns to scale in revenue collection; but soon, the addition of more territory begins to strain the administrative abilities of the state, leading to diminishing returns.

When combined with the costs of producing protection, the state's total cost curve typically resembles that in Figure 2. Economies of scale in protection, in conjunction with initial increasing returns in revenue collection, suggest that the slope of the total cost-curve declines for some substantial distance, flattens

Figure 2

The Optimal Size of Political Units



as the marginal costs of revenue collection begin to rise more rapidly, and eventually increases as the costs of revenue collection accelerate and the economies of scale in protection are exhausted.

If revenues increase monotonically, there is a single optimal size of the political unit where marginal revenue equals the marginal costs of collection and production. Geometrically, this occurs where a line tangent to the cost curve is equal to the slope of the revenue line, as at size O. At O, the economic profit to the state is measured by the line segment bc. No profit-maximizing state has any incentive to expand beyond the point where marginal cost is equated with marginal revenue.

Rents earned by the state, however, cause the total revenue line to rotate counterclockwise from the origin (TR′ > TR). Although the total cost curve may also increase as state rent seeking stimulates higher transactions costs of revenue collection, the curve must rise at a lagging rate. Higher state rents do not increase the costs of producing protection from external threats per se, and this is likely to be the major component of the cost curve. And even if the transactions costs of revenue collection increase, because important social groups demand compensation or public unrest must be suppressed, collective action problems thwart a fully countervailing societal response. Assuming for expositional clarity that total costs remain constant, state rent seeking raises total revenue and expands the optimal size of the political unit from O to O'. Intuitively, with rents, each unit of territory produces greater revenue for the state. The greater the revenue, the greater the equilibrium costs that can be borne to capture that revenue. Thus, a state with an increased rent-seeking capacity has an incentive to expand until marginal revenue and mar-

ginal cost are once again equalized at a new, larger size.

While this expansion (from O to O') benefits the state, it harms society. With TR′ representing the revenue of a successful rent-seeking state, the line segment b′c′ will be the state's economic profit and a′b′ its rent, with a′b′ being redistributed away from society to state officials. Not only is society exploited by state rent seeking, but it is doubly hurt by the additional expansion rent seeking induces. In the absence of expansion, the state's rents would be ab; with expansion, these rents increase to a′b′. Simple observation suffices to show that a′b′ will always be longer than ab.

Both the original citizens or consumers of state-produced services and the individuals newly incorporated into the territorial unit pay the new higher, expansion-induced price for protection. In other words, greater rents are extracted from both the original and augmented populations, although the exact rate at which these groups will be taxed is determined by their relative costs of controlling the state. The previously foreign population does not bear the burden of the higher rents alone; all consumers in that particular state face a higher price for protection. Imperialism is not simply a means for extracting wealth from "foreign" territories: it is a tool used by the state for exploiting its own society as well.

While this argument has been developed only in terms of a single state service (protection), any rents earned on any service provided by the state increase the optimal size of the political unit. Even if rents are earned from providing, say, the physical infrastructure, the net benefits to the state of providing that good still increase and provide an incentive for further expansion. Fully generalized to all areas of state service, the state optimizes where the marginal revenue (including rents) equals the marginal costs of providing all services and collecting all revenues. Given that the demand for protection is likely to be more inelastic than the demand for other state services, however, the highest rents are likely to be earned in this industry. Nor is there any apparent reason why societal constraints on the state should differ significantly across areas of service.[16] Hence, it is appropriate to focus on the production of protection. Nonetheless, it is important to note that in a fully generalized theoretical framework, any rents earned by the state are sufficient to generate an imperialist bias.

It is virtually impossible to measure state rents directly. Perhaps in past centuries, when the public fisc and the private purse of the ruler were one and the same, it might have been possible to observe the rents earned by the state by measuring the comparative opulence of the royal court. If the general argument developed here is correct, however, then surely one of the primary tasks of modern state budgeting techniques is to obscure the difference between normal and supernormal state profits. It also follows that in the countries where they are most easily observed, rents will be relatively low—even zero, at the extreme.[17] Given these measurement difficulties, no direct test of the theory is possible. Rather, it can be assessed—and the presence of state rents revealed—only by examining the theory's behavioral implications. Accordingly, I shall examine several hypotheses derived from the theory. In doing so, I also provide an explanation for one of the longest-standing puzzles of international relations.

THE PROPENSITY FOR WAR

In a recent review of the literature, Levy writes that (1) "the evidence shows that the proportional frequency of war involvement of democratic states has not been greater than that for nondemocratic states"; (2) "democracies may be slightly less likely than nondemocratic states to initiate wars, but the evidence is not yet conclusive on this question"; and (3) "although democracies have fought wars as frequently as have nondemocratic states, they almost never fight each other. . . . *This absence of war between democratic states comes as close as anything we have to an empirical law in international relations*" (1989, 270; my emphasis). In Russett's view, this final result "is one of the strongest nontrivial or nontautological generalizations that can be made about international relations" (1990, 123).[18]

For illustration, all interstate wars from 1816 to 1988 involving democratic states are listed in the Appendix.[19] Of these 30 conflicts, only 2 involve democratic states fighting each other: World War II, where Finland fought alongside the Axis (an easily explained exception), and the Spanish–American War of 1898.

