

Lake, David (1992) 'Powerful pacifists: Democratic states and war' *American Political Science Review* 86: 1, 24-37.

Lake uses a microeconomic theory of the state to explain why democracies are less likely to fight each other and why they tend to win against non-democracies.

Microeconomic theory of rent seeking

In this model the state is seen as a profit-maximising firm that trades services (protection against external threats) for revenue. The state has two functional attributes: (i) it forms a natural but local monopoly on protection business; (ii) as protection from threats forms a local public good, the state supplies the service only if it has coercive authority over society. Demand for protection is primarily a function of the level of external threat; thus, as a monopoly, the state can to an extent control how much of the good is produced. Unlike other monopolies, the state can artificially increase demand for the product by exaggerating the level of foreign threats to the society. This means the level of protection will always be less than what would be produced under conditions of 'pure competition'.

Consumers seek to buy protection for the lowest price possible, while states want to sell it for a high price. Individual citizens' ability to regulate the state's rent-seeking behaviour determines the price paid. While in democracies the relatively low cost of political participation means the state's rent seeking ability is restrained, the converse applies in autocracies.

Through rent-seeking behaviour, expansionary/imperial bias can arise because:

- (i) expansion (through taking over low-rent competitors) may increase the state's rent-seeking ability by reducing the benefits of exit.
- (ii) the state may expand to provoke others into threatening its own society, thus raising demand for protection and being able to earn more rents.
- (iii) the larger the state's rent-seeking ability, the more revenue it earns and the larger its optimal size. However, more territory/revenue also increases costs.

Propensity for war

Based on this model, it is argued that autocratic states, earning rents at the expense of their societies, have an imperialist bias and tend to be war-prone. Democracies pose two threats to autocracies' rent-seeking ability: they are 'low-rent havens'; their more open environments reduce societies' costs of monitoring autocratic states' behaviour.

Democracies are no more or less war prone than other states. Compared with autocracies, there should emerge little difference in their rate of war participation because: (a) of societies' greater constraint of democratic states' rent-earning ability (Kant would attribute this to the existence of republican institutions); (b) these states wage wars of expansion on more restricted grounds; and (c) they have greater incentives to intervene in autocracies' domestic affairs. However, democracies should be relatively peaceful among themselves.

Propensity for victory

Governmental form is the crucial determinant of victory. Democracies tend to devote more resources to security, to attract greater societal support for their policies and they tend to form counter-coalitions against autocracies. Such democratic counter-coalitions should therefore be more likely to win wars (of 26 wars between 1816 and 1988, democracies won 21 (81%) and lost 5 (19%).