Domestic Explanations of International Relations

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Annu. Rev. Polit. Sci. 2012. 15:161–81

First published online as a Review in Advance on January 3, 2012

The *Annual Review of Political Science* is online at polisci.annualreviews.org

This article's doi:
10.1146/annurev-polisci-070209-174835

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1094-2939/12/0615-0161$20.00

Keywords

audience costs, democratic peace, foreign aid, nation building, principal–agent, sanctions, selectorate theory

Abstract

Theories that link domestic politics, domestic institutional structures, and leader incentives to foreign affairs have flowered in the past 25 years or so. By unpacking institutional variation across states and by drawing attention to agency issues between leaders, key backers, and citizens, models and empirical studies of linkage help explain even such fundamental phenomena between states as war and peace. In addition, theories of linkage politics explain phenomena not envisioned under earlier unitary-actor state models. We address how the linkage literature explains war and peace decisions, the democratic peace, nation building, foreign aid, and economic sanctions by tying international politics and foreign policy to domestic political considerations.

INTRODUCTION

The idea that we must look within states to understand interactions between states is certainly not new. Decades ago, Rosenau (1969) argued that studies of international politics would be advanced by examining more closely the linkage between domestic political systems and their implications for international affairs.[1] One can find such a perspective in Thucydides, and it is emphasized by Russell & Wright (1933) in one of the first modern, analytic treatments of international relations. As they argued in 1933, "Students of international relations are concerned with the description, prediction, and control of the external behavior of states, particularly of their more violent types of behavior such as intervention, hostilities, and war. It is clear that mere description of a diplomatic or military event has little meaning by itself and that such an event can neither be predicted nor controlled unless account is taken of the circumstances which preceded it *within* [emphasis added] each of the states involved" (Russell & Wright 1933, p. 555). During the past quarter century, analysis that links domestic politics to foreign affairs and to international system structure has taken off and has been translated into extensive new and enlightening research.

In the past, states were viewed as unitary actors. This left no room for leaders, advisers, or constituents to have divergent views from each other. Linkage research, in contrast, is rich with insights drawn from theories concerned with moral hazard, adverse selection, and the associated problems of signaling intentions and competence effectively and consistently to foreign rivals, domestic backers, and domestic political opponents. Putnam's (1988) innovative research into two-level games was perhaps the first to highlight the agency problems that naturally arise in international politics. He noted that one cannot understand international negotiations without also understanding what negotiators can "sell" to their domestic constituents and to their foreign counterpart. When one must convince both a foreign counterpart and domestic interests to accept a negotiated settlement, there is always the possibility that the negotiator is misrepresenting either her domestic constituency's bottom line or the foreign counterpart's bottom line. Negotiation and the risk of conflict escalation, then, become susceptible to the principal–agent problem and associated domestic asymmetries in information, as well as to questions of "national" credibility, all more fully explored in studies inspired by Putnam's analysis.

The literature has built on Putnam's notion of two-level games and has added many layers of subtlety derived from the idea that differences in regime type give rise to different foreign policy choices and international outcomes. Today, almost every important dependent variable in the international arena is explored through the lens of domestic politics. Broadly speaking, we now have a good understanding of how democratic institutions incentivize leaders to engage in patterns of foreign policy behavior that differ from the patterns of autocrats. Indeed, researchers have introduced nuanced views of differences in expected behavior under different electoral structures within democracies and have begun to explore different patterns of behavior under alternative leadership structures in autocracies as well (Wintrobe 1990, 1998; McGuire & Olsen 1996; Geddes 2003; Magaloni & Kricheli 2010 and many others). Looking back over the past 25 years or so, we review highlights in the development of our understanding of international affairs through the lens of domestic politics. We particularly focus on war and peace issues, nation building, foreign aid, and sanctions as tools in the international arsenal.

In the next section, we explore the political economy perspective as a means to study the ties between domestic and international politics. A third section examines audience costs as a set of

[1]During the Nixon-Kissinger years, "linkage" came to mean joining issues together in the context of negotiations in international affairs. Here we use it to refer specifically to joining domestic concerns and international concerns together in formulating policy. Thus, we use it more narrowly than in its more common usage.

models that investigate how democratic reelection incentives may limit bluffing by democratic leaders in international disputes and may promote dispute avoidance or resolution. The fourth section takes some of the models discussed in the third, as well as other models of domestic political institutions, as a means to explain the array of empirical regularities associated with the democratic peace. The fifth section builds on the earlier insights to investigate a variety of diversionary war theories and evidence. The sixth turns to nation-building efforts and foreign aid allocations as a means to extract policy gains without enduring the costs of war. This section shows the pernicious effects domestic politics can have on foreign government development. The seventh section investigates punishment strategies in the form of economic sanctions as an alternative to war and assesses the impact of domestic political considerations on the use and effectiveness of sanctions.

THE POLITICAL ECONOMY OF CONFLICT: MODELS AND METHODS FOR LOOKING WITHIN THE STATE

Contemporary analyses of the linkage between domestic politics and international affairs ask us to examine the sometimes divergent interests of people who influence policies. Those choosing policies are generally assumed to be concerned about their personal political survival. To the extent that the state's well-being enhances their own prospects, they act to preserve the state. But when the state's "welfare," meaning the people's welfare, deviates from the leader's interest, then a problem arises. To the extent they can, leaders do what serves their interests, even if this means sacrificing the well-being of their subjects. Their subjects, in turn, do what they can to remove a leader who pursues policies that deviate unacceptably from what relevant constituents want. The relevant constituency may be as broad as a voting public or mass movement or as small as a few generals, clansmen, and other cronies. Indeed, the extent to which leader interests and citizen or crony interests coincide forms the foundation for many of the critical insights derived from linking domestic affairs to international politics.

Models that link domestic and foreign affairs tend to be couched as strategic political economy models. They usually assess foreign policy choices within a game theoretic perspective, identifying equilibrium behavior induced by domestic political concerns including policy preferences and domestic institutional structures. The choice of foreign policy interactions is generally constrained to be incentive-compatible with the motivations of national leaders to maintain their personal hold on political power. In that sense, agency issues are a focal point of analysis when linking domestic politics to international affairs. Domestic institutional structures, such as the inclusiveness or exclusiveness of governance and the extent to which government is accountable and transparent or personalist and opaque, are also viewed as central to shaping the interplay between domestic and international leaders, elites, and ordinary citizens. These interactions, in turn, can be understood as helping to create such important contours of the international system as the relative balance of power. In this way, ties are built between what was learned earlier from treating the state as a unitary actor and what we are learning from decomposing the state into its constituent institutions and people.

