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Responsibility and the Diversionary Use of Force[1]

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Do state leaders use force abroad to divert supporters' attention from domestic economic problems? Many studies in international relations attempt to provide an answer to this question but the empirical findings are inconsistent. In this article we argue that it is necessary to consider variations in supporters' perceptions of leaders' control of the economy to understand leaders' incentives to engage in the diversionary use of force. Leaders that are perceived to have high levels of responsibility for the economy will be more likely to use force abroad in the presence of domestic economic problems than leaders that are perceived to have lower levels of responsibility. When leaders are not perceived to have high levels of responsibility they do not have an incentive to use force abroad in the presence of domestic economic problems because the economic problems will not affect the probability that they will retain power. A directed dyad analysis of conflict initiation from 1950 to 1998 supports this hypothesis. This study improves our understanding of patterns of international conflict and, more specifically, the diversionary use of force, by demonstrating the contexts in which diversionary incentives will be strongest.

KEYWORDS: conflict; diversionary theory; domestic institutions; economy

Introduction

An increasing number of studies in international relations depart from the state-centric approach to explain states' foreign policy decisions and focus on leaders'

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incentive to stay in power to explain foreign policy decisions. This shift in focus from state-centric explanations of foreign policy to leader-based explanations of foreign policy has generated valuable insights. One topic area in particular that has benefited from this shift in focus is in the study of international conflict (Bueno de Mesquita, 2006).

However, the empirical findings associated with diversionary theory, a prominent leader-based explanation of conflict initiation, have been inconsistent. Diversionary theory suggests that leaders use force abroad in the presence of domestic economic problems. This is because the weak economy sends a signal to supporters that the leader is incompetent and leaders can use force abroad to demonstrate their competence. Numerous studies find support for this hypothesis (James, 1988; Russett, 1990; James and Oneal, 1991; Miller, 1995, 1999; DeRouen, 2000; Enterline and Gleditsch, 2000; DeRouen and Peake, 2002; Clark, 2003; Mitchell and Prins, 2004; Oneal and Tir, 2006). However, there is also a set of studies that do not find support for the diversionary hypothesis (Meernik, 1994, 2000; DeRouen, 1995; Meernik and Waterman, 1996; Leeds and Davis, 1997; Gowa, 1998; Russett and Oneal, 2001; Mitchell and Moore, 2002; Chiozza and Goemans, 2003; Pickering and Kisangani, 2005).

We argue that the inconsistent empirical findings are a result of a failure to consider important variations in context. A shortcoming of the previous research is that scholars assume that supporters' perceptions of leaders' control of the economy are constant across all states and over time. In this article we relax this assumption and argue that it is necessary to consider variations in supporters' perceptions of leaders' control of the economy to understand leaders' incentives to engage in the diversionary use of force. Leaders that are perceived to have high levels of responsibility for the economy will be more likely to use force abroad in the presence of domestic economic problems than leaders that are perceived to have lower levels of responsibility. When leaders are not perceived to have high levels of responsibility they do not have an incentive to use force abroad in the presence of domestic economic problems because the economic problems do not affect the probability that they retain power.

We evaluate the effects of poor economic conditions on leaders' conflict initiation decisions across a large spatial and temporal domain. Using two indicators of leaders' perceived levels of responsibility for the economy, we find support for our hypothesis. Only leaders whom supporters perceive to have high levels of control over the economy are likely to engage in the diversionary use of force. This study improves our understanding of patterns of international conflict and, more specifically, the conditions under which leaders may have domestic political motivations to initiate interstate disputes.

We proceed as follows. First, we present the standard diversionary theory and briefly summarize some of the literature associated with the theory. Second, we present a variant of diversionary theory that suggests the diversionary hypothesis is conditional upon the level of responsibility that a leader is perceived to have over economic outcomes. Third, we discuss the research design used to test the hypothesis. Finally, we report the results of the analysis and discuss their implications.

Diversionary Theory

A central question in the study of international relations is: why do leaders initiate conflicts? A plausible explanation that has a long tradition in international relations research is diversionary theory. Diversionary theory is based on the assumption that leaders want to retain power. Domestic political support from some segment of society is the fundamental determinant of whether a leader retains power across all regime types (Bueno de Mesquita et al., 2003). When domestic political support is low, leaders will be less likely to retain office than when domestic political support is high. Therefore, leaders will attempt to avoid having low levels of domestic political support.

Supporters want to retain a leader in power that is competent. That is, supporters prefer a competent leader to an incompetent leader. Therefore, domestic political support for a leader will be low when leaders are perceived to be incompetent. This suggests that leaders with low levels of domestic support will attempt to adopt policies that will demonstrate their competence and increase their domestic political support.

One way in which a leader can demonstrate his or her competence is by using force abroad. If a government uses force abroad and is successful, supporters may reassess the competence of the government and increase domestic political support. Richards et al. (1993), Smith (1996), and Tarar (2006) each deduce this notion through formal modeling. This generates the familiar diversionary hypothesis: *decreases in levels of domestic support increase the probability that a leader initiates a conflict*.

