

# Valence Politics in International Crises

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Comments Welcome.

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Please note that substantial alterations have been made to the introduction, model and discussion in this paper, but these changes are still in parts. The version of the paper below is an older version of the manuscript that does not reflect these changes. This version is presented here for coherence.

The Democratic desire to shift the focus of 2002 congressional campaigns away from the question of war in Iraq and back to domestic issues was widely noted in the press.<sup>1</sup> This gave Democrats a powerful political incentive to support Republican foreign policy positions, and to differentiate themselves in other areas. One Republican Senate candidate complained of his opponent's position on Iraq, "wherever I'm at, that's where he's at. If I said, Hang them by their feet, he'd say, Hang them by their feet."<sup>2</sup> This suggests that Democrats supported the Republican resolution authorizing the President to use force in Iraq partly *because* of the availability of other campaign issues (corporate scandals, the economy, Social Security) that more favored them.<sup>3</sup> This, in turn, implies that a narrow focus on the foreign policy issue may lead analysts to misunderstand the reasons for the parties' positions. Other aspects of the domestic political context can have important impact on foreign policy decisions.

In this article, I attempt to address these issues systematically. I build on work by

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<sup>1</sup>See for instance, *Wall Street Journal*, 5 September, 2002; *New York Times*, 14 September, 2002; *Newsweek*, 2 October, 2002.

<sup>2</sup>Lindsay O. Graham, Republican Senate candidate in South Carolina, quoted in *The New York Times*, 21 September, 2002.

<sup>3</sup>See also Kaufmann 2004, pp.43-44.

Kenneth Schultz<sup>4</sup> that combines the strategic setting of international deterrence with domestic parties in electoral competition. I argue that not only does domestic politics affect foreign policy and through that international outcomes, conceptual frameworks developed to study domestic politics also provide insight into international processes.<sup>5</sup>

In his important book, *Democracy and Coercive Diplomacy*, Schultz claims that because of their incentives to be on “the right side of history” domestic oppositions never support the bluffs of their governments.<sup>6</sup> This behavior provides foreign states with information about the credibility of democratic governments’ deterrent threats: when oppositions support governments’ threats, foreign states conclude threats are more likely to be credible than they would have believed in the absence of these signals; when oppositions decline to support governments, foreign states conclude threats are less likely to be credible. I argue that while this simple logic will sometimes hold, as the political incentives of congressional Democrats to support a resolution against Iraq demonstrate, the decisions of oppositions are more complex. Specifically, the

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<sup>4</sup>Schultz 1998 and 2001.

<sup>5</sup>This approach contrasts with that taken in most of the democratic peace and two-level games literatures that generally consider only a government interacting with a foreign state and a domestic electorate. See, for instance, Putnam 1988; Bueno de Mesquita et. al. 1999; Fearon 1994; Smith 1998; Brown et. al. 1996; Lake 1992. Exceptions to this generalization, that consider additional strategic actors at the domestic level, include Gaubatz 1998; Milner 1997; Mansfield, Milner, and Rosendorff 2000, 2002; Mo 1994, 1995; Snyder 1991; Allison 1971.

<sup>6</sup>Schultz 2001, 73-83, 90.

relative popularity of the parties prior to the emergence of the foreign policy question (which is a function of locations on other issue dimensions, the state of the economy and other factors) has important consequences for the strategic behavior of parties, and thus for the signals the parties send to target states during crises.

We have reason to believe that governments sometimes “gamble for resurrection”.<sup>7</sup> Oppositions have similar incentives to gamble, as well as incentives to change their positions on domestic and international issue dimensions in response to a changed international environment in order to assemble new coalitions of supporters. These dynamics affect the impact oppositions have on the credibility of deterrent threats. When the government is very popular, opposition from the other party communicates nothing to the foreign state. When the government is less popular, the opposition has incentive not to differentiate itself on the international dimension. This can give the opposition an incentive to support threats it knows are not credible, contrary to Schultz’s analysis.

Further, when the opposition declines to give its support to an unpopular government, this actually increases the incentive for the government to follow through on its threat. The difference in policy position gives the government renewed hope of winning the support of voters. I also show that electoral dynamics give weak governments an incentive to make deterrent threats *even when there is no possibility of resurrection through success in war*. This will become clearer later, and suggests that

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<sup>7</sup>Downs and Rocke 1995; Smith 1996.

unpopular governments may sometimes appear to be gambling for their resurrection, when in fact a slightly different strategic dynamic is at work.

The article proceeds as follows. I first discuss the difficulties of understanding where candidates will locate on multiple issue dimensions in the context of choice along an international dimension. To build intuition, I study a simultaneous and a sequential version of a simple two-party, two policy, location choice model. I then use a modified version of Schultz's model of an international crisis to show how domestic political advantages can have important and unforeseen effects on international equilibria.

In the second half of the article, I examine the interaction of Republicans, Federalists and the British government prior to the war of 1812. I show that other explanations for Federalist behavior, including that provided by Schultz's model, have important shortcomings, and that the dynamics described here provide a more plausible account. The British also understood the *reason* for the Federalist position and the inferences the British drew from it reflect this understanding. Contrary to the predictions of Schultz's model, but consistent with the model described below, the British did not view Federalist opposition to war as an important signal of the government's intentions.

## Candidate Location Models in an International Context

The argument in this article is that insight into international interactions can be gained through viewing government and opposition policy positions as a choice of location on an international issue dimension, which itself is one among many dimensions along which positions are taken. Social choice theory tells us that when parties can commit to policies over which voters have known preferences in order to maximize their chances of winning elections, and there are at least two issue dimensions, the candidate location game has no equilibrium in pure strategies (except under unrealistic assumptions about the symmetry of voters' preferences).<sup>8</sup> Analytical models of this type must include additional structure to make definite equilibrium predictions.

My approach here is to assume that positions along all domestic dimensions are fixed in the short run when an international crisis arises. Non-issue related "valence" advantages such as the state of the economy, the size of campaign war chests, and candidate charisma are also assumed to be fixed in the short run. I will sometimes refer to the advantage that one candidate has over another based on all of the domestic factors (both issue and non-issue related) as a valence advantage.<sup>9</sup>

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<sup>8</sup>See, for instance, Plott 1967; Calvert 1985; Cox 1987.

<sup>9</sup>The term "valence" normally refers to an advantage of one of the candidates on which all voters agree. I do not use the term in precisely this sense. However, the strategic role of domestic factors in the analysis presented here bears strong similarity to the role of the valence term in models in the voting literature. See, for example, Groseclose 1999; Ansolabehere and Snyder 2000; Aragonés

To build intuition, I now describe two versions of a party location choice model, one where parties move simultaneously, as is often assumed in the literature, and one in which they can move sequentially. I use these simple models to discuss what a foreign government might learn from the choices of the domestic parties. Here, the parties themselves do not consider the effect of their actions on the beliefs of the foreign state. This assumption is altered in a subsequent section of the article.

Suppose two candidates can each choose 1 of 2 positions, for instance, to challenge another state, or not to make a challenge. Both candidates may be uncertain which of the positions will be the more popular after political debate, but the ultimate location of the median voter is drawn from a distribution that is common knowledge to both of them. Thus, they both have the same expectations as to which option is likely to be more popular when it counts (either in the next election or down the road). Let  $\alpha \in [0, 1]$  be the probability that the median voter prefers the first policy option, say, where the government issues a challenge.

Prior to the arrival of the international crisis, the candidates also had some probability of being elected based on their locations on other issue dimensions and their overall popularity, the size of their political war chests, and other factors. Call the probability that governing party would have won in the absence of a crisis  $\delta \in [0, 1]$ . The international dimension is thought to be essential by all voters and dominates the election if the parties choose different positions. If both parties choose policies

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and Palfrey 2002.

	Advocate War	Oppose War
Threaten War	$\delta, 1 - \delta$	$\alpha, 1 - \alpha$
Oppose War	$1 - \alpha, \alpha$	$\delta, 1 - \delta$

**Figure 1**

simultaneously, the game can be represented by the matrix in Figure 1.

To understand the bizarre results that such a strategic setting can lead to, consider the case where  $\delta = 1$ , so that one party is sure to win the election if the parties advocate the same policy. The party that is sure to win then has an incentive to copy the action of the second party, whereas the second always prefers to differentiate itself. No pure strategy equilibrium exists for this reason. In the mixed strategy equilibrium, the advantaged party plays “challenge” with probability  $\alpha$  and “don’t challenge” with probability  $1 - \alpha$ . The disadvantaged party plays “challenge” with probability  $1 - \alpha$  and “don’t” with probability  $\alpha$ . Thus, the *more* popular challenging

is thought to be, the *less* likely the opposition is to support the policy.<sup>10</sup>

Although I have yet to address the strategic aspects of the interstate interaction, modeling this sort of dynamic would lead to results that are radically different from those in Schultz's analysis. However, the mixed strategy result is *purely* driven by the simultaneity of the choice. Viewed in this light, such simultaneity seems to be a poor description of political reality. Parties rarely announce their positions at *exactly* the same time. Usually, the opposition reacts to the policy choice of the government and therefore has the ability to differentiate its policy choices if it chooses to.