Powell (1993), for instance, provides just such a bridge between the unitary-actor perspective and the domestic considerations behind fundamental national security choices. In his guns-and-butter model, decisions to spend on arms reflect concerns about international security but must be balanced against the demand for domestic consumption. Powell is not explicit about the domestic setting in which this tradeoff is made, but implicit in his model is a domestically induced limit on military spending to achieve security (or to gain long-term consumption advantages by defeating a foe). To the extent that the tradeoff between security and consumption varies across states with different tastes for immediate versus long-term benefits, he creates a setting that depends, in part,

on domestic interests, with that dependence shaping the degree to which power is balanced—at least in his stylized bipolar or two-state environment.

Whereas Powell's analysis leaves domestic structure wholly implicit, others have begun to unpack what goes on within states. Fearon (1994), for instance, examines a constraint on leader action during international crises. He introduces the idea that variations in the cost imposed by domestic constituents if their leader backs down after escalating a dispute materially differ across regime types. These audience costs, as he calls them, are assumed to be higher in democracies than in autocracies, thereby creating different expected behaviors as a function of differences in domestic political institutions. Bueno de Mesquita et al. (2003) tie leader interests to the state's welfare through the size of what they call the winning coalition (i.e., those constituents whose support is essential to keep a leader in power) and the ratio between the size of the winning coalition and "selectorate" (i.e., those with at least a nominal say in choosing leaders). Werner (1996), Schultz (2001a), Solingen (2007), and others draw out the linkage between leader choices and domestic interests through closely related mechanisms. These and many other modeling efforts, as well as empirical efforts to test the implications of domestic models of foreign affairs, forced a reconsideration of our understanding of almost every aspect of international relations and foreign policy.

When attention is turned to national political leaders rather than to states, it becomes evident that fundamental policy choices—even war and peace choices—may look quite different from the expectations derived from the most influential unitary-actor perspectives. For instance, a domestic focus on leader incentives highlights that some institutional arrangements may support or induce foreign policies that are made without regard for general citizen welfare. One has only to reflect on Myanmar's long-ruling junta, North Korea's Kim Jong-il, or Libya's former dictator, Muammar Qaddafi, to recognize that at least some leaders govern overwhelmingly for their own benefit and not on behalf of their subjects. So many nations have been beggared by their leaders that it is difficult to maintain the fiction that the national interest—or a unitary state purpose—dictates even the most important foreign policy choices. It seems that investigating the interplay between domestic interests and international interactions is essential to understanding the international arena.

AUDIENCE COSTS AND DISPUTES

Bueno de Mesquita & Lalman (1992) suggested an early model of international conflict that crudely examined the role of domestic politics in international affairs. They proposed two variants of what they call the international interaction game (IIG). One, the Realpolitik version, attempts to capture the essential features of a neorealist, unitary-actor perspective. The other, the domestic variant, in a preliminary and simple way allows for the possibility that national foreign policy goals are set by a domestic political process (not specified) that takes the international setting into account but is also subject to variable domestic political costs. In their domestic variant, any regime that resorted to force paid a domestic cost. The idea was that the domestic audience—not a term they used—punished its government for failing to avoid violence when war was, by assumption, inferior to a negotiated resolution of a dispute, an argument for the peacefulness of republics originally made by Kant in his essay on perpetual peace (Kant 1972 [1795]). Variations in the setting in which force could be used lead to a generic commitment problem that makes war possible even in the absence of uncertainty (Fearon 1995). The commitment problem relates to the relative costs and benefits of using a first-strike war advantage even though war is known by all to be Pareto inferior to negotiation. Their crude model has since been supplanted by improved theories that focus on the interplay between domestic politics, domestic institutions of governance, and international politics (Fearon 1994, Bueno de Mesquita et al. 2003, Acemoglu & Robinson 2005, and many

more). Among the most significant of these improvements are the development and refinement of ideas about audience costs.

Fearon's (1994) audience-costs model provided a major step forward. It launched a series of increasingly enriched and refined models of ties between the domestic costs borne by a leader in the event of an international dispute and the preparedness of the leader to make and carry out threats. This literature helps explain the unfolding of crises from the initiation of a threat to its resolution through negotiation or war. In Fearon's model, threats of war issued by democratic governments are seen as more credible by targets than threats by autocrats, who, by assumption, have lower audience costs. The reasoning is straightforward. There are costs for going to war, but, particularly in democracies, where leaders are accountable to a broad constituency, there are also domestic political costs for threatening action to correct a perceived wrong and then failing to act on the threat. These domestic political costs may tie an accountable, democratic leader's hands (Schelling 1966), which can make for more efficient signaling of private information about willingness to fight even when the leader is not actually constrained. Thus, the distribution of disputes that escalate to violence is predicted to be different when a democrat is involved compared to when the parties are all nondemocratic. This leads to an interesting selection effect (Schultz 2001b). Threats from democrats should increase the likelihood that rivals back down. If the rival is not expected to back down, then democrats who are reluctant to escalate should negotiate rather than make threats to begin with. But if a threat is made when the adversary was mistakenly expected to back down, democrats should be more likely to carry out their threats than are autocrats because of the audience cost of failing to follow through, coupled with Fearon's assumption that there is a finite, critical period of time after which both sides will prefer war to backing down.

In Fearon's model, audience costs are exogenous and accumulate as long as a dispute continues. Smith (1996, 1998) proposed a model in which audience costs are endogenous. His model shows how foreign policy choices, particularly diversionary war choices, might be shaped by the competence of leaders and their efforts to prevent domestic constituents from turning them out of office. Whereas Fearon's model draws attention to the agency problem an incumbent faces in making and then not carrying out a threat, Smith's model focuses on a leader's private information about his competence and the foreign policy actions he chooses to persuade constituents that he is more competent than they otherwise believe. In Smith's model, democrats explicitly face reelection by constituents who are players in the game. The reelection calculations make democratic leaders more selective than autocrats when choosing the crises in which they engage and the threats they make in the international arena. Smith identifies equilibrium conditions under which the domestic audience's willingness to punish the leader for failing to follow through on a foreign policy threat is credible and when it is not. His introduction of some alternative micro-foundations for audience costs based on a leader's private information about competence, however, was far from the last word.