This pattern of pacifism only among democratic states is inconsistent with most prevailing theories of international politics (Doyle 1983a, 218–25; Levy 1989, 270). Realism, which focuses on the *universal* effects of international anarchy, the security dilemma, and the balance of power, cannot account for the relative pacifism of democracies. This is even more true of its contemporary variant, neorealism, which explicitly abstracts from the domestic characteristics of nation–states. Given the correlation between democratic political structures and capitalism, Marxist–Leninist theories predict a higher incidence of war between democracies. Conversely, liberal economic theory, which highlights the pacifying effects of commerce, predicts a lower *overall* incidence of democratic war involvement, not just a lower probability of war among democracies.

The most persuasive account of the relative pacifism of democracies was first put forth by Immanuel Kant in 1795, when there were less than a handful of democracies in existence, and has been recently summarized and extended by Doyle (1983a, 1983b, 1986; see also Russett 1990, 124–32). There are three steps in Kant's argument. He first posits that republican forms of government, the inevitable result of political evolution, will replace monarchical (or autocratic)

caprice with populist caution. Kant "argues that once the aggressive interests of absolutist monarchies are tamed and once the habit of respect for individual rights is engrained by republican government, wars would appear as the disaster to the people's welfare than he and other liberals thought them to be" (Doyle 1983a, 229).

While republican rule guarantees caution, international law guarantees mutual respect among liberal states—a step that separates Kant from other liberal thinkers:

> As republics emerge . . . and as culture progresses, an understanding of the legitimate rights of all citizens and of all republics comes into play; and this, now that caution characterizes policy, sets up the *moral foundations for the liberal peace*. . . . In short, domestically just republics, which rest on consent, presume foreign republics to be also consensual, just, and therefore deserving of accommodation" (Doyle 1983a, 230; my emphasis).[20]

Finally, drawing upon liberal economic theory, Kant concludes that cosmopolitan law, especially the "spirit of commerce," provides a material incentive for states to promote peace and avert war—a third step that reinforces the basis for mutual respect.

Doyle (1983b) extends Kant by identifying and examining the moral imperative that liberalism creates for democracies in their relations with nondemocratic states.[21] "If the legitimacy of state action rests on the fact that it respects and effectively represents morally autonomous individuals," he argues, "then states that coerce their citizens or foreign residents lack moral legitimacy" (p. 325). It follows, then, that "the liberal dictum in favor of nonintervention does not hold. Respecting a nonliberal state's state rights to noninterference requires ignoring the violations of rights they inflict on their own populations" (p. 330). Thus, the moral foundations of the liberal peace are absent in relations with autocratic states, allowing war to be used as an instrument of statecraft and, at the extreme, necessitating active intervention by liberal states in the internal affairs of autocracies.

Kant's theory and Doyle's extension constitute a normative philosophy for the conduct of foreign affairs but not a positive theory of international relations. This philosophy rests, fundamentally, upon a moral imperative of *restraint*, in which democratic states must forgo potentially welfare-improving actions that would be damaging to their liberal brethren, and *necessary action*, in which a democracy might actually reduce its own material welfare in order to overthrow an autocracy and free a repressed people.[22] While it forms a sophisticated and coherent worldview, liberalism nonetheless contains a curious combination of motivations—a combination that can be reconciled only if we assume that individuals are in fact essentially moral actors willing to forgo material gains for normative ends. But if we accept this assumption, then the exploitative behavior of autocratic rulers is theoretically unmotivated: if individuals are moral and will act morally given the opportunity, why should autocrats, who are unconstrained by society, act immorally? And if power corrupts the ruler, why should collectivities be immune—especially in their relations with other states? Kant's suggestion that autocratic rulers might "resolve on war as a pleasure party for the most trivial reasons" (quoted in Doyle 1983a, 229) does not resolve this contradiction. Kant's liberalism ultimately falls short of being a positive *theory* of democratic pacifism because it lacks what today we would call a fully developed and consistent set of micro motives.[23]

The theory I have summarized above offers an alternative explanation for the relative pacifism of democratic states that nonetheless builds upon, and subsumes, many of Kant's essential insights. First, as I have demonstrated, democratic states will tend to be less expansionist than autocratic states. The larger the rent-earning ability of the state, the greater the optimal size of the territorial unit, and the greater the incentives for the state to try to reach this optimal size. To the extent that war is a necessary byproduct of expansion, it follows (ceteris paribus) that autocratic states will be more war-prone. Where, for Kant, republican institutions restrain the capriciousness of the ruler, democracy, in this approach, constrains the ability of the state to extract monopoly rents at society's expense.