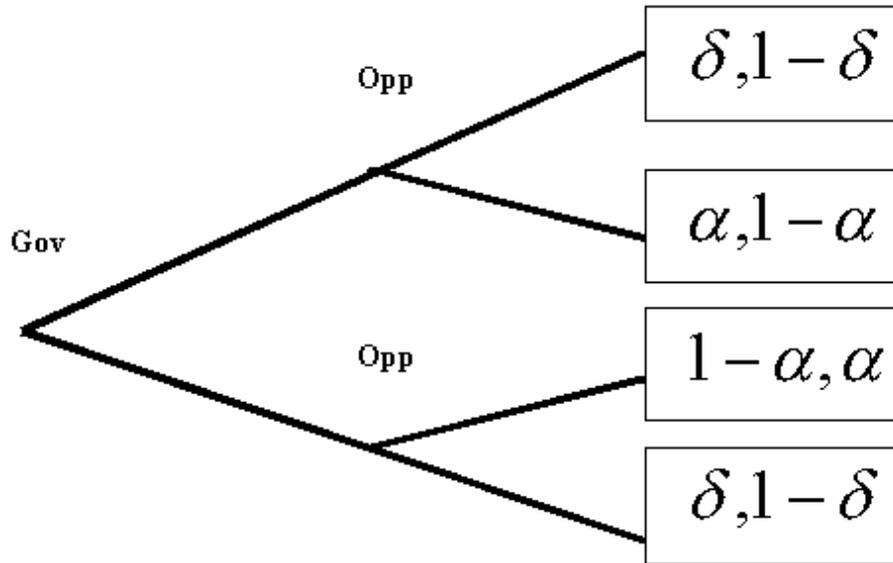
Suppose we modify the model such that both parties can choose to take their stand on the issue in continuous time. However, because of the exigencies of the international situation, the government must make its choice before some finite time  $T$ . In this case, it's easy to show that, whether the government or the opposition is advantaged, the opposition always elects to move second. This offers some justification for modeling the interaction sequentially, with the government moving first and the opposition reacting.

Now consider a sequential version of the same model with the government moving first (Figure 2). Suppose the government is more popular than the opposition.<sup>11</sup>

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<sup>10</sup>Aragones and Palfrey 2002 study a similar class of models. They allow for any number of policy locations on a single dimension, but study only equilibria in which the mixed strategies chosen by the parties are symmetric around the median policy location.

<sup>11</sup>The formal characterization of the equilibrium of the model is quite simple and is available from the author.



**Figure 2**

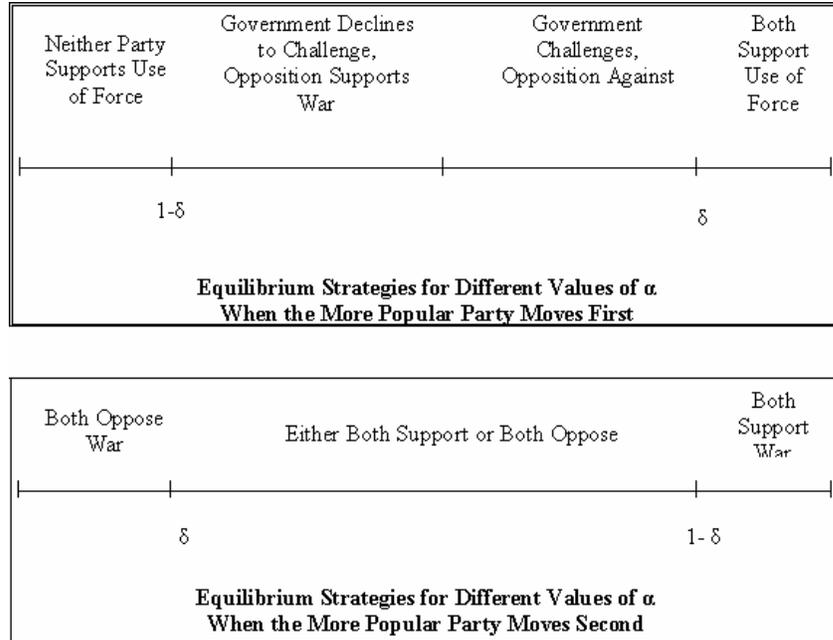
The government always chooses the policy it believes to be more popular. However, the opposition only supports the government when it is more confident about the popularity of the issue than it is about the government winning the election (on the basis of pre-existing factors).

This bears some similarity to Schultz's analysis of the signaling roles of the government and opposition. Suppose a foreign government can observe which candidate is more popular ( $\delta$ ), but not how far the public is willing to support a challenge to the foreign state. If the government is more popular, both the government's and the opposition's actions have signaling value to the target state. When the foreign government sees the domestic government's decision, it knows whether the government

believes that the public will or will not support the policy. But it does not yet know anything more about *how likely* the government believes that support to be.

When the opposition makes its decision about whether to support the policy, the foreign government can then tell whether  $\alpha > \delta$ . That is, the foreign government observes whether the opposition preferred the gamble of not differentiating its policy, or the gamble of opposing a policy that it believes might not turn out to be popular with the public. So far, even in a non-strategic setting, this appears to bear some similarity to Schultz's analysis. However, the quality of the signal sent by the opposition depends critically on  $\delta$ , the degree to which one party has an advantage. When  $\delta$  is close to 0.5 (remember we're only considering cases where the government is more popular than the opposition for the moment), the decision of the opposition to support the policy provides no additional information to the foreign government. However, when  $\delta$  is close to 1, the opposition's decision to support the government is very informative. In fact, such support communicates that the domestic parties are virtually certain that the public will support an aggressive policy, as in the Schultz model.

While these sorts of signals are very informative, they may also be very rare since they occur only when the current government is very popular, and when the popularity of the aggressive policy is even more so. When  $\delta$  is high, the information content of the opposition's decision to support the policy is also, but the likelihood that the opposition chooses this option is low. In the limit, as  $\delta$  goes to 1, and it becomes



**Figure 3**

common knowledge that the government will win the election based on its position on the other issue dimensions, the opposition never supports the government's policy. Better a low probability gamble, the opposition reasons, than certain defeat.

This result can be seen graphically in figure 3 below. The line represents ranges of the parameter  $\alpha$ , the level of popularity of the issue, which determines the strategies of the government and opposition. For instance, when the government is more popular, and  $\alpha$  is between  $0.5$  and  $\delta$ , the government challenges and the other party opposes the government's policy.

When the government is believed to be less popular than the opposition, the situation is quite different. Surprisingly, it turns out that in equilibrium, the gov-

ernment and the opposition always adopt the same policy. Still, some information is communicated to the target state from a challenge because it shows that  $\alpha > \delta$ .

Thus, whichever party is more popular, when the opposition supports the government, we always know that  $\alpha > \delta$ . When  $\delta$  is low, this signals little information, but as the government becomes more popular, the signal becomes more informative. The precision of this signal increases with the popularity of the government, though the likelihood that we would see such a strong signal goes to zero as the level of precision becomes exact. Further, when the government is believed to be unpopular, the opposition may be willing to support policies it believes would also be unpopular. We therefore have reason to believe, contrary to Schultz's analysis, that the decisions of oppositions only have signaling value when the valence advantages of the parties are taken into account.

## Costs, Information and Signaling

My goal in this article is to incorporate some of the simple valence dynamics discussed in the previous section into a model that explicitly addresses the strategic interaction of states. To do this, I study a similar model to that used by Schultz.<sup>12</sup> Before I turn to the model, it is worth mentioning some general problems with this approach.

First, in the analysis presented here, I follow Schultz and the spatial modeling literature in assuming that political parties make choices based on their evaluation

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<sup>12</sup>Schultz 1998 and 2001.

of public opinion, which, as an exogenous variable, is independent of elite actions.<sup>13</sup> If this assumption proves incorrect, then the predictions of Schultz's analysis may prove correct for the wrong reasons. For instance, Schultz assumes that the costs of war (in which public opinion is wrapped up in his approach) are constant whether the opposition opposes or supports the war.<sup>14</sup> This assumption means that if the government prefers going to war to backing down when the opposition supports the policy, then it also prefers going to war when the opposition has opposed the policy.

But as Schultz points out, studies have consistently drawn the arrow of causation originating with elite behavior and pointing toward public opinion.<sup>15</sup> Therefore, when the opposition opposes the government's policy, it makes sense, on Schultz's framework, to think of this as increasing the cost to the government of pursuing the policy. In the War of 1812, as I discuss later, it is likely that opposition from the Federalists increased the political costs to the Republicans of pursuing the war, and certain that the opposition increased the literal cost of the war.