In Smith's model, where a leader's competence is private information, sufficiently incompetent leaders do not make threats, and so audience costs are only imposed off the equilibrium path; that is, we do not expect to observe these costs in action. Slantchev's (2006) model, building on the work of Smith and Fearon, not only endogenizes audience costs but also allows them to arise on the equilibrium path. Slantchev demonstrates that the imposition or impact of audience costs is not linear with regime type as previously supposed. Like Smith's, Slantchev's model focuses on adverse selection. Ashworth & Ramsay (2011) offer an alternative perspective. They draw attention to a moral hazard problem faced by leaders. In their model, leaders have private information about their nation's prospects in war. That information can be used to extract a substantial concession from the foreign rival who wishes to avoid the costs of war. But the fact that the initiation of conflict could extract a high offer to appease the initiator means that the prospective initiator has incentives

to initiate when her private information does not support a strong expectation of success in war. Citizens may have an interest in gaining these concessions, but they also have an interest in limiting the risk and cost of an unsuccessful war. Citizens can avoid this threat to their interests by designing an optimal strategy for imposing costs on their leaders, constraining their action and solving the problem that unconstrained leaders could create by bluffing in pursuit of a big concession. Ashworth & Ramsay report that under optimal conditions, citizens always punish leaders if they initiate a crisis and then back down. Whether leaders are punished if they back down rather than going to war, however, depends on the value of the status quo and on the costs of war. The results of Ashworth & Ramsay partially reinforce Fearon's claim that leaders who initiate/escalate crises and then back down are always punished but add the caveat that whether leaders are punished for going to war depends on a comparison of expected costs to the value of the status quo. In this way, their model helps resolve an important critique of Fearon's approach (Schultz 1999); namely, it may be that backing down sometimes serves the voters' interests better than fighting.

Schultz (1998, 2001b) builds our understanding further by pushing the crisis initiation process back a step and adding more richness to the domestic political setting than was offered in early models of audience costs. In his model, there are two domestic players in one state, namely the incumbent government and a legitimate opposition, as well as a foreign rival. He shows that the existence of a legitimate domestic political opposition—a characteristic inherent in democracy and absent from Fearon's (1994), Smith's (1996), and Ashworth & Ramsay's (2011) audience-costs models—significantly constrains the foreign policy adventurism of democratic leaders in ways not experienced by nondemocrats. Because the opposition party is interested in gaining electoral advantage, it opposes foreign policies that it deems unlikely to succeed. If the opposition party does not oppose the proposed policy, this stance will credibly convey "high resolve" to the foreign opponent, which encourages the incumbent to press ahead with its policy. If, however, the opposition is expected to resist the proposed foreign policy, then the incumbent, equally concerned about the policy's prospects of success and its potential impact on reelection, is more likely to abandon the policy or not propose it in the first place, inferring that it is too risky to warrant further action. Opposition resistance in the deliberative give-and-take of democratic politics provides an electoral incentive for incumbent democratic leaders to be careful with disputes that might necessitate backing down, placing them off the equilibrium path from the start so that, barring error, we do not observe them. Foreign policy, in this account, appears nonpartisan because only those policies expected to be successful are implemented. The idea of partisanship ending at the water's edge is challenged by Schultz's results, as is any empirical notion that the disputes and audience costs we might actually observe are drawn from an unbiased sample.

The audience-costs literature offers an explanation for differences in the crisis behavior of autocrats and democrats. It helps us understand the strong selection effects that shape what we actually observe in the international arena. And it helps point the way to perhaps the most studied arena in which domestic regime differences appear: the so-called democratic peace.

THE DEMOCRATIC PEACE

Perhaps the most important empirical regularity linking war and peace to domestic politics was observed by Dean Babst. As early as 1964, Babst noted that democracies tend not to fight wars with each other. Kant (1972 [1795]), writing much earlier, provided a potential explanation for this phenomenon, at least as it applied to republics. He contended that because the people have to bear the costs of war, they are reluctant to endorse it, and war is rare in republics because it requires the people's endorsement. In more recent times, Kant's argument and many other theoretical accounts have been expanded upon and tested empirically. Maoz & Russett (1993),

for instance, proposed a normative explanation of the observation that democracies tend not to fight each other. The normative account argues that democratic governments are accustomed to the politics of compromise in their internal affairs. They carry this pattern of behavior into their international interactions with other democracies, each knowing that the other democracy also has internalized a norm of compromise. But, according to this normative perspective, when confronting a nondemocratic rival, democrats adopt the norm of the rival so as to better defend their national survival against the more aggressive ways of autocracies.

The normative theory has come under rigorous theoretical and empirical challenges. Miller & Gibler (2011), for instance, show empirically that the normative account of the democratic peace does not square as well with the facts as their salience-based argument, at least when applied to territorial disputes. They claim that territorial disputes are so politically salient for nondemocratic contending sides that they are particularly likely to escalate to war. They also maintain that democracies face a different set of highly salient and contentious issues from nondemocratic states. In particular, Miller & Gibler contend that territorial issues are less salient for democrats than for autocrats. This, according to their empirical analysis, introduces a heretofore unconsidered selection effect in the (territorial) disputes that actually escalate to war, an effect that must be controlled for in testing audience-cost arguments and the normative account of the democratic peace. Although their salience claim about the relative importance of territorial issues across regime types lacks micro-foundations, their intriguing empirical results suggest there may be value in trying to model the reasons that this salience condition might hold sway, especially because territorial disputes appear to be among the most common sources of war. Gartzke (2011), in fact, has begun to fashion a model that makes a closely related argument. He contends that there is considerably more variance in policy preferences in dictatorships than in democracies because the latter are tied to the median voter's wishes and the former follow the interests of each individual autocrat. In Gartzke's construction of the sequence of events, the median voter chooses to create a democracy rather than democratic procedures empowering the median voter over the leader. Bueno de Mesquita & Smith (2009) offer a model in which choice of regime type is endogenous, as are variations in policy choices by leaders. Their model, discussed more fully later in this review, is an extension of the so-called selectorate theory, which offers a specific account of the democratic peace that also concludes, though for different reasons than Miller & Gibler or Gartzke, that territorial disputes are disproportionately fought by autocrats and policy-related disputes are favored by democrats.

Bueno de Mesquita et al.'s (1999, 2004) selectorate account of the democratic peace explains, inter alia, why democracies fight wars of colonial and imperial expansion and why they favor policy-related or leadership-succession disputes over territorial disputes. These authors' account of wars of imperial and colonial expansion challenges the normative theory of the democratic peace. These conflicts ought not to occur if the normative explanation is correct; the democratic nation's survival is not challenged by its much weaker nondemocratic colonial opponent. Thus, in such conflicts, the normative theory's explanation for why democrats emulate autocrats is not activated. The selectorate theory suggests how variations in the sizes of a polity's selectorate and winning coalition help explain the known empirical regularities collectively referred to as the democratic peace, while also introducing novel hypotheses that differentiate war-fighting and postwar patterns of behavior for democracies (that is, in selectorate terms, large-coalition regimes) from the patterns of other types of regimes.[2] For instance, it explains the empirically

[2]It also offers perhaps the first analytic account of how leaders interact with their own cabinet ministers to enhance survival or shift responsibility for failed war policies (Flores 2009, 2012).

observed willingness of democracies to overthrow foreign rivals more often than do nondemocratic interveners (Bueno de Mesquita et al. 2004, Morrow et al. 2006).