Second, the theory suggests that democracies will often be the object of expansion by autocratic states. Democracies pose two threats to the rent-seeking ability of autocracies. As I have noted, democracies, by their very existence, serve as magnets that pull individuals out of autocratic polities; in the absence of a low-rent democratic haven, exit is less likely to occur. By eliminating democracies, autocratic states can reduce the gains from, and incentives for, emigration. In addition, through their political openness and richer informational environments, democratic states reduce the costs to autocratic societies of monitoring state behavior; by observing democracies, citizens in autocracies are more likely to become aware of the magnitude and consequences of state rent seeking.[24] Again, by eliminating democracies abroad, autocratic states solidify and reinforce their rent-earning abilities. For both of these reasons, democracies, perhaps unwittingly, may become targets of the expansionary activity of autocracies—thus expanding their overall war involvement despite their own pacific nature.[25]

Finally, democratic states may engage in expansion and even intervene in other countries, as Doyle claims, but only under restricted conditions. Democracies will expand *only* when the initial costs of conquest and ongoing costs of rule are less than the discounted present value of future economic profits. Under these conditions, expansion is socially optimal regardless of regime type. Nineteenth-century European imperialism may provide examples of such socially efficient expansion: in many areas of the periphery the cost of war against more "primitive" peoples was relatively low and the potential gain from the erection of a "modern" state with its greater extractive capacity disproportionately large. With the rise of "European-style" states in the periphery dur-

ing the twentieth century, however, the cost of imperialist expansion has substantially increased, apparently foreclosing this option.

By the same principle, democracies may also preemptively intervene in the domestic affairs of an autocracy to construct democratic political structures as long as the costs of the intervention are less than the expected costs of a war stimulated by state rent seeking. In this view, the proactive policy of democracies rests not on a moral imperative but on a rational calculus of preemption.

Together, these propositions imply that democracies are, on average, no more or less war prone than other states. On the other hand, democracies are less likely to fight each other, for only in this area is the absence of an imperialist bias manifest. Indeed, the almost complete lack of war between democracies suggests just how important state rent seeking may be as a source of international conflict.

THE PROPENSITY FOR VICTORY

Democracies are not only less likely to wage war with each other, they are also significantly more likely to win the wars they fight against autocracies. Liberalism offers a possible explanation for this correlation: democracies tend to turn international conflicts into ideological crusades and demand total victory.[26] Yet, as I have noted, the micro motives for democratic crusading are, at best, unclear. Moreover, within this framework, ideological fervor need not translate into victory; for the fear that the winner will transform the loser's social structure may only spur the failing side onto greater efforts. The drive for victory need not yield the desired result.

The theory summarized in Part I suggests a second explanation. To the extent that democratic states earn fewer rents, it follows that they tend (1) to create fewer economic distortions, possess greater national wealth, and devote more resources to security; (2) to enjoy greater societal support for their policies and therefore a greater extractive capacity; and (3) to form overwhelming countercoalitions against expansionist autocracies. I shall develop each of these propositions in turn.

State rents, like the rents earned by private actors, distort patterns of production and consumption, divert resources into directly unproductive activity, create social deadweight losses, and thereby reduce the total product of goods and services within an economy. While the successful rent earner is better off, the economy as a whole suffers. At the very least, growth rates lag behind their potential. North (1981) has examined the effects of state rent seeking on property rights and, in turn, growth; but the argument is more general.[27] Any state rents, including monopoly rents earned through the exchange of state-produced services such as protection, distort the economy and, over time, lower national wealth relative to its potential.[28]

The wealthier the country (ceteris paribus), the more absolute resources it devotes to producing security. For any given set of costs and preferences, wealthier countries produce and consume greater amounts of all goods and services, including protection; under normal conditions, an increase in wealth affects only the level, not the mix, of goods in the economy. It follows, then, that wealthier countries produce and consume greater amounts of security (i.e., provide greater absolute resources to the state for producing protection). In contests where sheer resources matter, the cumulative effects of lower state rents may prove decisive.

Democratic states should also possess greater societal support for their policies, suggesting that they will enjoy a greater extractive capacity for any given level of national wealth. All societies make trade-offs between consuming what are mostly private goods and services and consuming state-produced protection; while both constitute current consumption, the latter serves as insurance that societies will be able to enjoy their present and future holdings of wealth. During hostilities, when the external threat to national wealth, territorial integrity, and the present form of rule is most acute, individuals and, in turn, society will tend to purchase greater quantities of protection (pay higher taxes), thereby transferring greater resources to the state for the waging of war.

In view of their exploitative nature, however, autocratic states pose a greater threat than do nonautocratic states to the current and future ability of democratic societies to produce and consume wealth; as a result, democracies should demand greater protection against these threats and contribute proportionately more to ensure victory in war. Within the theory developed here, individuals are indifferent between being ruled by two equally democratic regimes; each provides similar levels of protection close to the normal profit price (p in Figure 1). As a result, there is no incentive for citizens of one democracy to purchase protection against another equally democratic state unless there is some uncertainty about the likely behavior of the democratic conqueror. Autocratic states, on the other hand, provide protection only at a higher price, with the difference between the normal profit and higher prices (p and r in Figure 1) being captured by the state as rents. In this case, citizens of democracies do possess incentives to purchase protection against this threat to their current and future wealth; indeed, the greater the expected rent seeking from an autocratic conqueror, the more protection citizens will demand, and pay for, from their present democratic state.