This means that a government that prefers war when the opposition supports its policy might prefer backing down when the opposition does not. Depending on how we conceive of the information structure of the game, it is certainly possible that the foreign government might find the deterrent threat less credible because it knows that

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<sup>13</sup>This tradition was originated by Hotelling 1929 and Downs 1957.

<sup>14</sup>Schultz 2001, 88-91.

<sup>15</sup>Ibid., 88-9.

the costs to the government are higher as a result of the domestic opposition. In this case, even if no private information is signaled by the opposition's stance, we might still observe that opposition support improves the chances of deterrence success. The decision to oppose has a direct effect on the government's payoff function rather than serving as a signal to the foreign state. Thus, Schultz's predictions about the impact of opposition behavior on successful deterrence might prove to be correct even though the causal mechanism he posits would not be.<sup>16</sup>

This conjecture also helps to bring out another important point. Suppose opposition from a domestic party increases the costs to the government of following through on the threat. And suppose further that the government and opposition are at least partially policy-motivated. And finally, suppose the government knows the position the opposition will take when the government decides whether or not to make an initial threat. Then it seems quite likely that one could build a model in which the government's decision to challenge, knowing that the opposition will oppose it, would send a costly signal of the government's resolve to the target state. This highlights the sensitivity of signaling models to implicit assumptions about the inferences that can be drawn from the signals. The range of inferences is determined by how we specify "types". In this case, by changing our interpretation of the set of possible

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<sup>16</sup>Schultz (2001, 100-101) briefly discusses the opposition's direct impact on the costs of conflict. However, he does not point out that this is actually an *alternative explanation* for increased credibility resulting from opposition support.

types, we change the implications of the analysis.

In the language of game theory, the information structure of the game is also buried in the concept of a type.<sup>17</sup> In assuming that the distributions from which privately observed parameters are drawn are common knowledge, we severely limit the range of possible types in the game. No player  $i$ , for instance, is allowed to wonder what player  $j$  thinks about player  $i$  because this is assumed to be common knowledge. Though this is under appreciated in both economics and political science, these second (and higher) order beliefs can have decisive impact on the outcome of strategic situations. In the Cold War, we know that American intelligence was concerned with the Soviet appraisal of American domestic politics. However, it is far from clear that the Soviets actually thought what Americans thought they thought about American domestic politics, or that the Soviets knew what the Americans thought they thought. Since this violates the common knowledge assumption in the signaling literature, the justification for using the assumption must be as a useful starting point for clarifying some aspects of the strategic dynamics of international politics.

The model I will examine is partly open to some of the same criticisms. However, several differences of the present approach should also be pointed out. First, I do not assume a fixed cost of conflict to the challenging state. I adopt a different approach altogether. The two parties in the challenging state have a common evaluation of the

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<sup>17</sup>Mertens and Zamir 1985.

likely popularity of the conflict at some future point after the political debate has been had. The foreign state has a vaguer idea about the likely support for conflict than do the domestic actors, and thus the actions of the parties may communicate some information to the foreign state during the crisis. Thus, as will become clearer in a moment when I discuss the model, I do not assume that a government that prefers war when the opposition supports its policy would still prefer war when the opposition does not. The payoffs are assigned according to a different logic, similar to that discussed in the simple game above.

Another difference of the present approach from the Schultz model is in the information the domestic actors have about what the public is willing to support. Schultz assumes the domestic actors have perfect information. I allow for the possibility that the government and opposition are uncertain about the position the public will eventually come to support. The informational assumption is shown to be important when the valence dimension is considered explicitly.

## **The Model**

To capture the impact of the domestic context (represented by what I refer to as a valence advantage) and uncertainty about public opinion, I use a modified version of Schultz's model. In the first stage of the game, some international issue arises that will dominate the next election. The Government and the Opposition draw a common evaluation about whether the public is likely to support or oppose the use

of force in this case from a prior distribution. Both believe that with probability  $\alpha$ , *after the political debate and assuming the parties disagree*, the median voter will support the use of force.<sup>18</sup> I assume the international dimension is very important to all voters, and decides the outcome of the election. A third actor, the Target state, does not know the domestic evaluation of the likely popularity of the use of force, but knows that the domestic evaluation is drawn from some distribution with CDF  $F_\alpha$  which is common knowledge among the players. During this stage, the target state draws a cost of fighting,  $c_t$ , which is unknown to the domestic players, from a common knowledge distribution with CDF  $F_{c_t}$  over the range  $[0, \bar{c}_t]$ .

The government is also assigned a probability  $\delta$  of winning the next election (with the opposition winning with probability  $1 - \delta$ ) had the international crisis not arisen. This probability results from the combination of a large number of factors, such as the government's and opposition's locations on other issue dimensions, the size of campaign war chests, the relative personal popularity of candidates, and the state

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<sup>18</sup>The implicit assumption is that the parties are equally proficient at convincing the public of the expediency of a given position. Another approach that produces somewhat similar results would be to assume that the war affects all voters in the same way, with some degree of uncertainty about the direction of the effect, and retrospective voters. In such a case, an unpopular opposition might be willing to oppose a war it thought would be popular in the hope that the war would go badly. However, such a model would not capture the crucial incentive that parties sometimes have to realign the coalitions of voters that support them. This incentive is captured in a simplistic way in the present framework.

of the economy, among others. For my purposes here, there is no need to be more explicit about the origins of the valence advantage, and there is good reason not to be. I assume that the relative likelihoods that the government or opposition win the next election are common knowledge among all three players in the game. The foreign government may not have any understanding of why one party or the other seems likely to win the election, but in many cases it will be aware if one or the other has a significant advantage. As we shall see, this was the situation of the British government prior to the war of 1812. In most cases, it is probably unreasonable to assume a foreign government would have a too detailed knowledge of domestic political dynamics, but that it would have a general idea about which party is likely to win the next election seems highly plausible. Further, as I explain below, I will look for equilibria when  $\delta$  is fairly high or fairly low. That the foreign government would also be aware of this seems quite reasonable.

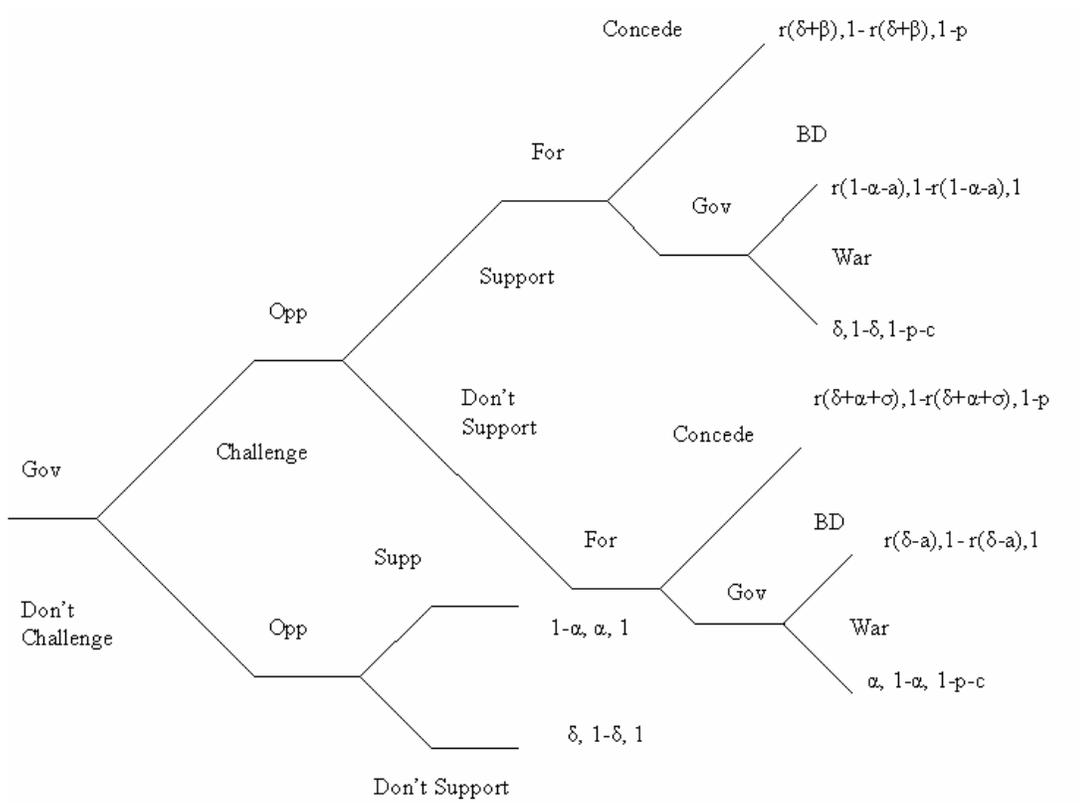
Rather than assuming that the international dimension dominates the election, I might have assumed that voters have different affinity levels for the two parties when the crisis arises, as well as different strengths of preferences over the international dimension. This framework would bear some similarity to Dixit and Londregan 1996 and 1998. This would be more realistic, but much less tractable in this context. The assumption that the issue of war or peace dominates the election when the parties disagree seems to closely approximate reality in important cases. Further, the approach taken here is more general than previous models of uni-dimensional voting

and valence models that assume an advantaged candidate wins with probability one when both candidates choose the same location.

