James Fearon, "Domestic Political Audiences and the Escalation of International Disputes," *APSR* (September 1994)

Please note: I tried, as much as possible, to match my point headings below to the sub-headings Fearon uses in his article. However, because of the nature of making an outline, there is some degree of deviation.

I. OVERVIEW

In this paper, Fearon examines the role of "audience costs" in crisis bargaining. Audience costs are the costs generated by leaders who raise domestic expectations for crisis payoffs by publicly binding themselves to pursue certain strategies/outcomes. Leaders bind themselves by pursuing public escalation which raises domestic expectations and thus serves as a costly signal for them. Fearon makes the argument that leaders who are better able to generate these costs have a bargaining advantage over their interlocutors. This is the case because, once they have *credibly* and publicly committed themselves to a given course of action, they can use the implicit threat of domestic sanctions for backing down to wrest concessions from their opponents who, it is assumed, will have more room with which to find a bargaining solution. Fearon attempts to demonstrate that democracies, by allowing for more opportunities to sanction their leaders (e.g. regularly scheduled elections), will be better able to generate costs which signal their intentions and are thus in a privileged position when bargaining against autarkic opponents who are less able to credibly commit themselves to their preferred outcomes. This thesis supports the democratic peace theory in a rather counter-intuitive way. While most of that literature claims that democracies are less likely to fight each other because they are *less* war-prone, Fearon maintains that, because democracies do not fight because they are *more* war-prone—once they have publicly signaled. Democracies are thus better able to credibly demonstrate and hold to their prefrences then are non-democracies.

II. ATTRITION AND BARGING MODELS

A. THE THEORETICLE PUZZLE   (p. 578-9)

Fearon criticizes traditional "attrition" bargaining models as being too simple—only allowing players two moves: "escalate" or "quit." Fearon adds an "attack" option that gives the game a unique and finite horizon or "lock-in point." The existence of a horizon, past which one or both of the states would opt to fight rather than to continue the attrition game, has a significant impact on bargaining behavior. Although this finite game does explain how wars can happen—by either one or both sides being pushed beyond their war horizons—it cannot explain why wars happen. Echoing his "Realist Explanations for War Article," Fearon argues that because war is costly and unpredictable, rational players will not chose to go war, preferring bargained outcomes to fighting instead. Outcomes should be a function of observable interests and capabilities. However despite the rational appeal of these hypotheses, (1) wars are empirical facts and (2) power asymmetries often do not dictate crisis outcomes—barged or otherwise. Fearon seeks to ask why this is the case as well as what this means for traditional bargaining models by revising commonly held notions of crisis behavior.

B. PRIVATE INFORMATION AND PUBLIC AUDIENCE COSTS   (p. 579-81)

In crisis barging, argues Fearon, players have significant incentives to misrepresent their reservation points—the point beyond which they will not bargain—in order to gain bargaining advantages. Because both sides will discount the costless bluster of their opponent, players need to have a more reliable way of signaling intentions. By undertaking publicly costly actions such as troop mobilizations, players seek to bind themselves to certain courses of action. Although there are several reasons why such escalations would be "costly," for example time constraints or actual monetary cost, Fearon believes that it is their public nature and their ability to raise domestic expectations that make them costly—and thus credible—signals. Put another way, by "engaging the national honor" leader's commit themselves to follow through on their threats/promises. Fearon assumes that while reservation points are privately held information, audience costs are, by definition, in the public domain and thus the costs accrued to each opponent is (reasonably well) known to their opponent(s).

C. THE EFFECTS OF DIFFERENTIAL AUDIENCE COSTS   (p. 581)

Clearly, the side best able to generate audience costs by such provocative actions will be better able to credibly bind itself to a given barging position. The common knowledge of asymmetric horizon points (even if the actual points are, themselves, only privately known) for the players gives one an advantage in the attrition game—the one that will have reached the point where they will opt to attack rather than back down first. This asymmetry yields the side with the lower horizon a bargaining advantage because the other player, having not yet reached its horizon will have an

incentive at this point to back down rather then attacking or escalating further (which will likely result in an attack). The leadership can, in effect, argue that the marginal domestic costs of backing down outweigh the marginal costs of having to fight a war—they are thus locked into a minimal barging range. Although both international and domestic costs do enter into leader's calculus, Fearon argues that leaders privilege domestic costs because they have more immediate effects on the leader's well being. Unless the other side can show that they are equally determined to maintain their position and are also locked-in (which would lead to dead-lock and war/mutual defection), they will value backing down to fighting and will thus be forced to accede their position.

III. AUDIENCE COSTS AND THE DEMOCRATIC PEACE

The preceding model yields two interesting empirically verifiable predictions for the democratic peace theory(s). First, because non-democracies have lower audience costs, the costs to them of "probing" an opponent and then backing down are relatively low. It, however the other side has a low lock-in point, their response might push them past their war horizon and lead to a war neither side wanted. Second, if democracies are more able to credibly signal their preferences and if escalation is costly for them, war may be less likely between democratic dyads with symmetric audience costs then between mixed dyads with asymmetric audience costs. These two points will be elucidated below but they will be preceded by a brief explanation of why democracies, according to Fearon, are in fact able to generate higher audience costs.

A. WHY DEMOCRACIES GENERATE HIGHER AUDIENCE COSTS (p. 581-2, 585)

Fearon argues that leaders of democracies have a "wage contract" with their constituents—functionally executing foreign policy on their behalves. In these relationships the "principals" (voters) have the ability to sanction the "agents" (leaders) by exercising their voting rights. Because the system of voting is predictable and transparent, democratic leaders will, with a high degree of certainty, argues Fearon, be accountable for their foreign polices. Because of the power of the domestic sanction, democratic leaders can credible bind their hands with public opinion in crisis bargaining situations once they have generated sufficient audience costs through various public displays and/or pronouncements. On the other hand, autocrats (relative to democratic leaders), "conduct foreign policies themselves." Fearon argues that their inability to commit to self-sanctions undermines autocrat's ability to generate audience costs and thus bind themselves to a given policy.

B. WHY MIXED-REGIME DYADS FIGHT WARS (p.585-6)

Because they face fewer costs for limited escalations, autocrats are more likely to initiate crises by making limited "probes" looking for a weakness in the democracy's resolve. However, knowing this, democracies have incentives to pursue more highly escalatory policies when faced with autarkies. Since democracies more quickly generate audience costs in fewer escalatory steps, the autocracies can quickly and unintentionally push them past their (privately held) lock-in points. Although Fearon is ambivalent as to whether this will lead to war or a unilateral back down by the autarky, he maintains that the likelihood of war is "positive for a broad range of plausible parameter variables" (p. 586).

C. WHY DEMOCRATIC DYADS DON'T (p. 585-6)

Because democracies face (relatively) symmetrical domestic audience costs/constraints, Fearon proposes that they (1) face fewer incentives to escalate rapidly when faced with another democracy and (2) are, due to the costs entailed less able to initiate limited "probes" and other provocative but low cost actions that might drive crises. Thus regime type in democratic dyads can constrain wars (proof for dyadic peace), while democracies in mixed dyads are no less likely to fight than are non-democracies (proof against monadic democratic peace).