Numerous studies estimate the empirical relationship between domestic support for the leadership and conflict initiation. A majority of these studies find support for the diversionary hypothesis under various circumstances (Stoll, 1984; Ostrom and Job, 1986; James and Oneal, 1991; Morgan and Bickers, 1992; Hess and Orphanides, 1995; Gelpi, 1997; Morgan and Anderson, 1999). However, data on leaders' domestic political support is not available for a large spatial domain. Therefore, the studies that evaluate the relationship between leaders' domestic support and conflict initiation only use data from the United States, or in the case of Morgan and Anderson (1999), data from Great Britain, to test the diversionary hypothesis.[2]

Nevertheless, scholars realize that diversionary theory is more general and applicable to a larger set of states. This has led scholars to use other measures that are available for a larger spatial domain than data on leaders' domestic political support to evaluate the diversionary hypothesis. One of the most prominent measures is domestic economic problems. These studies assume that a weak economy sends a signal to supporters that the current leader is incompetent and should not be retained in power, thus decreasing domestic political support. Through an empirical analysis of leadership survival, Bueno de Mesquita et al. (2003) show that the economy is important for the survival prospects of all leaders regardless of the nature of their domestic political institutions. Voters in democracies prefer their leader to produce economic growth and powerful supporters in non-democracies prefer their leader to produce economic

[2] Scholars have examined this relationship without having to rely directly on domestic political support data in other contexts. For example, Levy and Vakili (1992) evaluate the diversionary hypothesis with a case study of the Falklands.

growth. If leaders do not produce economic growth they are more likely to be voted out of office in democracies and more likely to be replaced by a challenger through a coup or other means in a non-democracy. This suggests that measures of domestic economic problems are appropriate indicators to use for testing the diversionary hypothesis. Therefore, many studies evaluate the following diversionary hypothesis: *domestic economic problems increase the probability that a leader initiates a conflict*.

However, the empirical findings associated with the diversionary hypothesis are more inconsistent when the hypothesis is tested using economic indicators than when the hypothesis is tested using leadership support indicators. Some studies find that leaders use force abroad to divert supporters' attention from domestic economic problems (James, 1988; Russett, 1990; James and Oneal, 1991; Miller, 1995, 1999; DeRouen, 2000; Enterline and Gleditsch, 2000; DeRouen and Peake, 2002; Clark, 2003; Mitchell and Prins, 2004; Oneal and Tir, 2006) while other studies do not find that leaders use force abroad to divert supporters' attention from domestic economic problems (Meernik, 1994, 2000; DeRouen, 1995; Meernik and Waterman, 1996; Leeds and Davis, 1997; Gowa, 1998; Russett and Oneal, 2001; Mitchell and Moore, 2002; Chiozza and Goemans, 2003; Pickering and Kisangani, 2005). These inconsistent empirical findings motivate our study.

Various other studies also attempt to explain these inconsistent findings regarding the relationship between domestic economic conditions and incentives to engage in international conflict. The most common approach is to relax the assumption that all leaders have an incentive to engage in the diversionary use of force in the presence of poor economic conditions. An early study that relaxes this assumption is by Ostrom and Job (1986). In an empirical model of US presidents' conflict initiation decisions during the Cold War, Ostrom and Job include the misery index multiplied by the percentage of the US public identifying the economy as the most important problem as an independent variable. The argument is that leaders will not have an incentive to engage in the diversionary use of force when the economy is bad if the public does not care that the economy is bad. Using this measure they find that "the president is more prone to use force in times of economic stress" (Ostrom and Job, 1986: 557).

Another set of studies also relaxes the assumption that all leaders have an incentive to engage in the diversionary use of force in the presence of poor economic conditions to explain these inconsistent findings but they focus on the partisan macroeconomic preferences of leaders (Fordham, 1998; Arena and Palmer, 2009; Brulé and Hwang, 2010). More specifically, they build on Hibbs's (1977) argument that leaders of left-wing parties are more concerned with unemployment and members of right-wing parties are more concerned with inflation. This approach suggests that leaders' incentive to engage in the diversionary use of force depends on the nature of the economic problem and their partisan macroeconomic preference.

The approach we adopt to explain the inconsistent findings also emphasizes that not all leaders have an incentive to engage in the diversionary use of force in the presence of domestic economic problems. However, rather than focusing on supporters' concern for economic conditions or leaders' macroeconomic preferences, we focus on supporters' perceptions of leaders' control of the economy. This is similar to the approach taken by Tarar (2006) and Brulé and Williams (2009). Tarar develops a game

theoretic model where voters are trying to select a competent leader. In his model the state of the economy is a noisy signal of the leader's competence. The strength of this signal can vary depending on how much control the leader is perceived to have over the state of the economy. As a result, leaders' incentives to engage in the diversionary use of force in Tarar's model depends on whether or not they are perceived to have a lot of control over the state of the economy.