The selectorate models identify still other selection effects that complement those found by Schultz, Fearon, and others. In particular, the selectorate perspective supports the idea that democracies are highly selective about the conflicts they enter, requiring a considerably higher expectation of victory before escalating to war than autocrats require. For democrats within selectorate models, defeat in war—that is, failure to provide the public good of victory—increases the odds of leader deposition more than it does for autocrats. An autocrat survives policy failure by retaining resources to lavish on her small number of supporters. This option is much less valuable to a democrat as, with so many supporters to reward, each coalition member's share of the resources is too small to compensate them for policy failure. War is less risky for autocrats than for democrats (Bueno de Mesquita et al. 2003, especially pp. 269–72; Morrow et al. 2006).

Studies by Goemans (2000, 2008) and Chiozza & Goemans (2004) partially support and partially challenge portions of the selectorate account of the democratic peace. They note that not only does the probability of losing office constrain war and peace policy choices, but so too does how a leader expects to lose office. Democrats ousted from office go on to write memoirs and live out their lives in peace. More often, deposed autocrats are executed, imprisoned, or exiled by foreign victors. Thus, although it is an empirical fact that autocrats are deposed following defeat in war less often than democrats (who, however, thanks to their war-fighting selectivity, almost never lose the wars they fight), they suffer a higher cost from deposition when it occurs. The rare, defeated democrat tends to be ousted by her electorate; the defeated autocrat by the foreign victor. Thus, autocrats, like democrats, have a reason to be selective about war fighting (at least when the foe is democratic), albeit, as Chiozza & Goemans' (2004) results imply, less selective than democrats. All leaders are more likely to lose office following military defeat compared to victory or status quo conditions, but autocrats have a higher probability of keeping office following defeat than democrats.

Autocrats are more likely to be deposed—and executed—by disgruntled domestic backers for their failure to pay off key backers, such as military officers or bureaucrats, than they are for losing a war. As a result, autocrats do not commit as many marginal resources to improving their war-victory prospects as do democrats, nor do they try as hard to negotiate settlements for their disputes if doing so means shifting private rewards away from their cronies and to the foreign rival (Bueno de Mesquita et al. 2004, Morrow et al. 2006).

Debs & Goemans (2010) refocus our attention on the domestic political survival costs and benefits to leaders if they grant concessions to avoid fighting as well as on the costs and benefits expected from war. These effects are difficult to sort out, and their attempt yields mixed results. As Svolik (2009) and others (Bak & Palmer 2011, Weeks 2011) argue, they have not attended adequately to selection effects caused by asymmetries in the personal risk a leader faces from domestic and foreign ouster if he chooses to fight versus the risks incurred from granting policy concessions to an adversary.

Several alternative accounts suggest the democratic peace may be spurious. Gartzke (2007) suggests that there is a capitalist, rather than a democratic, peace. Because there are few noncapitalist democracies relative to autocracies, it is challenging empirically to test this alternative account. But there are significant micro-foundations in both the audience-costs and the selectorate literatures for the democratic peace, and thus far such foundations are lacking for the capitalist peace.

Another challenge to some democratic peace accounts comes from Gelpi & Grieco (2001). They offer a domestic account of variations in the likelihood that states experience international threats that is consistent with a monadic observation about dispute involvement and that might run counter to the claims of the dyadic democratic peace. They provide empirical evidence that it

is the length of a leader's time in office that explains the difference in risks of dispute involvement (but see Bueno de Mesquita et al. 1992 and Bueno de Mesquita & Siverson 1995 for a similar view that is consistent with the dyadic democratic peace). They argue that experienced leaders are less likely to face foreign threats. As a matter of empirical fact, we know that democrats, on average, remain in office for a shorter time than autocrats. They note, therefore, that most democrats are less experienced than autocrats, and they argue that democrats, being inexperienced, are more likely to be engaged in disputes and crises. Their intriguing statistical evidence would benefit from the development of an explicit model to identify the precise assumptions that yield their experiential argument. Such a model would, inevitably, lead also to other propositions that might be tested to evaluate the strength of their account compared to alternatives.

Ferejohn & Rosenbluth (2008) also offer an account that might raise questions about the robustness of explanations for the democratic peace. They emphasize that democracies may be warprone provided they have enough capacity to mobilize—such as morale and popular support—so that they are sufficiently advantaged militarily relative to their more poorly mobilized rivals. Recalling Miller & Gibler's (2011) account, we can see conditions that might make democrats more belligerent than autocrats, but then, the dyadic democratic peace does not preclude this. Given the right asymmetry in capacity (Ferejohn & Rosenbluth 2008) or the right intensity of salience on the issues in dispute (Miller & Gibler 2011), democracies can be so advantaged in fighting ability, trying harder than their foes (Bueno de Mesquita et al. 2003, 2004), that they are less peaceful than other types of regimes.

In a 2004 paper, Bueno de Mesquita et al. show both that democracies pick easier fights than autocracies and that, should they not win quickly, they increase their military capacity in extended conflicts whereas other states content themselves with sustaining their initial effort. In this model, these two features of democracies' war-fighting behavior account for the fact that democracies win almost all their wars. In fact, democracies have won 93% of the wars they initiated over the past two centuries, whereas autocrats won only about 60% of the time (Lake 1992, Reiter & Stam 2002). Allowing for the small advantage gained by striking first, autocrats basically have even odds of winning when they start a war, whereas for democrats victory is practically certain.

Institutions, in the selectorate model of the democratic peace, drive the willingness to commit more resources to armed struggles. Of course, the willingness of democrats to fight hard has strategic implications for the course of disputes. They are less attractive targets, particularly for another democratic leader. When there is a war, democratic leaders need success more than autocrats do, if they are to maintain their jobs. This makes war between democratic states unlikely, producing the so-called democratic peace. However, it is important to note that it does not preclude asymmetric violence between democracies of dissimilar power; nor does it preclude conflict between democracies and states whose leaders do not need as much confidence of victory in order to fight.