Conversely, autocratic societies may actually benefit from defeat—if the victorious democratic states remake the autocracies in their own images. As a result, societies in autocratic polities should be willing to contribute proportionately *less* than democratic societies. While autocratic states will seek to offset this tendency by vilifying the enemy (instilling fear that defeat will mean national destruction, rape, and slavery), a fifth column remains a real possibility. Autocracies may also increase the degree of coercion

used to extract resources; but this implies higher transactions costs for revenue collection, which will further disadvantage them relative to democracies. At the very least, the lack of societal support places a real constraint on their extractive capabilities. Lamborn's (1983, 1991) study of the great powers during the late nineteenth century supports this expectation, as does the tendency of states to expand the franchise or otherwise liberalize politically during or immediately after major wars.[29]

Finally, to the extent that states balance threats, rather than power (as Walt [1987] has argued and as is consistent with the logic I have developed), democratic states should form overwhelming countercoalitions against autocratic states. Not only are autocracies more likely to seek territorial expansion, they are more likely to target democracies (to reduce exit options). In addition, autocratic expansion poses a greater threat to democracies because of the larger rents the state is likely to extract if successful. The greater the threat (ceteris paribus), the greater the balancing reaction by other states.

Given its imperialist bias and likely behavior if successful, the threat posed by an autocracy is proportionately greater than the sum of its aggregate resources, the traditional measure of national power. It follows that the countercoalition that forms against any autocracy should be disproportionately large or overwhelming. If autocracies have greater incentives to expand, democracies have greater incentives to resist. As a result, this coalition should also be disproportionately composed of democractic states.[30] The overlarge "democratic" coalition should *deter* autocratic expansion (by raising the costs of conquest) and, if deterrence fails, be more likely to win. Combined with the greater wealth and extractive capabilities of the individual states, this suggests that the democratic coalition should be virtually invincible. The overlarge coalitions formed during World Wars I and II and, more strikingly, the Cold War (often understood as anomalies in realist theories of international relations; see Waltz 1979) bear out this expectation.

Evidence

Many of the concepts central to the theory summarized here are difficult to operationalize or lie beyond current data-gathering techniques. Extractive capability, for example, is unmeasurable: military spending as a proportion of gross national product (a commonly used indicator) may be distorted and inflated by state rents. Nonetheless, the propositions I have developed suggest that democratic states should tend to win wars—a derived hypothesis that provides an indirect test of the theory.

The historical record is striking. Of the 30 wars listed in the Appendix, 3 (the Korean, Israeli–Egyptian, and Israeli–Syrian Wars) must be excluded from this analysis for want of a clear victor. I also exclude the Spanish–American War, fought between two democracies, but include World War II despite Finland's exceptional position. Of the 26 wars fought since 1816 between democracies and autocracies, the former have won 21 (81%) and lost 5 (19%). In other words, democratic states, either singly or in combination with other states, have won four times as many wars as autocratic states. Excluding the First and Second Balkan Wars, where Greece was the sole democracy on the winning side, does not appreciably change these results: the democracies still win 19 (79%) of 24 wars.

TABLE 1

Regime Type and Victory in War (Individual Participants)

SUCCESS IN WAR	NATURE OF REGIME		TOTAL
	AUTOCRATIC	DEMOCRATIC	
Loser	42	9	51
Winner	32	38	70
Total	74	47	121

Note: All wars in the Appendix are included except the Spanish–American War of 1898 and wars in which no clear winner emerged. Gamma = .694; chi squared = 16.673; df = 1; p = .000046.

Scoring each participant individually yields a strong and significant correlation between democratic victory and autocratic defeat. Table 1 breaks down all 121 participants in the 26 wars according to regime type and outcome. This construction biases the results against the hypothesis by coding as winners the not-inconsequential number of autocracies who fought as members of victorious democratic coalitions. Nonetheless, the degree of association is strong, indicating that even with this bias democratic states are significantly more likely to win—and autocratic states more likely to lose—than the converse.

Rather than relying upon a simple dichotomy, it is possible to examine the average degree of democracy in the sets of winners and losers of these 26 wars. Using an 11-point scale of democracy (0–10), the mean of the 70 winners is 5.60 and the mean of the 51 losers is 2.55.[31] The probability that these figures would emerge by chance is less than .001 (t = 4.43; df = 119).

Finally, the relationship between democracy and victory is quite robust. Table 2 presents a logit analysis performed with the 121 war participants as the units of observation. Along with democracy, the analysis included military personnel, a measure of military strength, iron and steel production, a proxy for industrial capacity, and a dummy variable indicating whether or not the country initiated the war.[32] Common sense and, for war initiation, previous research (Bueno de Mesquita 1981, 22), suggest that all of these relationships should be positively related to victory.

Democracy is consistently positive and significant, offering strong support for the argument developed here. Military personnel and iron and steel production, on the other hand, are insignificant at standard

TABLE 2

Logit Analysis of Victory in War

VARIABLE	EQUATION 1	EQUATION 2
Constant	.4214	−.7527*
	(.4461)	(.3346)
Democracy (0–10)	.1933*	.2524***
	(.0763)	(.0597)
Military personnel (millions)	.3701	.4968
	(.5325)	(.4188)
Iron and steel production (millions of tons)	.0024	−.0334
	(.0542)	(.0201)
Initiator[a]	−1.3982**	—
	(.5126)	
Log likelihood	−48.05	−71.63
n	87	121
Percent correctly predicted	72.41	67.77

Note: Standard errors are in parentheses. Dependent variable is war outcome (loser = 0; winner = 1).
[a]0 = *no*; 1 = *yes*.
*$p < .02$.
**$p < .01$.
***$p < .001$.

levels in both equations, suggesting that in this set of wars neither military nor economic strength is associated with victory. When included, war initiation is significant but in the wrong direction; surprisingly, in wars between democracies and autocracies, noninitiators win more frequently.