Brulé and Williams (2009) also develop a model where leaders' incentives to engage in the diversionary use of force depend on supporters' perceptions of leaders' control of the economy. Brulé and Williams argue that costs of economic decline to the leader diminish as the number of parties in government increase. Therefore, they argue that in the presence of domestic economic problems, leaders' incentive to engage in the diversionary use of force decreases as the number of parties in government increases. Analyzing the conflict initiation behavior of leaders from 23 OECD member states, they find support for their argument.

We build on these studies in two main ways. First, using formal models from the political economy literature we disaggregate economic growth and show how it can inform supporters about the competence of the leader (Alesina and Rosenthal, 1995; Duch and Stevenson, 2008). Previous models suppress these microfoundations (Tarar, 2006; Brulé and Williams, 2009). Second, we generalize the argument and use a larger spatial domain than previous studies to estimate the interactive effect of domestic economic problems and supporters' perceptions of leaders' control of the economy on international conflict. Previous studies only apply the argument to leaders of developed democracies (Brulé and Williams, 2009). In this article we extend the argument to all leaders' conflict initiation decisions. In addition, we use measures that allow us to test the argument on leaders' conflict initiation decisions in over 130 states. That is, we test this variant of diversionary theory on a sample that includes democracies and non-democracies as well as developed and developing countries. We will now show when supporters can and cannot use the economy to infer the competency of the leader and discuss how this conditions leaders' incentives to engage in the diversionary use of force.

Responsibility and the Diversionary Use of Force

An implicit assumption of the diversionary theory of war is that supporters' perceptions of leaders' control of the economy are constant. In other words, the degree to which supporters hold the existing leader accountable for domestic economic problems is the same for all states in all time periods. However, a vast literature in comparative politics on the effect of the economy on leadership support suggests that this varies across states and over time; as a result of institutional variation, supporters hold some leaders more responsible for a weak economy than other leaders (see Anderson, 2007). Therefore, we relax this assumption and show that leaders' incentive to engage in the diversionary use of force is conditional upon supporters' perceptions of leaders' control of the economy.

To develop how supporters' perceptions of leaders' control of the economy condition leaders' incentive to engage in the diversionary use of force, we rely on Duch and

Stevenson's (2008) theory of contextual variation in economic voting.[3] Following existing models of political economic cycles, Duch and Stevenson's model assumes that economic growth is a function of both the economic policies of the leader and economic shocks.[4] Furthermore, the economic shocks consist of two components: an exogenous shock and a "competence shock" that depends on the competence of the leader. Supporters are unable to observe both the exogenous shocks and the competence shocks but they can obtain information about the competence of the leader because the observed economy is partially dependent upon it and competence is assumed to be persistent over time.[5] Supporters in the model prefer more economic growth and less inflation. Consequently, since leaders prefer to retain power they always choose the same economic policy, zero inflation, and supporters' decisions to punish leaders depend only on their inference about the competence of the leader.[6]

The main result of Duch and Stevenson's (2008) model is the solution to the supporters' problem of extracting the competence of the leader from the observed economy. They assume that the competency and exogenous shocks to the economy are random draws from zero mean normal distributions with variances σ_u^2 and σ_ε^2, respectively. Furthermore, it is assumed that supporters know the expected values and variances of these distributions.[7] From these assumptions they show how the economy affects supporters' expected utility, u_{t+1}, for supporting leader j, L_j:

$$E[u_{t+1} \mid L_j] = \left(\frac{\sigma_u^2}{\sigma_u^2+\sigma_\varepsilon^2}\right)(y_{it} - \bar{y} - u_{it-1})$$

where y_{it} is the rate of economic growth in the current period, $\bar{y}$ is the natural rate of economic growth, and u_{it-1} is the random competence shock in the last period.

The term $(y_{it} - \bar{y} - u_{it-1})$ is the observed economy minus the components of the economy that are known to the leaders' supporters. Therefore, the term represents the component of the observed economy that is determined by both exogenous and competence shocks. The coefficient on this term, $\left(\frac{\sigma_u^2}{\sigma_u^2+\sigma_\varepsilon^2}\right)$, is what Duch and

[3] An alternative theory is the "clarity of responsibility" argument developed by Powell and Whitten (1993). We do not rely on this theory because it is not as explicitly stated as Duch and Stevenson's (2008) theory and critical tests between the two theories support Duch and Stevenson's (2008) theory.

[4] For a summary of this literature see Alesina et al. (1997).

[5] More specifically, the next period's competence shock is assumed to be a first-order moving average of previous shocks.

[6] Given that our focus is not on leaders' economic policy decisions, this simplifying assumption is not critical. Our main hypothesis would be the same if we incorporated more complex economic policy preferences for leaders.

[7] Duch and Stevenson (2008) demonstrate through survey research that citizens have a fairly accurate understanding of the impact that exogenous shocks have on the observed economy. Given that citizens can use this information to deduce the impact competence shocks have on the observed economy, this evidence suggests that this is a plausible assumption.