The action set in the game is identical to the Schultz model. In the second stage, the government decides whether or not to challenge the target state. In either case, the opposition party then chooses whether to support or oppose the government's policy. If the government chose not to challenge, elections are held and the game ends. If the government chose to challenge, then the target state has the option to compromise, in which case elections are held and the game ends. If the target state stands firm, then the government must choose whether to go to war or to back down itself. The game tree is shown in Figure 4.

I now turn to the assignment of payoffs to the two parties, which are derived from the expected payoffs from the election that occurs at the final stage of the game. Both parties maximize their chances of election. If both chose to oppose the use of force, they have not differentiated themselves on this dimension and the chance that the government and opposition win the election remains  $\delta, 1 - \delta$ . If the government opposes force and the opposition supports it, they receive  $1 - \alpha, \alpha$ , respectively. This follows because the international dimension decides the outcome of the election and each has the expectation that the median voter supports the use of force with probability  $\alpha$ .

If the government backs down, it pays an audience cost. Thus, if the government backs down after the opposition has supported the use of force, its payoff is  $r(1 - \alpha - a)$



**Figure 4**

where  $a > 0$  is the audience cost and,

$$r(x) = \begin{cases} 0 & x < 0 \\ x & 0 \leq x \leq 1 \\ 1 & x > 1 \end{cases}$$

The rest of the payoffs follow exactly the same logic, with the exception of two, where some justification is required. If the target state backs down after the opposition has opposed the use of force, I assume the government receives  $r(\delta + \alpha + \sigma)$ . Thus, in this case, the government does no worse than it would have done in the absence of the crisis and also receives a benefit from the favorable policy outcome that increases with the perceived popularity of the issue, as well as  $\sigma \geq 0$  to represent some additional possible benefit to the government that is not dependent on the original perceived popularity of the challenge (in case the electorate is pleasantly surprised).<sup>19</sup> If both parties support force and the target backs down, the government receives  $r(\delta + \beta)$  where  $\beta$  is some benefit to the governing party resulting from the favorable policy outcome. I assume that  $\beta \in (0, \alpha)$  so that the benefit to the government of the target state backing down must be less when the opposition advocates the same policy than

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<sup>19</sup>Suppose, instead, we call this payoff to the government  $f(\delta, \alpha)$ . It seems important that  $f(\delta, \alpha) > \delta, \alpha$  and  $\frac{\partial f(\delta, \alpha)}{\partial \alpha} \geq 0$  as assumed above, but there is less justification for assuming that  $f(\delta, \alpha) \geq r(\delta + \alpha)$  as the model does. However, this assumption greatly simplifies the math, and it does not change the substance of the conclusions to assume that the electorate is harsh on the opposition in such cases.

when it opposes the policy.<sup>20</sup>

The model assumes the election takes place *after* the final decision to go to war has been made. Voters are retrospective. However, we can think of the election as occurring before, during or after the war itself. The first case follows straightforwardly from the presentation of the model above. In the later cases, the model can be most easily interpreted as assuming that voters and elites share a common appraisal of the likely course of the war. Thus, elite appraisal, prior to conflict, of the likelihood of public support for the war after its end is the same as the elites' appraisal of the likelihood of support for a conflict that never occurs because the government declines even to make an initial challenge.

The payoffs to the target state exactly follow Schultz's model. The target state has probability  $1 - p$  of winning the war over the issue whose value is normalized to 1. Thus, in the event of war, the target state receives  $1 - p - c_t$  in expectation. If the target chooses to back down and settle the issue, the value of the settlement is fixed at  $1 - p \geq 1 - p - c_t$ . If the government backs down or declines to challenge, the target state receives 1. The fixed value of the settlement is somewhat arbitrary, but at least has the advantage that if we view the war as a costly lottery,<sup>21</sup> the point of the settlement would always be preferred by both sides to war, no matter what their

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<sup>20</sup>Note that since I assume  $\beta$  is common knowledge, this implies that  $F_\alpha(\cdot)$  has support  $(\beta, 1]$ .

<sup>21</sup>Wagner 2000 and Slantchev (forthcoming) point out that viewing conflict in this way can be misleading, but it stills appears to be a useful simplification for some models (Powell 2002).

respective costs of war.<sup>22</sup>

## The Equilibrium for Popular and Unpopular Governments

The solution concept used is the perfect Bayesian equilibrium (PBE). Because of the complexity of the game, I analyze equilibria for high and low values of the valence dimension  $\delta$ . I first describe equilibrium strategies for the three players when  $\delta > 1 - \beta$ . (The appendix contains a full derivation of the equilibria described here.) In this case, when using force is popular, the government will challenge, and the opposition will always oppose the government. Because the opposition always opposes the government, no matter what the opposition knows about the likely popularity of using force, the opposition can be of no signaling value to the foreign state. So, when the government has an electoral advantage and the issue of whether or not to use force is very important to all voters, the results here stand in sharp contrast to Schultz's conclusions.<sup>23</sup> The opposition position communicates no information to the foreign state.

As we might expect, when the issue is less popular than a threshold specified in the appendix, the government does not support force. Even in such a case, however, the opposition always opposes the government because of the assumption made about  $\delta$ . Thus, it is entirely possible that the opposition opposes policies it expects to be

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<sup>22</sup>Schultz 2001, 37. See also Fearon 1995.

<sup>23</sup>Schultz 2001, 91-97.

popular. In the next section, I show that prior to the war of 1812, Federalists opposed the government's policy for political reasons even when they believed the war might be popular.

I now turn to the case of an unpopular government, where  $\delta \leq a$ . Here, if the government challenges, the opposition will support the challenge unless it believes the issue to be *highly* unpopular. Contrary to Schultz's most important result, it can also be shown that the opposition also supports some challenges when it knows the government will back down in the end. Thus, as I demonstrate formally in the appendix, the decision of the opposition can convey some information to the target state (although, as in Schultz's model, there are some parameter values under which no information can be conveyed). However, the foreign government cannot be sure that a threat is credible just because the opposition supports it. Therefore, the foreign government will not always back down when the opposition supports a threat. This appears to be a more realistic implication than that of Schultz's model, which holds that the foreign government always backs down in the face of a supported threat. Further, when the opposition declines to support a threat of a highly unpopular government, the target state *does* back down because the very fact that the opposition did not support the threat *causes* the threat to be credible.

Given the optimal strategies for the opposition and the foreign government as I have sketched them here (at the final node, the government's strategy is obviously just to go to war when it gets a higher payoff from doing so), we can ask what an unpopular

government would do at the first node. It turns out that the government always prefers to challenge. This is interesting, and appears to support the literature on “gambling for resurrection”. However, it is important to note that the government chooses this course *even without the possibility of resurrection through military achievement*. If the government decides to go to war at the final stage of the model presented here, it can do no better than it would have done if both parties had agreed not to support the use of force. Thus, electoral dynamics generate a sort of “gambling without resurrection”. The implications of the model are unlike the “gambling for resurrection” literature in another respect. Weak governments do not always follow through on their threats. In fact, the counter-intuitive prediction is that *supported* weak governments sometimes back down, whereas *unsupported* weak governments always follow through on threats.

The analysis bears out the intuitions from the simple model of section 3. The signal sent to the target state by the opposition’s decision to support or oppose the government is only interpretable in light of the relative popularity of the two parties prior to the crisis. Weak oppositions never support the government, so their actions convey no information to the target. The support of a strong opposition conveys information to the target, namely, that the domestic parties believe the likelihood that the public would support the use of force is above a threshold. However, even though the opposition declines to support the policy only when the policy is believed to be less popular, the fact that the parties have differentiated themselves on this issue dimension has important consequences. This gives the government an issue it can run

on, which itself causes the threat to be credible. Therefore, when the government is highly unpopular, even though the lack of opposition support shows that the use of force is probably unpopular, we should expect the target state to make concessions in order to avoid conflict.

## **The Second Struggle for Independence**

The political dynamics that lead to the War of 1812 provide an interesting case to consider in the light of the model presented above for two main reasons. The first is that one party, the governing Republicans, held a dominant position over the other, the Federalists, in national politics. The Republican advantage was based primarily on domestic factors that predated the emergence of the foreign policy issue. Secondly, the most heated political debates of the period centered almost exclusively on questions of international policy, which many voters considered very important. It would be too strong to say, as the model does, that the international dimension alone decided the outcomes of elections during the period, but certainly this dimension was extremely important and was perceived as such by both parties. Therefore, the case affords the opportunity to ask the following questions: Why did the Federalists oppose the government's policy, and how did the domestic political situation structure government incentives? Would the Federalists have acted in the same manner had their position on the national stage been stronger? Did the British pay close attention to domestic political developments, and if so, what inferences did they draw? In

particular, what did the British learn from the Federalists' stance?