The failure of these alternative explanations to predict victory or loss correctly does not imply that common sense or previous research is wrong. Rather, it highlights the exceptional nature of war between democracies and autocracies. In these conflicts, military strength, industrial capacity, and the ability to choose to wage war appear to be far less important determinants of victory than governmental form.

CONCLUSION

Regime type does matter in international politics. Democracies are less likely to fight wars with each other. They are also more likely to prevail in wars with autocratic states. This syndrome of powerful pacifism accords, in part, with "Kantian" liberalism; but because of inconsistent behavioral assumptions, this normative frame cannot be said to constitute a positive theory of international relations.

I have offered an alternative explanation drawn from the microeconomic theory of the state. Specifically, state rent-seeking creates an imperialist bias in a country's foreign policy. This bias is smallest in democracies, where the costs to society of controlling the state are relatively low, and greatest in autocracies, where the costs are higher. As a result, autocracies will be more expansionist and, in turn, war prone. To the extent that democracies do wage occasional wars of expansion, intervene in the domestic affairs of autocracies, and are targets of autocratic expansion, there should be no significant overall difference in their frequency of war involvement. Only in their relations with each other does the relative pacifism of democracies appear. In addition, democracies (constrained by their societies from earning rents) create fewer economic distortions and possess greater national wealth, enjoy greater societal support for their policies, and tend to form overwhelming counter-coalitions against expansionist autocracies. Thus, democracies will be more likely to win wars.

If democracies are powerful pacifists, why do autocracies persist within the international system? It follows from the arguments I have outlined that democracy is an evolutionarily superior and stable form of rule. If so, why has democracy not displaced autocracy?

On the one hand, democracy *has* expanded. The number of democratic countries has grown from a mere handful in the eighteenth century to over 60 in the early 1980s.[33] The recent transformations in Eastern Europe suggest the promise of further liberalizations elsewhere, although in my opinion the tide could easily be reversed. But given the relative infrequency of war, there is no reason to presume that political change will be rapid; the evolutionary pace of the global system may well be glacial.

On the other hand, democracies only *tend* to win wars; historically, for every four they win, they lose one. Nor is there any consistent trend in favor of the democracies: autocracies were most successful in the 1960s, winning half of the wars in which they were engaged, but entirely unsuccessful in the 1970s and 1980s (see Appendix). Any evolution toward greater democracy is likely to be characterized by fits and starts. Four steps forward, one step back.

APPENDIX: ALL WARS INVOLVING DEMOCRATIC STATES, 1816–1988

In the following list, boldface in the righthand column indicate democratic states. Bulgaria, Romania, Italy/Sardinia, and France which fought on both sides of World War II are listed here on their initial sides.

WAR	PARTICIPANTS (WINNERS FIRST)
1. Mexican–American 1846–48	**United States** vs. Mexico
2. Roman Republic 1849	The two Sicilies, **France**, and Austria–Hungary vs. the Papal States
3. Crimean 1853–56	**United Kingdom**, Italy/Sardinia, France, and Turkey/Ottoman Empire vs. USSR/Russia
4. Anglo–Persian 1856–57	**United Kingdom** vs. Iran/Persia
5. Sino–French 1884–85	**France** vs. China
6. Greco–Turkish 1897	Turkey/Ottoman Empire vs. **Greece**
7. Spanish–American 1898	**United States** vs. **Spain**
8. Boxer Rebellion 1900	Japan, **United Kingdom**, USSR/Russia, **France** and **United States** vs. China
9. Spanish–Moroccan 1909–10	**Spain** vs. Morocco
10. First Balkan 1912–13	**Greece**, Yugoslavia/Serbia, and Bulgaria vs. Turkey/Ottoman Empire
11. Second Balkan 1913	Turkey/Ottoman Empire, **Greece**, Yugoslavia/Serbia, and Romania vs. Bulgaria
12. First World War 1914–18	Japan, Belgium, **United States**, Yugloslavia/Serbia, **United Kingdom**, **Portugal**, Romania, **France**, **Greece**, Italy/Sardinia, and USSR/Russia vs. Turkey/Ottoman Empire, Austria–Hungary, Germany/Prussia, and Bulgaria
13. Hungarian–Allies 1919	Romania and **Czechoslovakia** vs. Hungary
14. Russo–Polish 1919–20	**Poland** vs. USSR/Russia
15. Russo–Finnish 1939–40	USSR/Russia vs. **Finland**
16. Second World War 1939–45	**United Kingdom**, **Australia**, **Canada**, Ethiopia, Poland, **United States**, USSR/Russia, **Belgium**, Brazil, China, Yugoslavia/Serbia, **Netherlands**, **New Zealand**, **France**, **South Africa**, Greece, **Norway**, and Mongolia, vs. Japan, Italy/Sardinia, Germany/Prussia, Romania, Bulgaria, Hungary, and **Finland**
17. Palestine 1948	**Israel** vs. Jordan, Iraq, Syria, Egypt/UAR, and Lebanon
18. Korean 1950–53 (no clear victor)	**Greece**, **United Kingdom**, **Canada**, Thailand, **Belgium**, **Turkey/Ottoman Empire**, **United States**, **Australia**, **Netherlands**, Ethiopia, Columbia, **Philippines**, **France**, and South Korea vs. North Korea and China
19. Sinai 1956	**United Kingdom**, **France**, and **Israel** vs. Egypt/UAR
20. Sino–Indian 1962	China vs. **India**
21. Second Kashmir 1965	Pakistan vs. **India**
22. Vietnamese 1965–75	North Vietnam vs. Thailand, South Vietnam, **United States**, Kampuchea/Cambodia, **Republic of Korea**, **Australia**, and **Philippines**
23. Six Day 1967	**Israel** vs. Egypt/UAR, Jordan, and Syria
24. Football 1969	**El Salvador** vs. Honduras
25. Israeli–Egyptian 1969–70 (no clear victor)	**Israel** vs. Egypt/UAR
26. Bangladesh 1971	**India** vs. Pakistan
27. Yom Kippur 1973	**Israel** vs. Egypt/UAR, Iraq, Syria, Jordan, and Saudi Arabia
28. Turko–Cypriot 1974	**Turkey/Ottoman Empire** vs. Cyprus
29. Falklands 1982	**United Kingdom** vs. Argentina
30. Israeli–Syrian (Lebanon) 1982 (no clear victor)	**Israel** vs. Syria