Stevenson (2008) refer to as the "competency signal". It determines how much information about the leader's competence supporters can extract from the observed economy. If the variance of the competence term, σ_u^2, is large relative to the variance of the exogenous component of economic growth, σ_ε^2, the competency signal will approach 1 and supporters will use the observed economy to infer the competence of the leader. This is because supporters know that the current rate of economic growth is mostly a result of the competence of the leader. However, if the variance of the exogenous component of economic growth, σ_ε^2, is large relative to the variance of the competence term, σ_u^2, the competency signal will approach 0 and supporters will not use the observed economy to infer the competence of the leader. This is because the current rate of economic growth is mostly a result of exogenous factors rather than the competence of the leader. In this case leaders are not perceived to be responsible for the observed economy.

The competency signal conditions leaders' incentives to engage in the diversionary use of force in a straightforward manner. When supporters can extract information about the leader's competence from the observed economy, the leader will have an incentive to engage in the diversionary use of force in the presence of domestic economic problems. However, when supporters are unable to extract information about the leader's competence from the observed economy, the leader will not have an incentive to engage in the diversionary use of force in the presence of domestic economic problems. This is because the leader will not be held responsible for the observed economy and the economic problems will be less likely to decrease their political support and therefore will be less likely to affect the probability that they will retain power. Thus our diversionary hypothesis is: *when a leader is perceived as responsible for the observed economy, domestic economic problems increase the probability that a leader initiates a conflict.*

Research Design

This study evaluates the causes of conflict initiation. More specifically, it tests whether state leaders use force abroad to divert supporters' attention from domestic economic problems conditional upon supporters' perceptions of leaders' control of the economy. We utilize a time series cross-sectional design to test the hypothesis where the unit of analysis is the directed dyad-year. We use the directed dyad-year as the unit of analysis because diversionary theory is a theory of conflict initiation, and when testing theories of conflict initiation it is important to take into account factors about the potential targets, which is only possible in the directed dyad format.[8] The theory applies to all conflict initiation decisions, but as a result of data availability, the

[8] Even though we think the directed dyad-year is the appropriate unit of analysis to test our hypothesis, as a robustness check we evaluate our hypothesis using a monadic research design where the state-year is the unit of analysis. More specifically, we construct an annual count of dispute initiations and replicate our analyses using a Poisson regression instead of a logit regression. Our conclusions do not change when a monadic research design is used.

temporal domain of the empirical analysis will cover the period from 1950 to 1998.[9] In addition, the theory applies to all leaders' conflict initiation decisions, based on the assumption that all leaders rely on some group of supporters to remain in power, but again, as a result of data availability the spatial domain of the empirical analysis will include the conflict initiation decisions of leaders in 139 states, which produces 464,876 directed dyad-years.[10]

The Dependent Variable

A contribution of Morgan and Bickers (1992) is that they point out that the causal mechanism suggested by diversionary theory does not require war to be the diversionary tactic of choice. Lower levels of force, such as threats to use force, shows of force, and uses of force short of war, can also be used by leaders to demonstrate their competence to supporters.[11] If a leader threatens to use force against another state and extracts foreign policy concessions by doing so, supporters may reassess the competence of the leader and increase domestic support.

Therefore, given the insight from Morgan and Bickers (1992), the dependent variable for our analysis codes whether the state initiates a conflict against the target of the directed dyad in a given year. To code whether the state initiates a conflict against the target in a given directed dyad-year we use the COW Militarized Interstate Dispute (MID) data v3.10 (Ghosn et al., 2004).[12] The realizations of our dependent variable are: 0 if the state did *not* initiate a conflict against the target and 1 if the state did initiate a conflict against the target in a given year.[13] There are 714 instances of conflict initiation in the data.

Operationalizing the Key Concepts

Domestic Economic Problems Diversionary theory expects domestic economic problems in a state to affect the likelihood that the state initiates a conflict against a target in a given year. To operationalize domestic economic problems we rely on a commonly used measure of economic growth: the geometric mean annual rate of economic growth. We calculate this over the two years before the state in a directed

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[9] Data on trade openness only allow our analysis to go back as far as 1950 and data on economic growth only allows our analysis to extend to 1998.

[10] We have economic growth data for 158 states, trade openness data for 164 states, and both for 139 states.

[11] Furthermore, Mitchell and Moore (2002) show that excluding lower levels of force can bias one's results.

[12] We are aware that Fordham and Saver (2001) argue that the MID data may be problematic for testing diversionary arguments, but their main argument is that the MID data exclude many incidents relevant to diversionary hypotheses which would make it harder for us to find support for our theory. Furthermore, the data that they suggest are appropriate for testing diversionary hypotheses are only available for the United States.

[13] More specifically, the variable is coded 1 if the state was a MID participant on side A and fought on the first day and 0 otherwise.