This case is intended as something more than a plausible illustration of the dynamics described above, but less than strong evidence for their generality.<sup>24</sup> By tracing the evolution of the two parties' positions, I argue that valence dynamics played an important role in determining their courses of action. One of my central claims will be that if the Federalists had been more popular, they would have been less likely to oppose the war as strongly as they did. Perhaps no Federalist engaged in the counterfactual reasoning that would have led them to this conclusion, and it is even less likely that they would have discussed it publicly if they had. My evidence is therefore mostly indirect. I follow Mabe and Levy's account in ruling out some explanations that have been offered for Federalist motivations, though I also argue that Mabe and Levy's preferred explanation is less satisfying than the one I propose.<sup>25</sup> The structure of the argument is therefore to provide some direct evidence where it exists, and to attempt to rule out competing hypotheses where it does not.

I proceed as follows. First, I show that the Republicans were the presumptive favorites in national elections during the period that led to war. I then turn to Federalists' motivations for opposing Republican foreign policy. I discuss several

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<sup>24</sup>Additional cases allowing for variation on the independent variables would be useful in evaluating the theory. However, a small number of cases would still be far too few to allow for correlational analysis. Support for the theory comes instead from the plausibility of the argument ruling out alternative explanations in this single case.

<sup>25</sup>Mabe and Levy 1999.

possible explanations that I find inadequate. Most importantly, the explanation for Federalist behavior provided by Schultz's model cannot be right; Federalists opposed the war even when they believed the war would likely be popular. The combination of the valence advantage and *uncertainty* over which policy would prove most popular in the end appears to provide the most plausible account. I then show that the British paid very close attention to domestic politics in the U.S., analyzed its implications, and came to conclusions similar to those predicted by the model presented here. The British believed the Federalists opposed the war so vehemently only because doing so was their only *chance* to regain the presidency, though it was also a risky gamble. The British also came to believe the U.S. administration's threats in spite of the Federalist stance.

## **The People in Mass Have Joined Us**

While the election of 1800 was closely fought, by 1804 the country had turned solidly for the Republicans. In that election, Jefferson received 162 electoral votes out of a total of 176. Only Connecticut, Delaware and Maryland cast any of their votes for the Federalist candidate, Charles Cotesworth Pinkney. In the Congress, the republicans held 27 of 34 seats in the Senate, and 115 of 140 seats in the House.<sup>26</sup> In his second administration, Jefferson continued his policy of proscription of office to Federalists,

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<sup>26</sup>Adams 1986, III, 437.

which further decimated their influence on national policy.<sup>27</sup>

In 1808, Madison was elected by the large majority of 122 electoral votes to 47, and the Republicans maintained a large, although reduced, majority in the Congress. Historians have assigned the cause of the reduction in Republican popularity largely to effects of their policy of embargo against Great Britain.<sup>28</sup> On the domestic front, “the prevailing attitude of Americans toward their society [was changing] drastically toward the distinctive individualism which Tocqueville has described so dramatically... and, because of a basic reorientation in American society, Federalism was [being] swept from the field.”<sup>29</sup>

The 1812 presidential election took place in the shadow of the war that had already gone worse than even the most dire predictions of the Federalists. Even so, the Federalist position was still so weak that the party overcame deep misgivings and elected to support the “malcontent” Republican, Dewitt Clinton, in order “to make up a majority which had no element of union but [Clinton] and money.”<sup>30</sup> Madison still prevailed, though he received only 128 out of 217 electoral votes, and the Federalists made significant gains in Congress and in state legislatures.

The electoral gains of the Federalists in 1808 and 1812 were the result of the

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<sup>27</sup>Prince 1970.

<sup>28</sup>Adams 1986, IV, 1123.

<sup>29</sup>Livermore 1962, 5.

<sup>30</sup>Adams 1986, VI, 410.

division in the country on questions of international policy. These issues were central in the election of 1808 and dominated most Congressional races in 1810-1811 and the presidential election of 1812.<sup>31</sup> In 1812, the British emissary to Washington, one of the most astute observers of the politics of the time, wrote to the British foreign office that war was a “question on which depended the election of the next Presidency.”<sup>32</sup>

With the ending of the war, in spite of its generally poor outcome, political competition reverted to other issue dimensions and the Federalists lost the gains they had made. In the post-war “era of good feelings,” the Republicans adopted many of the most popular Federalist positions, and the Federalists finally faded from the scene completely. Thus, it seems appropriate to attribute a “domestic valence advantage” to the Republicans during this period in the sense described above.

## **Why the Federalists Opposed the War**

Many reasons might be offered for Federalist opposition to war in 1812. Mabe and Levy develop a useful taxonomy of possible causes for opposition.<sup>33</sup> Following their analysis, I address five classes of reasons: commercial, military, ideational, sectional and political. With respect to the first, Mabe and Levy argue that the commercial threats posed by France in the Quasi-War of 1798, when the Federalists were in power,

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<sup>31</sup>Perkins 1963, 77.

<sup>32</sup>Quoted in Stagg 1983, 110; see also Perkins 1963, 102.

<sup>33</sup>Mabe and Levy 1999.

and Britain in 1812, were qualitatively the same. They note that the annual rate of ship seizures was higher in the first period, as was the absolute number of ships seized. They admit that this is difficult to weigh against the 6,000 Americans impressed later by the British, but conclude that in both cases the threats constituted a roughly equivalent, “infringement on American commerce and American rights to engage in free trade.”<sup>34</sup> Since Federalists advocated war in the first instance, it seems unlikely that this factor was a reason for opposition in the second.

Mabe and Levy make a similar argument with respect to the military threat. They argue that the threat faced in both cases was roughly comparable, as was the state of preparation. Further, “the fact that many Federalists favored full-scale war in 1798 and a limited naval war in 1812 under comparable external circumstances indicates that their preference for the latter was driven by something other than a genuine conviction that such a limited war was optimal in terms of national interest.”<sup>35</sup> This is a useful point, but they make it too strongly. It is possible that a majority of Federalists simply favored limited maritime war in both cases. Further, some Federalists may have been swayed by the near total lack of preparation for the war. As I discuss later, this seems particularly reasonable since it is clear that several Republicans were moved to oppose the war for this reason.

But the lack of preparation cannot be an explanation for Federalist opposition

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<sup>34</sup>Ibid., 22.

<sup>35</sup>Ibid., 26.

for the simple reason that most Federalists did everything in their power to prevent additional preparations. When they did support preparations, it was not as an end in itself, but only to insure that the Republicans would be faced with no option other than going to war or backing down. As I discuss in more detail below, some Federalist leaders supported preparations precisely so that their obstructionism would not provide the administration with an excuse to back down.

Federalist opposition began before the state of preparation could have been known and they were instrumental in its poor state at the time of the declaration. Therefore, this cannot be an explanation for their opposition.<sup>36</sup> But the consistency of the Federalists' preference for limited maritime war in 1798 and 1812 should not be totally discounted.<sup>37</sup> This consistency may have been partly motivated by their conception of the national interest, though the inconsistency of many Federalists in advocating war in the first case and not in the second leads us to suspect that other motivations were also at work.

Another external strategic consideration was also of concern to Federalists. Many argued that war with Britain would constitute aid to France. Mabe and Levy point out that Federalists may have exploited the threat of Napoleon as a rhetorical device. Had they been truly worried about the systemic threat posed by Napoleon, they

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<sup>36</sup>We cannot rule out that the unanimity of the Federalist vote against war was also a product of the state of preparations and therefore of their calculations of the costs and benefits of the war.

<sup>37</sup>Hickey 1981.

should have supported Republican measures of commercial sanction against France, but they did not. Still, it seems quite likely that Federalists worried about the systemic threat. In February of 1808, a leading Federalist, Rufus King, wrote to Thomas Pickering: “If England sink, her fall will prove the Grave of our liberties...”<sup>38</sup> Hans Morgenthau found the American decision to fight England and thereby aid France to be “the sole exception” to an otherwise exclusively realist American foreign policy.<sup>39</sup>

Federalists did not support policies of commercial restriction as applied to France because they were extremely unpopular. Therefore, Mabe and Levy are correct that this puts a bound on the strength of Federalist preference to balance against Napoleon. However, the strongest evidence against the claim that Federalists were primarily policy-motivated comes from their private correspondence. Many showed themselves willing to risk war, even eager for it, so long as the Republicans would be held responsible for its coming.

Federalists thought Republicans were unlikely to go to war. Some Federalists therefore felt at liberty to be silent in debate, and even to support some measures leading to war in the belief that the administration would thereby be forced to back down dishonorably.<sup>40</sup> However, this interpretation has been overstressed by some historians. Federalists thought it unlikely that the administration would choose war,

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<sup>38</sup>King 1898, 70.

