

Kenneth A. Schultz, "Domestic Opposition and Signaling in International Crises," American Political Science Review, Vol. 92, No. 4, December 1998.

Quick summary

This article shows how the domestic political competition in a democratic country can help decrease the likelihood of war. Based on game-theoretical approach, the author combines a model of crisis bargaining between two countries with a simple model of two-party electoral choice. Because of the competitive nature of two parties in the polity, the democratic country has less chance to manipulate information, reducing informational asymmetries that have been identified as a key obstacle for negotiation.

There are two approaches competing in explaining why democracies rarely fight each other. One is the argument of democratic norms, the other that of institutional structures. The argument of this article falls into the latter category. The author finds out that asymmetric information is the key factor for the increase in the likelihood of war. Therefore, he wants to show how democratic institutions help reduce this asymmetry and consequentially secure international peace. His main argument is that, in the system that has two political parties competing for reelection, the existence of the opposition party in the eyes of the governing party and the opposition's ability to make a 'confirmatory signal' increase the credibility of the threats made by the government.

There are three broad assumptions about actors and institutions here:

1. Political parties care for reelection
2. The opposition party has access to relevant information.
3. Competition is public and unrestricted. Open political debate means that foreign states can "overhear" the policy statements, which reveal information about the parties' political incentives.

The game contains two states, one of which has been decomposed into two strategic actors—a governing party and an opposition party—competing for office. Although the foreign policy decision of the decomposed state is fully control by the party in power and the opposition party cannot veto the choice of the governing party, it can make a public declaration of its policy position based on a strategic calculation. Their payoffs depend upon how the voters evaluate their performance in the crisis while the other non-decomposed state's payoff depends directly on the outcome of war.

The move begins with the governing party of the country S1 deciding either to maintain the status quo or challenge. Then, the opposition party chooses either to support or oppose the use of force. If the government chooses to accept the status quo, the game ends after the move of the opposition party. If the government challenges, the rival state (S2) decides either to concede the good or to refuse the challenge. In the former case, the game ends peacefully with S1 getting the entire good. If the latter, the government of S1 has to choose either to back down or stand firm. The former means that S2 gets the good and the game has a peaceful ending, otherwise war would occur.

The game wants to show that the opposition party's decision is determined by the country S1's view on the expected value for war in war. If the expected value for war is sufficiently high, the opposition party would definitely join the support for war in order to gain some credit from that. If the expected value for war is low, the opposition party would be reluctant to support because it does not want to get blamed. The author goes on to conclude that if the government issues a challenge and the opposition party also supports it, the rival state should perceive that the threat is serious and genuine. The existence of the opposition party, then, discourages the willingness of the government to bluff because the opposition's dissent casts doubt on whether the challenge is genuine.

In sum, the model suggests that an opposition party can enhance the government's ability to make credible threats in a crisis by creating a second information source that effectively confirms the government's resolve. At the same time, the opposition party can undermine the credibility of some challenges by publicly opposing them. Since this strategy threatens to increase the probability of resistance from the rival state, it forces the government to be more selective about making threats.

Because the rival state is treated as a unitary actor, the model stops short of capturing the interaction between two democratic states. However, we can expect that more information exposed by and to both sides would decrease the chance of war from asymmetric information and confirm the virtue of democratic peace.