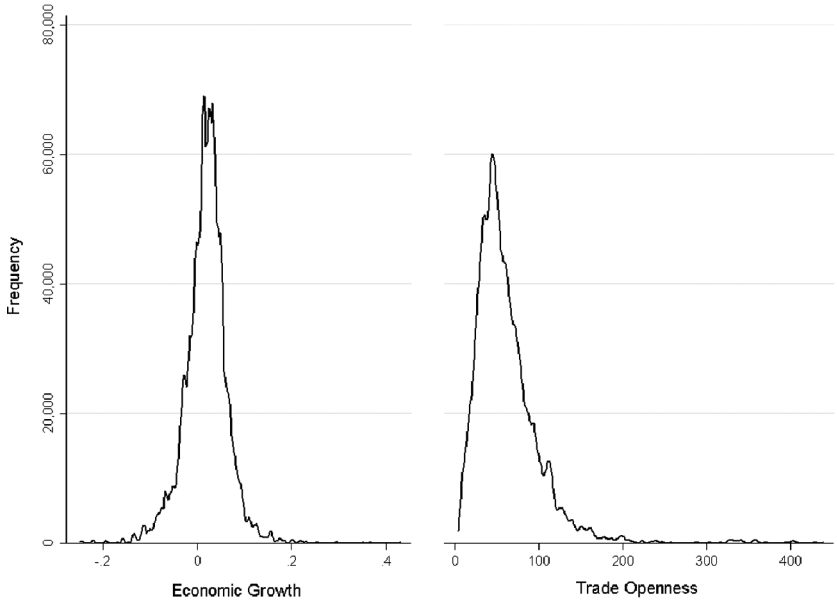

Figure 1. Distribution of Economic Growth and Distribution of Trade Openness
This figure shows the distribution of the economic growth variable and the trade openness variable.

dyad-year may have initiated a conflict against the target. To calculate the geometric mean annual rate of economic growth over two years we use real GDP per capita data from Gleditsch (2002). Given that the variable measures economic growth, if leaders engage in the diversionary use of force the coefficient associated with the variable will be negative.

In addition, following Oneal and Tir (2006), we use data from Chiozza and Goemans (2003) to ensure that economic growth is not measured across leaders. This is because our theory would suggest that leaders would not be seen as responsible for a predecessor's weak economy. Therefore, we only include observations in our analysis in which economic growth is measured within a particular leader's tenure. In Figure 1 we present the distribution of this variable.

Strength of the Competency Signal The variant of diversionary theory presented in this article expects leaders' incentives to engage in the diversionary use of force in the presence of domestic economic problems to be conditional upon supporters' perceptions of leaders' control of the economy, which is determined by the strength of the competency signal. Therefore, we need to make an auxiliary assumption about when the strength of the competency signal will be high and when it will be low. That is, we need to identify when supporters can extract information about the leader's competence from the observed economy and when they cannot.

Duch and Stevenson (2008) suggest it is useful to think about the number of decisions not associated with the leader that influence the observed economy.[14] For example, firms, international organizations, foreign leaders, and other domestic political actors may all influence a state's observed economy. These are all non-leader decision makers that may affect a state's observed economy. As the number of these types of decision makers affecting the economy increases, the variance of the exogenous shocks to the observed economy increases, which decreases supporters' ability to infer the leader's competence from the observed economy (i.e. weakens the competency signal). Therefore, we would expect leaders to be less likely to engage in the diversionary use of force in the presence of domestic economic problems as the number of non-leader decisions affecting the economy increases.

One of the main factors that determine the number of non-leader decisions that affect the economy is the openness of the state's economy. As a state's economy becomes more open, the number of non-leader decisions associated with the observed economy increases and leaders' ability to manage the economy decreases. This is a result of both capital mobility and increased trade flows. The Mundell-Fleming condition suggests that when leaders choose to open their economies they are opting for capital mobility and give up their ability to control exchange rates and their ability to shape monetary policy (Frieden, 1991). Furthermore, as a result of the increased trade flows from an open economy, leaders also limit their ability to manage the observed economy. This is because as the economy becomes more dependent on exports, the observed economy is mostly determined by external demand, and increases in imports subject the economy to inflationary or deflationary shocks (Cameron, 1978). Therefore, when a leader opts for an open economy, supporters are unable to use the observed economy to infer the competence of the leadership since it is mostly a result of exogenous factors. As a result, our operational hypothesis is: *the more closed the economy, the more domestic economic problems increase the probability that a leader initiates a conflict*.

To measure the openness of a state's economy we use a measure commonly used by international economists: aggregate exports and imports divided by GDP. Lower values indicate a more closed economy and higher values indicate a more open economy. This measure is obtained from the Penn World Table mark 6. In Figure 1 we present the distribution of this variable.

Opportunity Leaders do not initiate conflicts without considering international factors. The leadership must have an opportunity to engage in the diversionary use of force. Therefore, we include several variables in our model that distinguish between dyads where leaders have an opportunity to initiate a conflict and dyads where leaders

[14] More precisely, Duch and Stevenson (2008) discuss the number of non-electorally dependent decision makers, but we do not use this term since our argument is more general and does not only apply to countries with elections.

do *not* have an opportunity to initiate a conflict.[15] Two things are important when considering whether leaders have an opportunity to initiate a conflict: (1) whether their state can defeat the target in a potential conflict and (2) whether their state has divergent interests from the target. We will now explain these two factors in more detail and discuss how we operationalize them.[16]

First, if a leader's state is unlikely to defeat the target state in a conflict then it is unlikely that the leader will be able to extract foreign policy concessions from the target and demonstrate their competence to the public. However, as Tarar's (2006) formal model of the diversionary use of force predicts, if the target is very weak, initiating a conflict against it may not be sufficient to convince the public that the leadership is competent despite the weak economy. Therefore, we expect a quadratic relationship between the state's likelihood of defeating the target state and the probability of conflict initiation where the probability of conflict initiation is highest when the two states' capabilities are similar.