<sup>39</sup>quoted in Owen 1996, 110.

<sup>40</sup>Perkins 1963, 352.

but they did not discount the possibility. Expecting peace, they nevertheless saw political benefit from war. Reflecting this strain of Federalist thinking, the leader of the Federalists in congress, Josiah Quincy, wrote to a colleague that Federalists should “look definitely, to the fact of a possibly resulting war and analyse its fair consequences and see, whether in truth, much of the evils are not those of imagination; and whether the fact of such a war would not crush the political influence of those, who should induce it.”<sup>41</sup>

Such statements by leading Federalists weigh heavily against several classes of explanations. They make it clear that Federalists were not purely or even primarily motivated by a concern to balance against Napoleon. Further, the record of private correspondence between Federalists provides evidence against the whole class of explanations that holds that Federalists were motivated by policy and not partisan politics.<sup>42</sup> This correspondence also demonstrates that Federalists were not opposed to war with Britain because of an affinity for that country. This explanation is unlikely in any case, and Federalists during this period were constantly trying to distance themselves from Britain in the public mind.

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<sup>41</sup>Quoted in Brown, 173. It should be noted that the strategy of actively pushing the Republicans towards war in the hopes of making political gains was devised by Quincy and followed by some others, but not by all Federalists. Importantly, however, those who opposed the strategy did so because they found it politically risky, not because they were opposed in principle. (See Perkins 1963, 352; McCaughey 1974, 70-4; and Brown 1964, 173)

<sup>42</sup>This corresponds to the judgment of historians. See Stagg 1983, 110-1.

Recent historical work has also rejected sectional explanations in favor of explanations based on party affiliation. Although Federalist support and anti-war sentiment were concentrated in New England, 9 Federalists south of the Mason-Dixon line voted against the war, and war would not have been declared at all without the support of Republicans from Northeastern states. The strongest argument that can be made in favor of a sectionalist explanation is that Northeastern merchants were unwilling to give up trade with Britain.<sup>43</sup> However, since the war was fought to protect commerce from plunder by Great Britain, it is not obvious that Northeastern preferences should have been so unambiguous. It seems more likely that Federalist leaders were successful in convincing the public of the unwisdom of war where the Federalists were more numerous. The weight of the evidence seems to be on the side of partisan political explanations for the Federalist position.

There is some debate among historians about the popularity of war with England in different places and at different times prior to the declaration. Bradford Perkins argues against the traditional view that “a great upsurge of public feeling flung aside Federalists and cautious Republicans in favor of avowed war hawks [in the congressional elections of 1810-1811]....”<sup>44</sup> Perkins further claims that on the eve of war, the nation as a whole, not just the Northeast, “obviously did not want war”.<sup>45</sup> He notes

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<sup>43</sup>Brown 1964, 39-45 and 159.

<sup>44</sup>Perkins 1963, 263.

<sup>45</sup>Ibid., 337.

that even many congressman who voted for the war had reservations about doing so. This appears to present an easy explanation for Federalist opposition that is also corroborated by the statements of many Federalists: they expected the war to be unpopular and to make political gains from opposition. Along these lines, Mabe and Levy argue that “Federalists believed, contrary to Republicans, that the war would be unpopular and that they could capitalize on the public’s antiwar sentiment to return to power.”<sup>46</sup>

This explanation begs the question of why the two parties came to such different conclusions. Without making the rationalist mistake of assuming that agents with the same information never disagree, it seems quite unlikely that they would have come to such radically different appraisals of the popular will. Certainly, both sides claimed in both public statements and private letters to believe that the public would be on their side, though the Republican correspondence also shows more evidence of doubt on the eve of the war. But one would hardly expect them to have said anything else, even had they not believed it.

The most telling fact in understanding Federalist behavior is the following: in the five years of tension leading up to the war, one finds absolutely no doubt among Federalists that opposition was the correct policy, but they did question whether a hostile approach would be popular. As Perkins shows, the sentiment for and against war exhibited great variability in the years between 1808 and 1812. When war was

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<sup>46</sup>Mabe and Levy 1999, 21; see also Schultz 2001, 80.

declared, the country as a whole was divided, and the news of the declaration lead to celebration in some quarters and flags at half-mast in others.<sup>47</sup> Yet, in 1808, “America was almost unanimous [in support of war]....”<sup>48</sup> Even then, though they recognized that a war might prove popular, Federalists were resolved in opposition. The leading Federalist, King, wrote to fellow Federalist, Christopher Gore, “A war with England must be prevented or the nation is ruined. But how is this to be done? Boston is purely American; New York resembles the image of Nebuchadnezzar - you must begin - and with boldness.”<sup>49</sup>

Federalists remain remained resolved later when impressments increased, and the jubilation following the defeat of the British ship *Little Belt* by an American ship in a sea battle in 1811 showed that the public had considerable sentiment for war.<sup>50</sup> Even in 1812, many Americans who opposed war did so on the basis of timing, not principle. Many thought, correctly, that the nation was unprepared in 1812. They were not opposed to war in principle, as were the Federalists.<sup>51</sup>

Why then were *all Federalists, at all times*, opposed to war? Federalists knew that if they did not differentiate themselves on this issue dimension, they would have no chance of influence on national politics. As discussed above, at points in the process

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<sup>47</sup>Brown 1964, 177.

<sup>48</sup>Adams 1986, 225.

<sup>49</sup>King 1898, 43.

<sup>50</sup>Perkins 1963, 271-3.

<sup>51</sup>Brown 1964, 132-66.

that lead to war, they thought the government would opt to back down. However, they also looked to the “fair consequences” the war *might* have on their political position. They understood that Britain might make a concession, which would be disastrous for their party, but nevertheless chose to oppose hostile measures.<sup>52</sup> The Federalists opposed the war for political reasons, but not because they were always sure that it would be unpopular. Rather, they realized that opposition to the war provided their best *chance* at influence on national politics.

### **What Signals Did U.S. Domestic Politics Send the British?**

The British, who paid close attention to domestic political developments in the U.S., understood that the question of war or peace hung thereupon. The British envoy to Washington, Augustus John Foster, wrote to the Foreign Secretary: “Your lordship may however depend upon this being the fact - that whatever measure is resorted to at this time, it is with a view to the approaching election of a president,....”<sup>53</sup> Foster’s reports to the Foreign Office were filled with detailed analysis of the domestic political situation, going even so far as to predict specific vote totals on specific bills.<sup>54</sup> He also understood that in the electoral context of the time, the U.S. administration’s

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<sup>52</sup>To appreciate how concerned the Federalists were that Great Britain might make some concession to the demands of Madison’s administration, see Foster to Foreign Office, February 2, 1812 and February 13, 1812.

<sup>53</sup>Foster to Foreign Office, March 22, 1812.

<sup>54</sup>Foster to Foreign Office, December 11, 1811; February 13, 1812; and March 22, 1812.

public commitment to insist upon repeal of the Orders in Council had created a sort of “audience cost”. He notes that the administration is, “so tied down to the line of conduct they have taken that they cannot give it up without absolute dishonor,....”<sup>55</sup>

Foster is also quite clear about the reasons for the Federalists’ stance. In 1811, he wrote to the Foreign Office that the Federalists, “do not appear to be gaining much in point of numbers but they are not without hopes of a change favourable to their views, and I am sorry to say that these hopes seem to be in a great degree founded on the ideas which they entertain of His Majesty’s Government being disposed to hostilities with America.”<sup>56</sup> They were, he later wrote, “...despairing of overthrowing the administration in any other way.”<sup>57</sup>

In spite of the Federalists’ stance, Foster became convinced that the Madison administration’s threats were not a bluff. Several months before war was declared, he wrote,

I am strongly inclined to believe that Mr. Madison has at length come to a decision to resist the Orders in Council by force, the war party having expressed great impatience at the uncertain line of conduct hitherto pursued by him. I am also led to believe that hostilities will commence by

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<sup>55</sup>Foster to Foreign Office, November 29, 1811. See also Foster to Foreign Office, June - September 1811, p. 110; Foster to Foreign Office, November 23, 1811; February 13, 1812; April 2, 1812; May 3, 1812; June 9, 1812.

<sup>56</sup>Foster to Foreign Office, September 17, 1811.

<sup>57</sup>Foster to Foreign Office, November 29, 1811.

the spring of letters of marque and reprisal.<sup>58</sup>

Even much earlier, Foster thought the U.S. government would attempt to provoke the British into initiating hostilities in order that the cause of war would gain greater support in the U.S.<sup>59</sup> As a result, the British, who did not want war, acceded to the principle American demand (to repeal the Orders in Council), but the news reached the administration only after war had been declared. Madison's threat to use force convinced the British in spite of Federalist opposition.