When two democrats are at loggerheads, war is unlikely. Each democratic leader has similar, institutionally induced incentives (Mintz & Nehemia 1993), including an incentive to try hard if war ensues. Each must provide policy success in order to be retained by his or her constituents. Each must be particularly confident of winning the war before choosing to fight rather than settle. The likelihood is practically naught that leaders of two rival democracies both believe that their prospects of victory are nearly certain at the same time in the same dispute (Fey & Ramsay 2007; but see Slantchev & Tarar 2011). When democrats are not confident of victory, they opt for negotiations over fighting. This way, they cut their losses and reduce the risk of deposition. Autocrats do not face the same constraints except when at the outset an autocrat thinks that defeat means being deposed by the victor, a circumstance that is especially unusual when the adversary does not represent a democratic government.

Whether joint peace is determined by political institutions, domestic economic policies, relative issue salience, or experience, the centrality of what goes on within the state is inescapable. Historical, case study, and statistical analyses support the implications of the democratic peace and perhaps the capitalist or liberal peace as well (Oneal & Russett 1999, Russett & Berbaum 2003, Mansfield & Snyder 2002, Tan 2011).

The democratic peace literature compels us to understand international affairs by examining domestic political institutions. It is also, as we have noted, an area of study in which there is little disagreement about the central empirical regularity, namely that democracies tend not to fight wars with each other. From the selectorate and audience-costs perspectives, democratic leaders cannot afford to pursue overly risky foreign policies because they are judged by their voters primarily by their success in providing public benefits, including foreign policy benefits (Lake 1992; Fearon 1994; Bueno de Mesquita et al. 1999, 2003; Lake & Baum 2001; Smith 2008; Ashworth & Ramsay 2011). Defeat in war is always costly for society (Fearon 1995) and for democratic leaders (Werner 1996; Schultz 2001a,b; Chiozza & Goemans 2004; Ashworth & Ramsay 2011). Given the political costs of defeat, democrats are prepared to become involved in wars only when they believe at the outset that their chance of victory is high or when all efforts at negotiation fail (Powell 1996, 1999; Bueno de Mesquita et al. 2003, 2004). The numerous models that focus on leaders and the domestic political circumstances under which they serve have expanded the set of questions international relations assesses, and this can only be a good thing. It means theories must survive more tests, and the increased dimensionality allows better discrimination between competing theories.

DIVERSIONARY WAR

For many decades, there has been speculation that foreign adventures are sometimes used to divert attention from failed domestic policies. Some studies indirectly bolstered this view by modeling or analyzing differences in war timing within democracies in relation to their electoral cycles. Gaubatz (1991), Fordham (1998), and Smith (2004), for example, show that war timing by democratic leaders is strongly influenced by where they are in their election cycle, their reelection prospects, and the electoral rules under which they operate. Conconi et al. (2010) argue further that democratic term limits lift some of the constraints on war fighting that otherwise characterize reelection-motivated choices in democracies. In essence, a term-limited leader is no longer subject to pressure from his constituents to follow their policy interests and so is freer to take risky action if he wants to. These studies provide a new perspective on the links between foreign policy adventures and rally-round-the-flag effects (Mueller 1973, Brody 1992) that may, under the right conditions, bolster reelection prospects. Further studies draw out more direct ties between domestic economic or political conditions and the motivation to use a diversionary conflict tactic.

Early in the systematic study of diversionary war arguments, Morrow (1991) explored why empirical work found mixed results for the diversionary war hypothesis. He noted that one could not adequately understand diversionary incentives without also considering the domestic political gains a leader might get from negotiating a resolution to difficult international issues. He focused on arms control negotiations between the United States and the Soviet Union. Morrow demonstrated that when the U.S. economy faced high inflation or high unemployment, the president was prepared to grant greater concessions to the powerful Soviet Union in arms control talks to offset his domestic economic shortcomings and to improve the odds of a negotiated resolution of important, contentious foreign policy issues. The Soviets, as we should expect, recognized the domestic political pressure the president faced and so demanded more. Fordham (2005), looking at a related argument, showed that the United States' likely targets of diversionary force behaved more cooperatively when the U.S. economy was not doing well. In that analysis, likely targets

were relatively weak and expected to fare poorly in a dispute with the powerful United States and so settled, giving the U.S. president a success while averting potentially heavy costs.

Hess & Orphanides (1995) and Smith (1996) argue that domestic policy failings signal leader incompetence and that leaders can use success in foreign disputes and even wars to signal their competence and thereby stay in office; thus, the need to signal competence to voters creates an incentive for diversionary threats and even war. Tarar (2006), building on earlier work, offers a more nuanced model that helps explain the concessionary patterns observed by Morrow and Fordham, as well as the findings reported by Hess & Orphanides (1995, 2001). Tarar's model focuses on the conditions under which the foreign diversionary threat is seen as a meaningful signal of leader competence. The rival must be sufficiently strong that the conflict actually tests competence, and the leader must place a sufficiently high value on retaining office. Tarar's model helps make sense of the competing findings in the literature, some of which show evidence for diversionary war as a means to salvage a leader's domestic situation whereas others show the opposite. Tarar's model explains why strained domestic circumstances can lead to greater policy concessions by the economically stressed leader, can sometimes result in appeasement by weak prospective targets, and can result in war with strong targets depending on how much the party making the threat values holding onto office.

NATION BUILDING, FOREIGN AID, AND DOMESTIC INTERESTS

Mansfield & Snyder (2002) draw attention to how domestic political changes, especially transitions toward democracy, alter the probability of conflict. They argue that transitions heighten the risk of conflict as leaders use nationalism and diversionary tactics to improve their prospects of political survival. This effect may, however, be short-lived, with successful transitions then leading to a diminution in conflict even between long-standing rivals (Tan 2011). Gleditsch & Ward (2006) offer a different perspective on regime transitions. They maintain that democratization is contagious and that there are strong neighborhood effects, so that if a region has many democracies, it is more likely that other states in that region will also democratize, a theme also implied by Axelrod (1984). That is, the regional and international context in which a government is located influences the likelihood that the regime will democratize or that autocracy will fail to endure.

In all of these accounts, democratic leaders are not more civic minded than autocrats; their actions are not shaped by superior social norms or values (Maoz & Russett 1993); and they are not inherently better at fighting wars than other types of political leaders (Morgan & Campbell 1991). They are just as power-hungry as any other leader, albeit more constrained by accountability (Bueno de Mesquita & Smith 2011). In this view, we see an explanation not only of the apparently jointly pacific behavior of democracies, but also of such less attractive characteristics as the willingness of a democracy to engage in colonial wars and even to force a much weaker democracy to capitulate to its demands rather than pay the price of fighting back.[3] Likewise, autocrats are not assumed to have different motivations than democrats; they just face different institutional constraints and incentives (Mintz & Nehemia 1993). These observations raise questions about nation-building foreign policies as implemented by democracies. Although much rhetoric suggests that democrats favor spreading democracy and, in fact, almost every presidential inaugural address at least for the past century has emphasized this notion, some models of nation building and some empirical evidence call this intuition into question (e.g., Easterly 2002, Drezner 2004, Bueno de Mesquita & Downs 2005, Easterly et al. 2008).