Notes

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1. For an extreme view, see Crozier, Huntington, and Watanuki (1975). Russett argues that cyclical majorities may be the greatest problem facing the democratic formulation of foreign policy (1990, 115–7).

2. This theory has also been referred to as the neoclassical theory of the state (North 1981) and the predatory theory (Levi 1983, 1988). Both of these appellations have misleading

normative implications. I prefer the more neutral term used here. See also Auster and Silver 1979. Within this approach there is some disagreement about the objective that states pursue. North and Levi, for instance, both assume that states maximize revenue, while I assume that states seek profits. For an elaboration of this debate and defense of the profit-maximizing assumption, see Lake 1990.

3. In producing protection and collecting revenues, the state consumes resources—everything from paper clips and stationary to stealth bombers and nuclear weapons. States also consume labor. As noted, the real cost of these resources is determined by their fair market value or (in cases where the state is a dominant consumer) the price the state could obtain if it exercised its monopsonist power—a factor much more important for weapons than, say, for office supplies.

4. The public nature of the good protection complicates the definition of price and demand. By price, I mean the rate at which the state extracts wealth (for practical purposes, the tax rate [t] multiplied by the inverse of the probability (p) of successful evasion (free riding); that is, price = $t(1 - p)$. By *positive demand* I mean that individuals prefer some level of protection at some positive cost to themselves (i.e., price) to no protection at zero cost. Strictly speaking, the demand for public goods is summarized in an evaluation schedule, which differs from a traditional demand curve only in that individual preferences are added vertically, rather than horizontally, in order to reflect nonrivalry in consumption. Following common practice, I nonetheless refer to this evaluation schedule as a demand curve. On the treatment of public goods within a Marshallian economic framework, see the seminal work by Buchanan (1968). My approach differs from that of Buchanan (who adopts an essentially pluralist approach to politics) by including a theory of the state as a monopoly provider of public goods. This has important implications for the point of equilibrium production. See n. 6.

5. Plotting the probability of success in armed conflict against the quantity of resources mobilized for war, Emmerson (1983, 432) argues that protection forms an *S*-shaped curve and that once the probability of success reaches 1.0, the country has entered a "zone of redundancy" in which it has "overmobilized." This clearly implies that the demand for protection can be sated. As I have argued however, the security dilemma (and the action–reaction syndrome implied therein) is likely to prevent the probability of success from reaching its upper bounds. Emmerson further argues that charismatic leaders are most likely to arise when the probability of success is in its middling range and that once a state enters the zone of redundancy, it and its leadership will decay. Interestingly, Emmerson's thesis is contradicted by his own evidence. The ancient states of Balti (the focus of his essay) began to decline in 1846 when they were absorbed by the maharaja of Kashmir and, behind him, the British Government of India (p. 438). This absorption, of course, implies that the Balti's probability of military success against these superior powers was significantly less than 1.0.

6. In pure competition, the firm also produces where marginal cost (MC) equals marginal revenue (MR). Facing a horizontal demand curve, however, marginal revenue equals price and, in turn, demand (D); and the competitive firm, in theory, produces where marginal cost equals demand, that is, where MR = D = MC = MR. In Buchanan's (1968) essentially pluralist view, this is also the Pareto optimal equilibrium for the production of public goods and the point against which all distortions must be measured. Adding a concept of the state as a monopoly provider of public goods significantly alters this equilibrium, however. With a downward-sloping monopoly firm demand curve, supplying protection where marginal cost equals demand would result in a significantly larger quantity; but all units to the right of q in Figure 1 would be produced at a loss (MC > MR). What is efficient for society is inefficient for the state, and vice versa. I shall argue that society can control, in part, the quantity of monopoly rents earned by the state; likewise, society can control in part the level of production, with the resulting equilibrium arising somewhere between MR = MC (the state's preferred level) and MC = D (society's preferred level). For expositional clarity, I shall assume henceforth that production occurs where MR = MC and that political conflict occurs primarily over the level of monopoly rents earned by the state. Relaxing this assumption, however, only reinforces my arguments on democracy and the syndrome of powerful pacifism.