To capture this notion we calculate the state's likelihood of defeating the target using the ratio of the capabilities of the state to the sum of the capabilities of the state and the target. The actors' Composite Index of National Capability (CINC) scores are used as measures of their capabilities (Singer et al., 1972). We also include the square of the measure to allow for the expected non-linear relationship between the state's likelihood of defeating the target and conflict initiation.[17] The argument above expects the coefficient associated with the square of this variable to be negative. In addition, we include a measure of the state's capital-to-capital distance from the target. A state that is further away from a target is able to contribute less military power to a conflict with the target. This is a common notion in the study of international conflict, termed the loss of strength gradient (Boulding, 1962). This suggests that the coefficient associated with the distance variable should be negative.

Second, if a leader's state has similar interests to that of the target, the target will not provide a good opportunity for the leadership to initiate a conflict and demonstrate competence. Attacking or threatening to attack a target that agrees on foreign policy issues will not send a signal of competence. The target would need to have divergent interests from the state in order for it to provide an opportunity for the leadership to initiate a conflict and demonstrate competence.

To capture this notion we include Signorino and Ritter's (1999) S-score. Their measure of common interests follows a tradition of inferring foreign policy positions from alliance portfolios (Bueno de Mesquita, 1981). The measure is bounded between

[15] In addition to the variables discussed in this section, we also, as a robustness check, estimate all of our models with a larger set of variables such as contiguity, major power, joint democracy, and the initiator's democracy level. None of our conclusions change when these variables are included in the models.

[16] All of the variables that are not associated with our main hypothesis are generated using EUGene software version 3.201 (Bennett and Stam, 2000).

[17] Given that most diversionary studies do not include relative capabilities squared in the empirical analysis, we estimate all of our models without it as a robustness check and none of our conclusions change.

–1 and 1, where values closer to 1 indicate that the state and target have similar alliance portfolios and we assume similar interests. Therefore, the coefficient associated with this variable should be negative.

Estimation

Given that our outcome of interest is dichotomous, we estimate a logit model to test our hypothesis. In addition, we also take into account temporal dependence. This is because our binary time series cross-sectional data of conflict initiation are likely to violate the temporal independence assumption of the logit model. We utilize the strategy suggested by Carter and Signorino (2010). First, we generate a variable that codes the number of years that elapsed since the most recent conflict in a dyad. Then we include the variable as well as the square and the cube of the variable in our estimation. Carter and Signorino demonstrate through Monte Carlo simulations that their strategy performs as well as the splines and better than the time dummies suggested by Beck et al. (1998). We will now report the results of our empirical analysis.

Results

The results of our empirical analysis appear in Table 1.[18] The dependent variable for all of the analyses is conflict initiation, and our theory predicts that leaders will be more likely to initiate a conflict when there are domestic economic problems and supporters perceive the leader to be responsible for the observed economy.

Table 1 shows that the coefficients for the variables not associated with our main hypothesis are consistent with our expectations. There is a non-linear relationship between a state's likelihood of defeating the target and conflict initiation. Leaders are most likely to initiate conflicts when they have a slight chance of defeating the target, approximately .55, and are least likely to initiate conflicts when the likelihood of their state defeating the target is very low or very high. Furthermore, consistent with our expectations and a substantial amount of previous analysis on conflict initiation, leaders are less likely to initiate conflicts with targets that are further away. Finally, as expected, leaders are less likely to initiate conflicts with targets that have similar interests

Given that our hypothesis is conditional and we rely on an interaction term to test it, it is not obvious from the quantities in Table 1 whether the data support our hypothesis. Thus, to evaluate our hypothesis we produced Figure 2.[19] Figure 2 graphs the coefficient associated with the economic growth variable and 95% confidence interval across values of the trade openness variable.[20] Recall that since we operationalize domestic economic problems using a measure of economic growth

[18] A replication file for all of the results discussed in text and footnotes is available from the authors.

[19] Figure 2 is created using the replication file from Brambor et al. (2006).