[3]Consider, for instance, the preparedness of the United States to intervene in the Dominican Republic in 1965 to overthrow its democratically elected leader, Juan Bosch, and the inability of the Dominican military to credibly resist.

Nation-building efforts are supported by such policies as military intervention, economic sanctioning, trade in goods and services, and foreign assistance. "Linkage politics" offers an account of nation building whose conclusions do not appear very different from those of realists. Neither view is sanguine about nation building as an exercise oriented toward developing new democracies except under special circumstances. The strategic reasoning, however, is radically different. Enterline & Greig (2005) evaluate all externally imposed cases of democratization between 1909 and 1994, looking at the nature of the imposing regime as well as of the target government. They find that even where democratic regimes are relatively effectively imposed through external intervention (bright beacons, in their terms, with a high Polity score), the region rarely is democratized, although it tends to be more pacific and prosperous than regions that experience the imposition of democracy that is only partial or transitional rather than being well entrenched. A follow-up study (Enterline & Grieg 2008) that looks at the degree of political instability within states following military intervention is even bleaker, although the instability might have occurred even in the absence of intervention. Peic & Reiter (2010) reach similar conclusions, as do several other studies with related arguments (Werner 1996, Owen 2002, Morrow et al. 2006). What the exact causal mechanisms behind these results may be, however, remains far from clear. Perhaps future research will work through the difficult endogeneity and selection issues that make drawing causal inferences extremely difficult.

Consider the incentives democratic political leaders have to promote democracy in other countries following a successful military intervention. Democratic political leaders may determine whether to intervene in the affairs of another state based on beliefs about the impact of the other state's policies on the democrat's constituents and the prospects of a successful intervention. The critical feature of the other state's policies is whether they are perceived to be good or bad by the intervener's core constituents. In cases where the policies are viewed as unacceptable, the intervener-incumbent is pulled by the reelection motive toward changing the other state's leadership and possibly its governing institutions to select policies more in alignment with what his or her voters favor (Werner 1996, Bueno de Mesquita & Downs 2006, Lutmar 2009).

The problem with erecting a true democracy through external intervention—that is, a democracy that includes free speech, free press, free assembly, the right to protest or strike, organized and stable political parties, and constraints on the executive's ability to manipulate electoral competition—arises if the policies desired by the citizens of the defeated state are incompatible with the policies desired by the core constituents of the democratic intervener, whether it is the United States or some other democracy (Bueno de Mesquita & Downs 2006, Lutmar 2009). An autocratic puppet government is more likely to deliver the policies desired by the intervener's constituents because its leaders generally are not judged by a broad set of constituents in its own domestic environment. As long as the newly installed government requires support from only a few key individuals (and its policies do not precipitate a credible revolutionary movement), the leadership can credibly promise to follow the policies desired by the intervener in exchange for the resources needed to keep cronies loyal (we call these resources foreign aid). If a fully democratic government were installed, its leaders could not as easily and cheaply make such a commitment to uphold policies the intervener's voters like, because those leaders would need to satisfy the policy wishes of their own domestic constituents to stay in office. Thus, linkage politics leads to discouraging expectations about nation-building efforts by democratic interveners.

Autocrats differ from democrats in their motivation for foreign intervention. Whereas democrats seem to intervene to gain policy advantages, autocrats seem to intervene primarily to locate new sources of revenues with which to generate private benefits for their supporters (Morrow et al. 2006). Because they are disproportionately driven by a quest for treasure and tribute rather than policy gains, autocrats are somewhat less likely to depose defeated foreign

governments than are democratic victors. Autocrats prefer to avoid the expense of maintaining the postintervention peace. They are more inclined to just take the valuables they were after and go home. Democrats are more likely to endure the costs of sustaining the postintervention peace because for them success depends on sustained improvement in the policies followed by the vanquished state. Fending off threats to the political survival of an imposed puppet government is costly, but failing to achieve policy gains can be even costlier for the victorious democratic intervener (Bueno de Mesquita et al. 2003, Lutmar 2009). Of course, that is not to say that democrats never pursue resource benefits through intervention nor that autocrats never pursue policy compliance, but rather that the balance of motivations in military interventions tilts toward policy compliance sought by democrats and resources sought by autocrats.

Foreign aid follows much the same logic as military intervention. Four sets of people are affected by aid: donor leaders, donor constituents, recipient leaders, and recipient constituents. Donor countries are typically well-to-do democracies, and their recipients typically are relatively poor countries led by an autocrat. The donor leader's foreign aid can enhance her or his political survival prospects by gaining foreign policy concessions from the recipient leader, provided the concessions are worth more to donor constituents than spending the same amount of money on domestic programs. Naturally that proviso imposes a severe limit on the opportunity to gain political advantage through aid, and so the equilibrium amount of aid given is quite modest (Bueno de Mesquita & Smith 2007, 2009). By looking at the domestic political economy of aid, we can see that calls for more aid, however attractive they might be, ignore the equilibrium incentives to provide little aid.

Dictators are especially attractive as recipients of aid for the same reasons that interveners like to impose autocratic puppet regimes. Autocrats, being dependent on few backers, can sell out their citizenry's policy preferences for money with which they purchase supporter loyalty. That means that aid, though unlikely to improve economic, educational, health, or social conditions, does improve autocratic survival and probably hinders the spread of basic freedoms (Alesina & Dollar 2000, Burnside & Dollar 2000, Easterly 2002, Bueno de Mesquita & Smith 2011).

Burnside & Dollar (2000) report that although aid allocations are not strongly influenced by the quality of development policies, good development policies in conjunction with aid lead to better economic performance. Their results, however, are challenged by Easterly et al. (2004). Alesina & Dollar (2000) contrast the flow of aid with that of foreign direct investment (FDI). They find a large difference in the conditions under which a country attracts FDI versus foreign aid. Countries with effective economic policies—and these tend also to be economically more open and politically more democratic—tend to attract significant FDI. Foreign aid, in contrast, is allocated largely without regard to economic policy and very much in accord with the political and strategic considerations of the donor. More recently, Bueno de Mesquita & Smith (2010) examine election to the United Nations Security Council (UNSC). They report a sharp increase in the probability that a country will begin to receive U.S. foreign aid upon election to the UNSC. Autocracies not previously receiving U.S. aid are almost certain to get such aid and to provide a significant increase in pro-U.S. policies during their term on the Security Council. When countries are elected to the UNSC and then receive U.S. aid, they also experience a significant decrease in freedom of the press, in their Polity democracy score, and even in their rate of economic growth during their time on the Council.