7. At the minimum, the protection service must generate normal profits for state officials, defined as the reservation wage; if the state fails to earn at least normal profits, the individuals who comprise it will leave and assume other employment.

8. This conclusion follows even without the assumption advanced in n. 6 as long as society faces positive costs for monitoring state behavior and engaging in exit and voice.

9. On principal–agent problems, see Fama 1980; Fama and Jensen 1983a, 1983b; Jensen and Meckling 1976; and Ross 1973.

10. A free press is an exception to this rule. News organizations specialize in collecting information (especially on state activities) and selling it to the public.

11. See Tiebout 1956. This is analogous to North's (1981) concept of external competition, where other states exist to act as alternative suppliers of protection. On asset mobility, see Bates and Lien 1985. The phrase *low rent* refers not to the overall tax rate but only to the level of supernormal profits earned by the state on the services it provides. Different states are likely to provide different mixes of services with corresponding tax levies. Following Tiebout, emigrants are likely to select the polity that offers the mix of services they want at the price they are willing to pay. The analysis here focuses only on state rents, which distort the implications of the now-standard Tiebout analysis.

12. Although the direct costs for voting are small to nil, there are certainly opportunity costs for activities forgone and possibly some indirect costs (e.g., transportation to the polling station).

13. This is not to deny that some groups within autocratic polities can participate at relatively low cost and thus have significant influence over the state. In these circumstances, it is expected that the powerful social groups would share in the rents earned by the state. The argument here hinges on the average cost for society as a whole. See also n. 15.

14. Expansionary policy is to be taken in opposition to unilateralism and cooperation. See Lake 1990, 1991. This analysis contrasts with other explanations of so-called overexpansion or with a country's expansion beyond the point where the marginal costs equal the marginal gains to society. Rather than being driven by perverse incentives within the international system, cognitive bias, dominant social groups, or log rolls between concentrated social interests (see Snyder 1991), the explanation developed here focuses on the monopoly structure of the protection industry and the costs to society of regulating state behavior.

15. This argument applies only for rents earned and retained by the state. If the state is merely a conduit for redistributing wealth between social groups, no imperialist bias will emerge. Thus, I differ crucially from much of the extant literature on rent seeking, which tends to focus on the actions of *social* groups (e.g., Olson 1982). While social rent seeking will reduce national wealth as well, I have yet to see a convincing argument that democracies are more prone to social rent seeking than autocracies. Interestingly, even though Olson adopts a pluralist conception of the state, he argues that his theory is supported by evidence from both developed democracies and nondemocratic, non-Westernized polities (1982, 146–80). Although I do not find it persuasive, Ekelund and Tollison (1981) do argue that democracies will actually experience less societal rent seeking than autocracies. My intuition is that democratic and autocratic societies extract similar levels of rents but distribute them over greater and smaller sets of groups, respectively. I contend here, however, that rents earned by democratic *states* are significantly less than the rents extracted by autocratic *states*.

16. Monitoring costs will be higher, however, where the

state can persuade society that "national security" considerations require a higher degree of secrecy.

17. Just as the absence of supernormal profits by entrepreneurs in perfectly competitive economic markets does not vitiate the assumption of profit maximization and, in fact, follows from this assumption, the absence of rents does not undermine the assumption of state profit maximization. Rather, the receipt of only normal profits in ordinary economic enterprises and the state reflects the presence of acute competition and the constraints of society, respectively.

18. For studies supporting these conclusions, see Chan 1984; Ember, Ember, and Russett 1991; Maoz and Abdolali 1989; Rummel 1983; Small and Singer 1976; and Weede 1984.

19. Wars and participants are from Small and Singer 1982, updated through 1988 from Singer 1991. Regime type is from Gurr 1990. Democracy (DEMOC, variable 6.2) is an additive 11-point scale (0–10) based on the competitiveness of political participation, the openness and competitiveness of executive recruitment, and constraints on the chief executive. Countries that score 6 or more on this scale are classified here as democracies; countries that score 5 or less, as autocracies. There are relatively few countries that score in the middle of this range. Although countries that score 5 on this scale are not, in my view, normally considered to be democratic, lowering the threshold a point or two would not significantly alter this list of wars or the analysis.

20. In a personal communication, Michael Doyle has suggested that it is this mutual republican recognition that separates modern democracies from the ancient Greek democracies, which appear not to have been substantially more pacific than their autocratic contemporaries (see Russett and Antholis 1991). My explanation would focus on the relatively narrow franchise in these so-called democracies.

