

David Lake, "Powerful Pacifists: Democratic States and War"
Wk. 3 Reading Notes (from Odette Lienau)

IV: institutions – democracy (vs. autocracy)

DV: war/peace (democracies don't fight each other) and victory (democracies win)

Mechanism: Rent-seeking state (vs. Kant and moral imperatives/international law). The state will seek rents to the extent allowed by domestic institutions (ie. it reaches an equilibrium determined by the costs of voice/exit).

(1) Rent-seeking: "This microeconomic theory of the state conceives of the state as a profit-maximizing firm that trades services [esp. security for Lake] for revenues."

-*Profit*: The difference between revenues acquired by the state and its real costs of producing security/services and collecting revenue.

-*Rents* or (supernormal profits): Returns greater than what is necessary to sustain the factors of production in their present use. The state can artificially increase demand for security provision by extortion or racketeering, and so extract higher rents.

(2) How control rent-seeking? Societal constraints (easy in a democracy) include:

-*Monitoring*: know what the state is doing

-*Exit*: leave the market (easy in economics, hard in politics), only method is to emigrate.

-*Voice*: political representation (control over officials) is the central method of constraint. More political representation means more constraint on state rent-seeking.

(3) What if the state is not controlled (ie. is autocratic)? It will tend to expand:

1-the state fears emigration (exit) "expansion may increase the state's rent-seeking ability by reducing the benefits of exit" –it will especially expand to low-rent democracies

2-a state may expand to provoke others into threatening its own society, thus raising the demand for protection at home and the chance to make greater profits.

3-NB. the larger the state's rent-seeking ability, the higher the revenue earned by the state

Predictions for Expansion: [democracies less expansionist]

1. democracies will be less expansionist than autocracies
2. democracies (low-rent states) will often be the object of expansion by autocracies
3. democracies may engage in expansion under restricted conditions – "only when the initial costs of conquest and ongoing costs of rule are less than the discounted present value of future economic profits" – so he allows for theories of trading peace.

Predictions for Victory: [democracies more likely to win]

1. non-rent-seeking states do not distort market patterns and so will have more absolute resources to devote to security production. This should contribute to and may sometimes be decisive for victory.
2. Democracies should have greater societal support for their policies, and so should enjoy greater extractive capacity for a given level of national wealth
3. Democracies will be more likely to form overwhelming coalitions against autocracies, as they are more likely to be targeted by them for territorial expansion.