Similarly, Dreher et al. (2008) find that the United States uses aid to buy votes in the UN General Assembly, and Kuziemko & Werker (2006) show that members of the UNSC receive 56% more aid than those not on the Council. They also show that UNSC membership leads to increases in some forms of UN aid, particularly programs over which the United States has influence. Barro & Lee (2005), Thacker (1999), and others develop the connection between U.S.

interests and benefits from International Monetary Fund (IMF) programs (although Gould 2003 argues against it). Dreher & Sturm (2005) also show a connection between UN General Assembly voting patterns and access to World Bank and IMF programs. Further, Dreher & Jensen (2009) show that the conditionality of these programs is tied to a nation's relations with the United States. Dreher et al. (2006) show specifically that UNSC members receive more IMF program benefits. The United States also influences World Bank lending (Andersen et al. 2006, Dreher & Sturm 2006). In addition to summarizing many of the anecdotal accounts, Dreher et al. (2009) provide systematic evidence that UNSC members receive more World Bank projects. The idea that foreign aid is expected to be about economic growth rather than about policy compliance is difficult to support in light of the modeling and empirical evidence, although Sachs (2005) has certainly made that case forcefully.

Theory and evidence suggest that donor constituents, donor leaders, and recipient leaders (and their cronies) all benefit from aid. Recipient constituents, however, typically do not, just as they typically do not benefit from military intervention by a foreign power. Even worse, the more autocratic a regime and the more salient the policy concessions it can sell, the more likely it is to get aid. Need is not a significant determinant of aid receipts (Hook & Zhang 1998, Schraeder et al. 1998, Bueno de Mesquita & Smith 2009). In fact, among those receiving aid, richer autocracies—for which the marginal dollar is worth less and so they must receive more to sell out their citizens—get more, and poorer autocracies get less.

Aid is a cheap way to buy policy compliance. Military intervention is the costly way. In between is the threat of economic sanctions, to which we now turn our attention.

ECONOMIC SANCTIONS: THREATS, REALITY, SUCCESS, AND FAILURE

The traditional question addressed by the sanctions literature is whether they work, meaning how often they result in the extraction of policy concessions from the target. Hufbauer et al. (1990) have provided the classic compilation of sanctions episodes. They maintain that sanctions work in ~34% of cases. However, Pape (1997) argues that target nations made concessions in only 4 of 115 cases reported on by Hufbauer et al. He explains the disparity as coding errors, arguing that in some cases concessions were never made and that in others concessions were obtained by military force, thus obviating the effectiveness of sanctions.

Although it is perhaps the central policy question, the empirical emphasis placed on the success of sanctions is misguided (Smith 1995). One problem, as the debate between Pape and Hufbauer et al. indicates, is that defining success is subjective and controversial. But, even putting measurement issues aside, the exclusive focus on the question of success is counterproductive because selection effects due to strategic considerations about the initiation of sanctions bias any empirical assessment of success.

That strategic interactions lead to a skewed set of observed events is a common problem for statistical inference in much of international relations. The strategic selection of sanctions is no exception (Smith 1996, Nooruddin 2002, Drezner 2003). If sanctions are sufficiently harsh, then their mere threat should be enough to induce target compliance. Such sanctions may "succeed" but cannot be counted because they were never implemented. When, however, sanctions are too weak to obtain concessions from the target, senders only want to sanction if they benefit from doing so even without the prospect of success. A common reason for imposing sanctions is to send a signal or to be seen to be doing something (Kaempfer & Lowenberg 1988, Eland 1995). These strategic motives mean that of the cases of sanctions we actually observe, few are likely to work. In the cases where sanctions were most likely to work, the target complied before the

sanction was applied. Perhaps perversely, sanctions are successful when not used. Thus, Pape's report, for instance, of only 4 out of 115 instances of sanctions succeeding is what we should expect if leaders choose to comply or to tolerate sanctions as a function of their expected costs and benefits. Indeed, attentive to selection difficulties, Morgan et al. (2009) undertook a major data collection project to assess all the opportunities for sanctions. In a similar approach, but focused on U.S. policy disputes, Drezner (2003) examined compliance with U.S. wishes on a variety of policy dimensions and found greater compliance when sanctions were threatened than when they were actually applied.

One way that sanctions might work is by destabilizing leaders. Marinov (2005) reports that the risk of deposition for autocrats increases when sanctions are applied. Licht (2011), however, questions this result. She finds sanctions actually help targeted leaders retain office. This is consistent with arguments by Kaempfer & Lowenberg (2000) that, although sanctions harm the economy generally, they can provide substantial rents for leaders to finance repression. Wood (2008) argues that dictators preempt any destabilizing effect of sanctions by increasing repression. On similar lines, Allen (2008) finds that although sanctions increase antigovernment demonstrations in target states, autocracies offset this effect with repression, so the net effect is that sanctions only increase protest in democracies. Kaempfer et al. (2004) argue the relationship is more complex and depends on internal structures and the type of autocracy. Escriba-Folch & Wright (2010) offer tests along similar, contingent lines. Their results suggest that the effects of sanctions on autocratic tenure vary according to regime type. They find, following Geddes's (2003) tripartite division of autocratic regimes, that personalist leaders are more likely to be destabilized than military or single-party regimes.

Overall, the relationship between sanctions and leader survival is cloudy. However, given strategic incentives, this is unsurprising. Those leaders most likely to be adversely affected by sanctions are the ones most likely to avoid them. By the same logic, sanctions are most likely to be applied against leaders who are relatively unaffected by them or who might actually benefit from them. In the setting of the audience-costs literature, Schultz (2001b) articulates the problems of making inferences in the presence of such selection effects. Leaders who face high costs from a certain course of action avoid that action, but this makes the average costs faced by leaders extremely difficult to gauge by looking only at those who pay them.

Given the selection difficulties that plague assessments of sanctions' success and their effect on leader survival, McGillivray & Stam (2004) focus on the dynamic between leader turnover and the termination of sanctions. They ask whether a change in leadership in either the target or the sender nation increases the likelihood that sanctions end. They find that leader change in an autocratic state tends to end sanctions. However, in democracies the effect is muted and leader turnover in either sender or target nation does little to end sanctions. By focusing on the interplay between leader change and interactions between states, the authors open the door to a series of previously unexplored relations.