However, while Foster was generally convinced throughout the period leading to war of the sincerity of the U.S. government's intentions, he was not always certain the government would be *able* to carry them out. The Federalists, while they supported some measures to prepare for war in order to insure that the administration would be left with the stark choice of going to war or backing down, refused to support other measures. This left war preparations in a poor state, and as a result, it was unclear whether enough members of congress would vote to declare war despite the administration's urgings.<sup>60</sup>

The British were also aware the Federalist stance would multiply the difficulties of the administration in prosecuting the war. As Hickey wrote, the Federalists would

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<sup>58</sup>Foster to Foreign Office, May 3, 1812.

<sup>59</sup>Foster to Foreign Office, February 26, 1812.

<sup>60</sup>Foster to Foreign Office, Feb 13, 1812 and March 22, 1812.

“open neither their hearts or their purses” in support of the war.<sup>61</sup> During the war, New England governors denied their militias from service outside of New England. Canada and New England agreed not to attack each others’ soil, and leaders in the region seriously contemplated secession and a separate peace with Great Britain.<sup>62</sup> These factors do seem to have weighed heavily in British thinking in negotiating an end to the war. The British Prime Minister, Robert Banks Jenkinson, second Earl of Liverpool, wrote to Foreign Secretary Castlereagh,

The disposition to separate on the part of the Eastern states may likewise frighten Madison; for if he should refuse to ratify the treaty, we must immediately propose to make a separate peace with them, and we have good reason to believe that they would not be indisposed to listen to such a proposal.<sup>63</sup>

Before the war began, Foster intimates an awareness of such factors when he wrote that, “...the principal Federalists [have] agreed among themselves,... not to subscribe to the loan, and to decline accepting of military commands.”<sup>64</sup>

This suggests that the significance of the opposition’s stance must be considered in light of state capacity. When the opposition has a credible threat to secede and

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<sup>61</sup>Hickey 1979, 81.

<sup>62</sup>Ibid. 1979, 24; Martell 1992.

<sup>63</sup>Quoted in Martell 1992, 558.

<sup>64</sup>Foster to Foreign Office, May 3, 1812.

expresses a willingness to do so, for instance, this is likely to be highly constraining on the executive, although the logic is different from the informational mechanism discussed here.

## Conclusion

On the whole, the case supports the analytical model described above. Schultz's model predicts that the Federalists would have supported war in 1808 when they believed that position likely to be more popular, but in fact they were consistently unanimous in opposition to war throughout the period. The most plausible explanation for the Federalist stance is the one provided by the model presented here, namely, that this issue dimension provided the Federalists with their only chance at influence on national politics. The model also predicts that the British would not view the Federalist opposition as a strong signal of the U.S. government's intent. In fact, the British precisely understood the ground for the Federalist position, and believed the government intended to carry out its threat in spite of it.

Further analytical and empirical study is required to establish the connection between the domestic political context and the informational content of party positioning in international crises. This article provides further evidence that the link is important, but in ways that have not been appreciated in the literature. In particular, failure to consider the domestic context *prior to party decisions on question of war and peace* will lead analysts to draw incorrect conclusions because: (1) lack of support

from a democratic opposition signals that an unpopular government is *more likely* to follow through on a threat, (2) oppositions sometimes support bluffs of unpopular governments, and (3) unpopular oppositions sometimes fail to support government policies they believe will be quite popular. Therefore, the inferences target states will draw from the behavior of domestic parties in challenging states must also be understood in light of the electoral landscape prior to the crisis.

## Appendix

In the proofs that follow, I assume that actors are risk neutral, though the qualitative results are similar when they are risk averse.

### Characterization of the Equilibrium For Popular Governments

**Proposition 1** The following strategies and beliefs constitute a perfect Bayesian equilibrium of the game described in the text when  $\delta \geq 1 - \beta$  and  $\delta > \frac{1}{2}$ .

#### Opposition:

Oppose the Government, whatever the Government decides to do.

#### Government:

At the initial node, if  $\alpha \geq \delta - a$ , the Government chooses to challenge. If  $\alpha < \delta - a$ , challenge if  $\alpha \geq \bar{a}$ , where  $\bar{a}$  is defined below. Otherwise, decline to challenge.

If the Opposition supports a threat, at its final decision node, the government

chooses war. If the Opposition opposes a threat, the Government chooses war if  $\alpha \geq \delta - a$ .

**Target:**

Let  $q_2 = \text{Prob}(\alpha > \delta - a \mid \text{Unsupported Challenge})$ .

The Target concedes when the Opposition opposes the use of force if  $q_2 \geq \frac{p}{p+c_t}$  and stands firm otherwise.

If the Opposition supports force, the Target concedes.

**Target Beliefs:**

Let  $q_1 = \text{Prob}(\delta > r(1 - \alpha - a) \mid \text{Supported Challenge}) = 1$ . If the Target observes an unsupported challenge, then its posterior belief that the Government will fight is:

$$q_2 = \frac{1 - F_\alpha(\delta - a)}{1 - F_\alpha(\tilde{\alpha})}$$

where  $\tilde{\alpha}$  is defined below.

**Government/Opposition Beliefs:**

Let  $s_2$  be the probability that the Target stands firm given that the Opposition has opposed the Government. Then,

$$s_2 = F_{c_t}(c^*)$$

where  $c^*$  is defined below.  $s_1 =$  the probability the Target stands firm when the Opposition supports  $= 0$ .

**Proof** First, note that the Opposition's strategy of opposing the Government when the Government decides to challenge is optimal given the Target's beliefs. If the Opposition supports, the Target finds the deterrent threat credible and concedes, yielding the Opposition its worst payoff of zero ( $\delta \geq 1 - \beta$  so  $r(\delta + \beta) = 1$ ). Thus, since not supporting yields a strictly positive probability of a non-zero payoff, the Opposition prefers not to support the Government when the Government makes a challenge for all values of the parameters.

The Opposition's strategy when the government decides not to challenge follows immediately through backward induction. (Note that since  $\alpha > \beta$  and  $\delta \geq 1 - \beta$ ,  $\alpha > 1 - \delta$ .) Thus, by assumption, the Government is popular enough that the Opposition always prefers to oppose the Government's policy when the Government declines to challenge the target.

The Government's optimal action at its final decision nodes also follows from backward induction. (Note that since  $\delta \geq 1 - \beta$ ,  $\delta \geq 1 - \alpha - a$ .) Turning to the government's strategy at the initial node, if  $\alpha \geq \delta - a$ , the Government prefers to challenge when,

$$(1 - s_2)r(\delta + \alpha + \sigma) + s_2\alpha \geq 1 - \alpha$$

Since  $r(\delta + \alpha + \sigma) = 1$ , rearranging terms gives the condition,

$$\alpha \geq \frac{s_2}{1 + s_2} = \alpha'$$

However,  $\alpha' \leq \delta - a$ , so the government always prefers to challenge when it would be

willing to follow through on a challenge ex post. To see this, note that,

$$s_2 = F_{c_t}(c^*) = F_{c_t}\left(p \frac{1 - q_2}{q_2}\right)$$

because  $c^*$  is just the level of costs that make the Target indifferent between standing firm and backing down. Thus, substituting the above expression for  $q_2$ , we get the condition,

$$\alpha' = \frac{F_{c_t}\left(p \frac{F_\alpha(\delta - a) - F_\alpha(\alpha')}{1 - F_\alpha(\delta - a)}\right)}{1 + F_{c_t}\left(p \frac{F_\alpha(\delta - a) - F_\alpha(\alpha')}{1 - F_\alpha(\delta - a)}\right)}$$

Since the LHS is just the 45° line, and the RHS is zero for  $\alpha' \geq \delta - a$ , the equation only has a solution when  $\alpha' < \delta - a$ . When the government believes the international issue to be less popular, so that  $\alpha < \delta - a$ , the government challenges when,

$$1 - s_2 + s_2 r(\delta - a) \geq 1 - \alpha$$

Rearranging terms gives,

$$\alpha \geq s_2(1 - \delta + a) = \bar{\alpha}$$

Note that  $\bar{\alpha} < \delta - a$  since,

$$\bar{\alpha} = F_{c_t}\left(p \frac{F_\alpha(\delta - a) - F_\alpha(\bar{\alpha})}{1 - F_\alpha(\delta - a)}\right)(1 - \delta + a)$$

The RHS increases from zero as  $\bar{\alpha}$  decreases from  $\delta - a$ , while the left side is strictly increasing. Thus, the above equation has a unique solution for  $\bar{\alpha} \in (0, \delta - a)$ .