[20] We do not graph the relationship for the full range of values for trade openness for presentational purposes. More specifically, trade openness ranges from 3.11 to 439.03 but we do not graph the effect of economic growth on conflict initiation for values of trade openness greater than 100. This is because our theory predicts that leaders will have diversionary incentives at lower values of trade openness but not at higher values of trade openness and

Table 1. Logit Analysis of Conflict Initiation, 1950 to 1998

Variable	*Coefficient*
Economic Growth	–7.050***
	(2.006)
Openness	–0.029***
	(0.003)
Growth * Openness	0.128***
	(0.040)
Likelihood of Winning	2.368***
	(0.828)
(Likelihood of Winning)^2	–2.203***
	(0.729)
Distance	–0.001***
	(0.000)
Similarity of Interests	–2.420***
	(0.404)
Constant	0.421
	(0.358)
Observations	464,876

Two-tailed tests: ***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.
Standard errors clustered on the directed dyad in parentheses.
Peace Years, (Peace Years)^2, (Peace Years)^3 included in estimation.

the coefficient associated with this variable will be negative if leaders are engaging in the diversionary use of force.

Figure 2 shows that leaders engage in the diversionary use of force in the presence of domestic economic problems when the economy is closed. Furthermore, it shows that leaders do not engage in the diversionary use of force in the presence of domestic economic problems when the economy is open; it actually suggests that leaders are less likely to initiate conflicts in the presence of domestic economic problems when the economy is open. Recall that we make an auxiliary assumption that supporters are unable to extract information about the leader's competence when the economy is open but they are able to when the economy is closed. This is because exogenous factors influence the observed economy more when the economy is open than when it is closed. Therefore, since the variant of diversionary theory presented in this article suggests leaders only have an incentive to engage in the diversionary use of force when they are perceived as being responsible for the observed economy rather than exogenous factors, this figure supports the hypothesis drawn from the theory.

The results we report here provide insight on why the empirical findings associated with the diversionary hypothesis have been inconsistent. When researchers pool together state-years where leaders are perceived as being responsible for the observed

one can see that our data support this expectation without having to graph values greater than 100 and making the figure difficult to read.

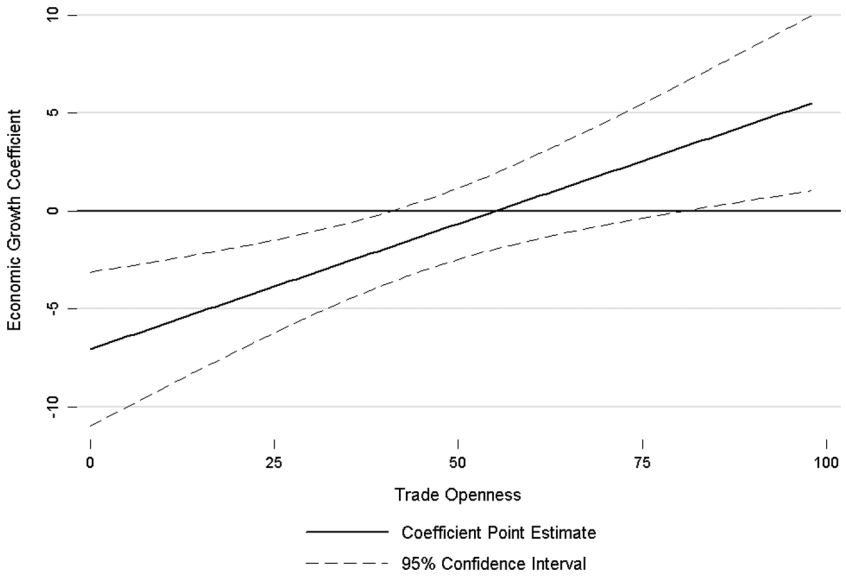

Figure 2. Economic Growth Coefficient across Values of Trade Openness
This figure graphs the coefficient point estimate and confidence interval of the economic growth variable for different values of the trade openness variable based on the results in Table 1.

economy and state-years where leaders are not perceived as being responsible for the observed economy, they may or may not find significant results for the effect of the economy on conflict initiation because, as Figure 2 suggests, the relationship varies depending upon supporters' perceptions of leaders' control of the economy.

An Additional Test

In this section we evaluate the sensitivity of our results to an alternative operationalization of the strength of the competency signal. This is important because even though we think trade openness is a valid measure of the strength of the competency signal, proponents of liberal theories may suggest that our results can be explained by the well-known finding that states with open economies are more pacific (Russett and Oneal, 2001). Therefore, we develop an additional operational hypothesis to test our theory that is not predicted by liberal theories.

The alternative measure we develop relies on political institutions rather than economic institutions to operationalize the competency signal. It is based on whether there is a fusion of the legislative and executive powers in the state or whether there is institutional separation in the state. When the legislative and executive powers are fused in a state, leaders are perceived as being responsible for the observed economy because only one governing body determines economic policies. However, in the case of institutional separation in a state, multiple governing bodies influence economic policies and the observed economy may be a result of these non-leader decisions rather than the competence of the leadership. Therefore, we expect supporters to be

more likely to use the economy to infer the competence of the leadership when the legislative and executive powers are fused in a state than when there is a separation of powers in a state. As a result, when legislative and executive powers are fused in a state, leaders will be more likely to use force abroad in the presence of domestic economic problems than when there is a separation of powers in a state.[21]

To code the variable we rely on information from the Database of Political Institutions (Beck et al., 2001). More specifically, we utilize the system variable from the Database of Political Institutions which is available for 155 countries from 1975 to 1998. The system variable codes whether the state is presidential or parliamentary. We code the parliamentary states as having a fusion of legislative and executive powers and presidential states as having a separation of powers. When considering states with unelected executives, we code only the states where legislatures are competitively elected as having institutional separation. To do this we utilize the legislative index of electoral competitiveness from the Database of Political Institutions. We consider legislatures to be competitive only when the largest party received less than 75% of the seats. This produces 287,798 observations where the potential initiator of the directed dyad-year had a fusion of powers and 91,209 observations where the potential initiator of the directed dyad-year had institutional separation.