McGillivray and coauthors (McGillivray & Smith 2000, McGillivray & Stam 2004) provide a theoretical account of the relationship between leader turnover and the termination of sanctions. They generate novel hypotheses relating domestic political leader changes to the dynamics of cooperative and conflictual interactions between states. Testing these arguments in the context of trade interactions, sovereign debt borrowing, and sanctions termination, McGillivray et al. find that relations between nations change with autocratic leader turnover, but these relations remain largely unchanged when democrats leave office.

A major component of McGillivray's idea is the concept that foreign policies target individual leaders for violations of international norms and agreements, rather than targeting the nations they represent. There is ample anecdotal evidence that leader-specific punishments are becoming

increasingly common in U.S. policy. For instance, within days of Serbian leader Slobodan Milošević's replacement, the West reinstituted lending and investment to Serbia. Similarly, sanctions against Iraq ceased with Saddam Hussein's deposition. Every recent U.S. president has uttered the phrase "we are friends of the people of —," shortly before enacting sanctions, bombing, or invading. Indeed, U.S. policy is becoming increasingly explicit in identifying individuals rather than nations as the objects of its sanctioning policy. In the policy context, there has been a shift in focus toward "smart sanctions" that are designed to harm leaders and their cronies rather than the economy and the people more generally. This has certainly been the intention of U.S. sanctions aimed specifically at Iran's leaders in recent years. Still, there is lively debate over the extent to which this precise targeting can be done (Tostenson & Bull 2002).

At first glance, the emphasis on targeting individual leaders might appear little more than a rhetorical device, but it turns out to alter incentives profoundly. Here we follow McGillivray & Smith's (2000) adaptation of the classic liberal approach to international cooperation and show the effects of leader-specific punishments. The liberal paradigm often represents the strategic environment as a repeated prisoners' dilemma with international cooperation supported by reciprocal punishments (Axelrod 1984, Axelrod & Keohane 1986). Nations threaten to withdraw future cooperation or to sanction in response to malfeasance by another nation. The threat of the long-term loss of cooperation deters nations from seeking short-term gains. The intuition in the liberal paradigm is that cooperation can be maintained by conditioning current play on past behavior. The simplest such strategy, generally referred to as the Grim Trigger, is to cooperate unless the other side ever cheats ("defects" in prisoners' dilemma terms). Once any cheating has occurred, nations defect in all future rounds. Although in the short term nations improve their payoff by defection, they end the prospects for long-run cooperation. Hence, the key conclusion that nations can maintain cooperation via the threat of reciprocal punishment results from ensuring the payoff from ongoing cooperation is greater than the cumulative payoff from ever defecting.

Instead of aiming punishments for defection against nations, McGillivray & Smith (2000) argue for targeting the specific leader responsible for the undesired policy choice. Then, although sanctions are imposed against a leader who has, in prisoners' dilemma terms, cheated, the sanctioner will reinitiate cooperation with the deposed leader's successor, who, after all, was not the one who cheated. Although the whole nation might suffer as a result of punishment, the targeting of leaders shifts incentives and induces different patterns of behavior depending on political institutions. In democracies or other institutional settings where leaders are easily replaced, the citizens replace leaders who cheat in order to restore cooperation. Easily replaced leaders avoid cheating because they know it will cost them their job. And this in turn allows deeper and richer cooperation between pairs of democratic nations than between other pairings of states (Leeds 1999, Russett & Oneal 2001).

Of course the world is not as clear cut as a simple model, and what constitutes a violation can be ambiguous. Maintaining the basic incentives of the prisoners' dilemma, McGillivray & Smith (2008) offer several models that incorporate noise and random payoffs. Rosendorff (2005; see also Bagwell & Straiger 2005; McGillivray & Smith 2005, 2006; Fischer & Osorio 2006) shows how the World Trade Organization dispute mechanism is designed to simultaneously avoid the escalation of errors into disputes and provide a release valve for domestically pressured politicians. Hollyer & Rosendorff (2012) argue international organizations provide alarm bells to warn domestic audiences when leaders have violated their obligations.

The theory of leader-specific punishments predicts how domestic institutions affect the likelihood of acrimonious relations developing between states and how changing leaders restarts cooperative relations. By using selectorate theory as a metric for the ease of leader removal,

McGillivray & Smith (2008) also outline how leader change affects relations between states with harmonious relations. The small coalition of cronies on whom an autocratic leader relies often comes from an enormous pool of potential supporters. As a consequence, one autocrat can represent very different interests from another, so policy can shift greatly when leaders change. In the context of major UN General Assembly votes, Dreher & Jensen (2009) find evidence of nations realigning after leader change.

Leader change in a small coalition signals the possibility of large shifts in policy, and this can undermine trust and cooperation. Examining trade and sovereign debt, McGillivray & Smith (2008) find reductions in trade flows and declines in the value of sovereign debt bonds associated with autocratic leader turnover. Risk-averse economic actors are deterred by the risk of policy volatility and by the high risk of default by leaders who are unlikely to be punished domestically for incurring the ire of the international community. In contrast, leader change in democracies leaves trade and the value of debt unaffected. Leaders in such systems need widespread support and so, even when leaders change, broad centrist interests continue to be represented.

As our discussion of leader-specific punishments indicates, policies often are initiated by or against individual leaders. The institutional context in which leaders serve and the interests they represent affect the likelihood that they will embroil their nation in a sanctions episode. The evidence suggests that individual leaders and domestic institutional arrangements matter in advancing our understanding of economic interactions between states.

CONCLUSIONS

Domestic politics matters for foreign policy formation and for its system-wide impact on international relations. A rich array of carefully derived and rigorously tested theories provides us with insight into its influence. By adding personal leader incentives and institutional context into the set of issues addressed by international relations researchers, the revived focus on domestic politics has opened fertile ground for new investigations. These investigations not only provide new answers to old questions but also reveal new areas of inquiry. Many of the new hypotheses derived from a domestic focus have been borne out by systematic tests. The empirical evidence strongly suggests that by attending to the interests of leaders and the domestic conditions under which they serve, researchers have improved predictive and explanatory power, addressing additional dimensions not previously investigated. This implies that further delving into the nexus between domestic politics and international affairs will prove fruitful. We conclude that international relations are not "high politics" separated from domestic politics, as some have suggested. Self-interested leaders make foreign policy choices. Political institutions systematically shape those choices and their impact on the international environment.

DISCLOSURE STATEMENT

The authors are not aware of any affiliations, memberships, funding, or financial holdings that might be perceived as affecting the objectivity of this review.

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