The target's best response follows directly from the assumption of risk neutrality and backward induction. It only remains to show that the target's beliefs are not inconsistent with Bayes' Rule given the strategies of the players. Since no opposition

ever supports the government, target beliefs about  $\alpha$  are not constrained by Bayes' Rule at this decision node. Therefore, we are free to assume that the Target draws the inference that  $\alpha$  is such that the Government's threat is credible ( $q_1 = 1$ ). It further appears unlikely that this off the equilibrium path inference would be eliminated by any reasonable equilibrium refinement. Target beliefs at the lower decision node follow from Bayes Rule and the Government's strategy. We have shown the optimality of each player's strategy given the other strategies and beliefs and that beliefs are not inconsistent with Bayes Rule at each information set, given the strategies. Therefore, the strategies and beliefs described in the proposition constitute a perfect Bayesian equilibrium. ■

## Characterization of the Equilibrium for Unpopular Governments

**Proposition 2** The following strategies and beliefs constitute a perfect Bayesian equilibrium of the game described in the text when  $\delta \leq a$ ,  $\delta \leq \frac{1}{2}$  and  $a \geq \sigma$ . (The last condition is *purely* to simplify the exposition. All the qualitative results discussed above are identical when we allow  $a < \sigma$ .)

### Opposition:

Support the Government when  $\delta \geq 1 - \alpha - a$  or when  $\delta \leq 1 - \alpha - a$  and  $\alpha \geq \alpha^*$ , and oppose it otherwise.  $\alpha^*$  is defined below.

### Government:

Always challenge at the initial node. If the Opposition supports a threat, at the final decision node, choose war if  $\delta \geq 1 - \alpha - a$  and peace otherwise. If the Opposition opposes a threat, choose war if  $\alpha \geq \delta - a$ .

**Target:**

If the Opposition opposes the challenge, concede. If the Opposition supports the challenge, concede if  $q_1 \geq \frac{p}{p+c_t}$ .

**Target Beliefs:**

Let  $q_1$  and  $q_2$  be the probability that a supported and unsupported government, respectively, choose war.

$$q_1 = \frac{1 - F_\alpha(1 - \delta - a)}{1 - F_\alpha(\alpha^*)}$$

$$q_2 = 1$$

**Government/Opposition Beliefs:**

Let  $s_1$  and  $s_2$  be the probabilities that the Target stands firm after Opposition support and opposition, respectively.

$$s_1 = F_{c_t}(c_t^*) = F_{c_t}\left(p \frac{1 - q_1}{q_1}\right)$$

$$s_2 = 0$$

**Proof** Since  $\delta \leq a$ , the Government always chooses war when the Opposition does not support its threat to use force, and all players know this. Thus, somewhat

paradoxically, the Target will concede if the Opposition opposes the Government. The strategic dynamics actually mean that the Government's threat to use force is more credible when the Opposition takes a different position. Assume for the moment that  $1 - \alpha - a > \delta$ , so that the Government prefers to back down if the Opposition supports the use of force. (Note that this implies  $\delta + \alpha + \sigma < 1$  since  $\sigma \leq a$ .) The Opposition will be indifferent between supporting and opposing the government when:

$$1 - \delta - \alpha - \sigma = (1 - s_1)(1 - \delta - \beta) + s_1(\alpha + a) \quad (1)$$

Rearranging terms yields:

$$s_1 = \frac{\alpha + \sigma - \beta}{1 - \delta - \beta - \alpha - a} \quad (2)$$

The Target will be indifferent (at its top node) between conceding and standing firm when:

$$q_1 = \frac{p}{p + c_t}$$

or, equivalently, when:

$$c_t = p \frac{1 - q_1}{q_1}$$

Call this point  $c_t^*$ . Therefore,

$$s_1 = F_{c_t}(c_t^*) = F_{c_t}\left(p \frac{1 - q_1}{q_1}\right) \quad (3)$$

Setting equation (2) equal to equation (3) and substituting the equation for  $q_1$  given above (which follows directly from the elements of the equilibrium and Bayes Rule), we have:

$$\frac{\alpha^* + \sigma - \beta}{1 - \delta - \beta - \alpha^* - a} = F_{c_t}\left(p \frac{1 - \frac{1 - F_\alpha(1 - \delta - a)}{1 - F_\alpha(\alpha^*)}}{\frac{1 - F_\alpha(1 - \delta - a)}{1 - F_\alpha(\alpha^*)}}\right) \quad (4)$$

Rearranging terms on the right hand side (RHS), gives:

$$\frac{\alpha^* + \sigma - \beta}{1 - \delta - \beta - \alpha^* - a} = F_{ct} \left( p \frac{F_\alpha(1 - \delta - a) - F_\alpha(\alpha^*)}{1 - F_\alpha(1 - \delta - a)} \right) \quad (5)$$

Notice that the RHS is strictly decreasing in  $\alpha$  and must reach zero at or before  $\alpha = 1 - \delta - a$ . If the LHS numerator turns positive at some value of  $\alpha$ , then the LHS increases monotonically without bound as  $\alpha$  approaches  $1 - \delta - \beta - a$ . (Note that the LHS denominator must be positive at  $\alpha = 0$  by the assumption that  $1 - \alpha - a > \delta$ .) Therefore, the equation can be solved for  $\alpha^*$  when the RHS  $>$  LHS at  $\alpha = 0$  and the LHS numerator becomes positive for some  $\alpha < 1 - \delta - \beta - a$ , or formally, when:

$$\frac{\sigma - \beta}{1 - \delta - \beta - a} \leq F_{ct} \left( p \frac{F_\alpha(1 - \delta - a)}{1 - F_\alpha(1 - \delta - a)} \right) \quad (6)$$

and,

$$1 - \delta - a - 2\beta + \sigma > 0 \quad (7)$$

$\alpha^*$  is the point where the Opposition is indifferent between supporting and opposing the Government. Because the Opposition's payoff from opposing is monotonically decreasing in  $\alpha$  and its payoff from supporting is monotonically increasing in  $\alpha$  (over the range specified above, where the Government would prefer to back down when the Opposition supports force), we have shown that for  $\alpha \geq \alpha^*$ , the Opposition will support the Government. Otherwise, the Opposition will Oppose the Government.

If condition (6) or (7) are not satisfied, then set  $\alpha^* = 0$ . In other words, if equation (4) does not have a solution, this implies that the Opposition will support the Government at all values of  $\alpha$ . This can be seen most easily if we consider that

condition (6) and (7) only fail when  $\sigma$  or  $\beta$  are large. In either case (remembering that  $\alpha > \beta$ ), the Opposition has at least a weak preference for supporting the Government.

Now suppose  $1 - \alpha - a \leq \delta$  so that the Government's threat is credible even when the Opposition supports it. Here, the Opposition is strictly better off if it supports the Government, no matter what the Target state does (at its top node). We have now shown that the Opposition's strategy is optimal given the strategies and beliefs specified in the statement of the equilibrium.

I now show the optimality of the Government's strategy of always challenging no matter what the values of the other parameters. It is obvious that if  $\alpha$  is such that a supported Government would follow through on a threat, the Government would challenge at the initial node. So, suppose that  $\alpha$  is such that a supported Government would back down, and further that  $\alpha + a > 1 - \delta - \alpha - \sigma$ . Thus, if the Government challenges in the first node, it receives a payoff of  $(1 - s_1)(\delta + \beta) + s_1\delta$ . Now suppose further that  $\alpha > 1 - \delta$ . In this case, the Government receives  $1 - \alpha$  from not challenging. Since the last condition on  $\alpha$  implies  $\delta > 1 - \alpha$ , it is clear that the Government does better to challenge no matter what the probability that the target state concedes. Now suppose instead that  $\alpha \leq 1 - \delta$ . Here, the Government receives  $\delta$  if it declines to challenge, so that once again, it would prefer to challenge.

Now take the case where  $\alpha + a \leq 1 - \delta - \alpha - \sigma$ . If  $\alpha < \alpha^*$ , the Government clearly prefers to challenge. So suppose  $\alpha \geq \alpha^*$ . In this case, the payoff to the Government

from challenging is:

$$(1 - s_1)(\delta + \beta) + s_1(1 - \alpha - a)$$

The Government gets  $\delta$  from not challenging in this case, so the Government will always challenge when  $1 - \alpha - a > \delta$  which is true since,

$$\alpha + a \leq 1 - \delta - \alpha - \sigma \Rightarrow \delta < 1 - 2\alpha - a - \sigma$$

Target beliefs at the unsupported node follow from Bayes' Rule because unsupported, unpopular Governments never back down (as discussed above), and thus  $q_2$  must be 1. To see that  $q_1$  also follows from Bayes' Rule, it is enough to note that Governments that will follow through if supported *are supported*. Thus, Opposition support merely rules out the possibility that  $\alpha < \alpha^*$ .

At this point, the other elements of the equilibrium follow easily. Lastly, however, it may be useful to emphasize one property of the equilibrium. The Opposition always supports a challenging Government, *no matter what the Opposition thinks about the likelihood that the Target concedes*, when,

$$\alpha + a > 1 - \delta - \alpha - \sigma \Rightarrow \alpha > \frac{1 - \delta - \sigma - a}{2}$$

Since  $\frac{1 - \delta - \sigma - a}{2} < 1 - \delta - a$ , the Opposition sometimes supports Governments it knows to be bluffing. ■

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