The results from this additional analysis are reported in Table 2. Column 1 shows the results for states that have a fusion of legislative and executive powers and Column 2 shows the results for states with a separation of powers. As before, the results for both groups of states show that the coefficients for the variables not associated with our main hypothesis are consistent with our expectations. Furthermore, the results show that leaders are more likely to initiate conflicts in the presence of domestic economic problems when the legislative and executive powers are fused in a state, but when there is institutional separation in a state, the effect of the economy on conflict initiation is not discernible from zero. This is consistent with our argument and suggests that leaders only have an incentive to engage in the diversionary use of force in the presence of domestic economic problems when they are perceived to have control over the observed economy. The additional analysis conducted in this section provides us with confidence in our results and ultimately with this variant of diversionary theory.

[21] Some readers may question the validity of our alternative measure because it expects that the US will be less likely than other states to initiate conflicts in the presence of poor economic growth. However, we are comfortable with this expectation for two reasons. First, this expectation is consistent with the findings of previous studies. Several studies, such as Miller (1995, 1999), Gowa (1998), and Oneal and Tir (2006), report evidence that US presidents do not engage in the diversionary use of force in the presence of poor economic growth. Second, within our sample we find no evidence that economic growth influences US presidents' decisions to initiate conflict. That is, when we estimate our model on a sample of directed dyads from 1950 to 1998 where the initiator is the US, the coefficient associated with the economic growth variable is not significant. However, these findings do not imply that US presidents do not engage in the diversionary use of force. US presidents have an incentive to engage in the diversionary use of force when their domestic political support is decreased by factors such as scandals or unpopular policies that are unrelated to economic performance.

Table 2. Logit Analysis of Conflict Initiation, 1975 to 1998

	Fusion of Powers	*Separation of Powers*
Economic Growth	–2.861**	–0.905
	(1.194)	(1.832)
Likelihood of Winning	4.021***	4.440**
	(0.864)	(1.909)
(Likelihood of Winning)^2	–3.367***	–3.524**
	(0.810)	(1.576)
Distance	–0.001***	–0.001***
	(0.000)	(0.000)
Similarity of Interests	–2.110***	–4.752***
	(0.576)	(0.822)
Constant	–1.470***	.798
	(0.521)	(0.787)
Observations	287,798	91,209

Two-tailed tests: ***$p < 0.01$, **$p < 0.05$, *$p < 0.1$.
Standard errors clustered on the directed dyad in parentheses.
Peace Years, (Peace Years)^2, (Peace Years)^3 included in estimation.

Conclusion

Do state leaders use force abroad to divert supporters' attention from domestic economic problems? We contend that supporters' perceptions of leaders' control of the economy affects whether leaders have an incentive to engage in the diversionary use of force. When leaders are not perceived to have control over the observed economy, supporters will not use the economy to infer the competence of the leadership and leaders will not have incentives to use force abroad to divert supporters' attention from domestic economic problems because the domestic economic problems will be unlikely to affect their likelihood of retaining power. Conversely, when leaders are perceived to be responsible for the observed economy, they have an incentive to engage in the diversionary use of force. This is because supporters will use the observed economy to infer the competence of the leadership and the domestic economic problems will send a signal to supporters that the leadership is incompetent; therefore, leaders will want to demonstrate their competence by using force abroad and extracting foreign policy concessions from a target.

After making a set of auxiliary assumptions about when supporters can extract information about the leader's competence from the observed economy, we test this variant of diversionary theory on a large spatial and temporal domain. More specifically, we identify two measures: one that allows us to test this argument on leaders' conflict initiation decisions in 139 states from 1950 to 1998 and one that allows us to test this argument on leaders' conflict initiation decisions in 155 states from 1975 to 1998. These two samples include democracies and non-democracies as well as developed and developing countries. Both of these analyses support the

argument that the incentive for leaders to engage in the diversionary use of force is conditional upon supporters' perceptions of leaders' control of the economy.

The variant of diversionary theory presented and empirically tested in this article produces a useful insight; not all leaders have an incentive to engage in the diversionary use of force in the presence of domestic economic problems. It also highlights a tradeoff with regards to institutional contexts that make leaders accountable for policy decisions. In some contexts supporters are able to attribute responsibility to leaders for poor economic conditions, but in these same contexts leaders will have an incentive to initiate interstate disputes and threaten peace in the international system.

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