21. Doyle distinguishes between strong and weak autocrats, suggesting that democracies will not war with the former (a point consistent with my analysis below) but will fail to take advantage of mutually advantageous agreements (such as arms control) or opportunities to exploit such states. I question the extent to which this "stylized fact" holds, as democracies often do ally with one autocrat against another even in times of peace. The United States, for instance, played the "China card" in the 1970s. Nonetheless, to the extent that this tendency does exist, it cannot be reconciled with the theory summarized here.

22. Although only implied in their writings, this emphasis on forgoing material gains and incurring material losses is essential for both Kant and Doyle; in its absence, democratic pacifism is not moral but is economically efficient—a position that both authors claim to supersede.

23. Several scholars have recently attempted to formalize a model of foreign policy decisionmaking that focuses on the greater domestic constraints democratic societies exert on their leaders. These "neo-Kantians," however, suffer from the same problem as their intellectual progenitor. Morgan and Campbell base their analysis on "two key assumptions: (1) that a democratic political structure imposes constraints on the decision-making process by restricting the key decision makers' freedom of choice; and (2) that with regard to decisions for war, these constraints push toward peace (i.e., heads of state would be more likely to opt for war than those they govern) (1991, 189–90)." Bueno de Mesquita and Lalman (1992) find empirical support for Morgan and Campbell's first assertion but do not examine the second, more fundamental proposition. Like Kant, these authors do not deduce motivations or explain why leaders are more war-prone and the populace more pacific. While it might be understood as an alternative explanation of democratic pacifism, I see this work as complementary to the analysis offered here.

24. This suggests why "insulation" is an essential element of the totalitarian model. See Friedrich, Curtis, and Benjamin 1969.

25. This argument also implies that autocracies should initiate wars with democracies. Given the complexities of military strategy and the often-considerable gains from surprise attack and preemption, however, who actually fires the first shot or crosses the border (the basis of most standardized codings of war "initiation") is a poor indicator of who actually provoked, or "caused," the war. In addition, since history is typically written by the victors (and, as I shall show, democracies win a disproportionate number of wars), even more subjective estimates of war initiation may well be biased. As a result, I do not place much faith in patterns of war initiation as a test of the theory presented here. Following the coding rules used in Table 1, however, the correlation (gamma) between democracy and war initiation is correctly signed but very weak (−.04) and insignificant. To the extent that this result is valid, it must count against the theory.

26. Contradicting the "crusading" hypothesis, Russett finds that the surge in public support for the president following an aggressive foreign policy action (often referred to as the "rally-round-the-flag" phenomenon) is typically short-lived, with a half-life of no more than a month or two (1990, 94).

27. See especially Olson 1991, which extends to the state Olson's earlier work on social coalitions. Echoing North and the analysis here, he finds that democracies should experience lower state rents and higher growth.

28. This is a long-run, dynamic argument; it does not imply that all democracies are wealthier than all autocracies. The entire literature on the microeconomic theory of the state directly contradicts that on the so-called developmental state. The latter approach asserts that strong, autonomous states have to deter social rent seeking and stimulate growth under conditions of late industrialization (see, e.g., Evans 1979). As I suggest in n. 15, I do not expect there to be a systematic difference between the *level* of rents extracted by social groups in democracies and autocracies. Moreover, the literature on the developmental state is generally mute on the motivations of state officials: Why do political leaders choose the "public" interest over their own private interests? The microeconomic theory of the state suggests that strong, autonomous states will typically exploit, rather than develop, their societies except where they face what North (1981) has termed severe *external constraints* (analogous here to very low costs of exit). Interestingly, most, but not all, of the developmental states have experienced clear threats from other states (e.g., South and North Korea, Taiwan and China). In such polities, especially those producing far within their production possibility frontiers, this analysis predicts that states will opt for increased normal profits from growth over increased rents from redistribution. In the long run, the theory suggests that these developmental autocracies will either ossify and once again become a drag on development (as in the former Soviet Union) or liberalize (as in South Korea).

29. For the domestic consequences of war, see Stein 1978. On political reform in Germany during World War I, see Feldman 1966; and on the Soviet Union during World War II, see McCagg 1978, esp. 18–23.

30. Siverson and Emmons (1991) find that democracies have a greater propensity to ally with one another than with other states.

31. See n. 19 above. As noted, at least one participant in each war is democratic (defined by a minimum score of 6 on an 11-point scale). The mean score of 5.60 suggests that the "average" winner in these 26 wars was autocratic, although there were more democracies (38) than autocracies (32) in the population (see Table 1).

32. Data on military personnel and iron and steel production are from the July 1990 Correlates of War, National Materials Capabilities data set (J. David Singer and Melvin Small, principal investigators). An attempt was made to include data on military expenditures and energy usage from this same data set, but there were too many missing values for the early nineteenth century. Data on war initiation is from Small and Singer 1976. Unfortunately, this set covers only the period through 1965 and does not include several wars later added in Small and Singer 1982; this accounts for the reduction in the number of observations in Table 2, equation 2. The proviso stated in n. 25 holds here, as well. I also assessed the

possible presence of interaction effects among these measures by multiplying democracy with military personnel, iron and steel production, and war initiation. In every case, these interaction terms were insignificant. These results are not reported here.

33. On the diffusion of democracy, see Starr 1991.

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