Domestic Opposition and Signaling in International Crises, Kenneth Schultz, *APSR*, December 1998

For the sake of brevity and highlighting what seems most relevant for class, I’ve focused less on the details of Schultz’s game and more on the argument and conclusions of his analysis.

**Headline:** Public competition and a credible opposition party can enhance a state’s ability to resolve international disputes peacefully.

**The Question:** What effect does domestic political competition have on the escalation of international crises?

In asking this question, Schultz introduces the effect of **domestic institutional arrangements** into the international crisis bargaining model. In the article, he seeks to understand how domestic political institutions can enable states to overcome uncertainty about their rivals’ willingness to fight by revealing information about true intentions.

**The Model**

Schultz models a “two-level” game in which domestic and international interactions are mutually dependent. One state (S1) has two strategic actors – a government and an opposition party – both of which declare openly whether they support the use of force to alter the international status quo. The rival state (S2), a unitary actor, updates its beliefs and selects its strategy in response to both signals. In this model, war occurs whenever the government makes a genuine challenge (a threat it is willing to carry out) and the rival state refuses to back down.

The model makes several assumptions, but the most important is that political parties value holding office above all else and choose strategies to maximize their electoral prospects. This assumption has two implications:

1) Government’s payoffs from an international crisis are determined primarily in terms of the crisis’ impact on their electoral prospects; the actual international outcome is secondary.

2) The assumption that parties seek office generates a conflict of interest between the government and opposition (a zero-sum game).

As a result, the parties’ primary concern is the “party differential” – the relative evaluations voters make of each party as a result of their role in handling the crisis. In general, the government makes genuine challenges (threats of war it is willing to carry out) whenever the electorate will evaluate it more positively than it would if the government backed down. The opposition determines whether or not to support the government based on an evaluation of the expected payoff – as the attractiveness of war decreases (in terms of voter evaluation), the opposition is more willing to oppose the government.

**Conclusions**

Under Schultz’s model, the opposition will sometimes oppose genuine challenges by the government, based on calculations of electoral payoffs. However, this means that any challenge supported by the opposition must be genuine. Therefore, the introduction of domestic political competition has two effects on the outcome of international crisis bargaining:

1) **Confirmatory effect:** Opposition support of a government challenge against another state increases the credibility of the challenge by “confirming” that the government is serious in carrying through on its threats of war. In other words, the opposition acts as a second “information source” for the rival state, which now “overhears” public confirmation of the government’s willingness to carry out its threat. Therefore, regimes with public “contestation” are better able to convince rivals of their seriousness about using force.

2) **Restraining effect:** Domestic opposition decreases the government’s willingness to bluff, since the opposition’s dissent casts doubt on whether the government’s challenge is genuine. Since, the domestic competitor has political incentives to “call the government’s bluff” (i.e., to reveal that
the government’s expected value from war is low and therefore its threat is not credible), the government has less leeway to engage in “strategic misrepresentation” than it did in the unitary actor model. Therefore, Schultz concludes, states with domestic political competition will issue challenges to rival states less often.

Thus, by facilitating the revelation of the government’s true intentions in an international crisis, public contestation decreases the danger of war due to asymmetric information. As a result, foreign states should take into account signals that emerge from domestic competition in their rivals and make “appropriate inferences.”

Implications for Research in Democracies and International Conflict
Schultz notes that the literature on democracy and war has developed largely in isolation from the literature on international crisis bargaining, and he seeks to combine these two issues into a single model that “embeds explanations of the democratic peace within a deductive framework that explains the outbreak of war.” Using his model he concludes that democratic institutions can help states overcome the difficulties of crisis bargaining; therefore, democratic states should “have enhanced ability to reach peaceful outcomes” relative to states which lack public domestic political competition. Since governments in democratic states have a decreased willingness to bluff (the restraining effect above), all other things being equal, they will challenge rival states less often than nondemocratic states.

Schultz sees these implications as an improvement on earlier democratic conflict models (Bueno de Mesquita & Lalman and others) which posited dovish preferences, constraining institutions, and norms of nonviolent conflict as reasons that democracies went to war less often. These earlier models, he maintains, did not sufficiently explain how states could overcome the informational asymmetries which can cause war (even if states are democratic and have mutual preferences for peace and negotiations). Nevertheless, Schultz warns that his model is of limited use in capturing the interaction between two democratic states, since he assumes a unitary rival state with no domestic political competition.