

Do Democratic Institutions Constrain or Inform? Contrasting Two Institutional Perspectives on Democracy and War  
By Kenneth A. Schultz

In this article, Schultz tests two institutional approaches to the “democratic peace” argument, attempting to assess in which more confidence should be placed. These approaches are “institutional constraints” and “informational properties”. In order to compare the applicability of these hypotheses, Schultz constructs a formal model of how states respond when threatened militarily by democracies. It is important to find a situation in which the two hypotheses predict opposite and independent effects; thus Schultz’s choice of this small subset of state interactions.

Schultz traces the institutional constraints approach to Kant’s observation about why republican states are more cautious about fighting; the personal costs of war to the people who can influence leaders and state policy. He traces the informational approach to the literature on crisis bargaining, which has shown that asymmetric information, compounded by an environment which encourages concealment and bluff, can lead actors to outcomes which are not efficient or preferable. Schultz cites Feraon’s idea of “audience costs” (the costs state leaders incur if they fail to carry out the threats which they made) as a way to find a role for democratic institutions in explaining the role of information: electoral institutions generate higher audience costs since leaders can be easily replaced.

A formal model is constructed (I won’t go into its details here) of the dispute between two states over a good. The model is used to observe how making one state democratic affects the probability of three outcomes: the ex ante probability that state challenges for possession of the good, the ex ante probability of war, and the probability that the other state resists the challenge. In the institutional constraints perspective, the effect of making a state democratic is seen by increasing the costs of war to the leaders of that state. Thus, the probability of a challenge decreases, while the probability of the challenge being met increases. The probability of war varies over a range of costs, but the net effect is an increase. From the informational perspective, the audience costs are varied. The results for the three outcomes are as follows: the probability of a challenge increases, while the probability of a response to the challenge decreases. The probability of a war is again varied over a range of audience costs.

The question, then, is on which outcome the hypotheses predict different outcomes. This is in terms of the response of the other state to the democratic state’s challenge. For the institutional perspective, as is intuitive, if the expected value of war for a democracy is higher, threats will be more suspect; they will more likely be bluffs. The informational perspective predicts that as information increases, the targets of a challenge will be less likely to resist a challenge, since it is less likely to be a bluff. Schultz takes these two hypotheses, (as well as the null hypotheses), and tests them empirically over the range of bilateral interstate disputes from 1816 to 1980. He finds that changing the regime type from democratic to non-democratic leads to a 25% reduction in the probability of response to a challenge. This confirms the informational hypothesis. He concludes by saying that this is an explanation for one part of the democratic peace quandary; conflating a wide range of events in previous macro-level studies of the question has led to inconsistent results.