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Jack S. Levy^{a b}

^a Political Science, Rutgers University

^b Saltzman Institute of War and Peace Studies, Columbia University

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Coercive Threats, Audience Costs, and Case Studies

JACK S. LEVY

Audience cost theory suggests that the ability of domestic publics to punish political leaders for failing to implement their earlier threats creates additional incentives for leaders to stand firm during crises. Leaders of states most sensitive to audience costs are better able to credibly commit to implement their threats and consequently less likely to bluff, back down, or initiate limited probes from which they might have to retreat. They are also more likely to try to reinforce their threats with public statements and actions. James Fearon attributed these bargaining advantages to democracies based on the “plausible working assumption” that democracies are more accountable than are autocracies to their domestic publics.¹ Audience cost theory has generated a substantial body of theoretical and empirical research. Motivated in part by the mixed results of statistical studies, Jack Snyder and Erica Borghard and then Marc Trachtenberg have conducted a number of historical case studies and concluded that there is relatively little evidence that audience costs exist or that they influence the behavior of either leaders or adversaries.²

In this brief commentary I evaluate the contributions of Trachtenberg and of Snyder and Borghard to our understanding of audience costs. After questioning the causal logic of the audience cost model, I consider alternative explanations for the domestic punishment of leaders. I then evaluate the potential contributions of case studies to our understanding of audience costs. I end by suggesting the potential theoretical utility of relaxing the rationality assumption underlying nearly all theorizing on audience costs.

Jack S. Levy is Board of Governors' Professor of Political Science at Rutgers University and a senior associate at the Saltzman Institute of War and Peace Studies at Columbia University. He is a former president of the International Studies Association (2007–2008) and of the Peace Science Society (2005–2006).

¹James D. Fearon, “Domestic Political Audiences and the Escalation of International Disputes,” *American Political Science Review* 88, no. 3 (September 1994): 577–92.

²Jack Snyder and Erica D. Borghard, “The Cost of Empty Threats: A Penny, Not a Pound,” *American Political Science Review* 105, no. 3 (August 2011): 437–56; and Marc Trachtenberg, “Audience Costs: An Historical Analysis,” *Security Studies* 21, no. 1 (January–March 2012): 3–42.

AUDIENCE COSTS AND UNOBSERVABLES

Fearon began his classic study by arguing that in a crisis “neither the balance of forces nor the balance of interests has any direct effect on the probability that one side rather than the other will back down once both sides have escalated.” Rational leaders take observable factors like these into account in their prior decisions, and they do so “in a way that tends to neutralize their impact if a crisis ensues.”³

It is not clear why the balance of interests and forces, but not of audience costs, should influence decisions to get into a crisis but then be neutralized in interactions shaping the outcome of crises—at least if the relative magnitudes of the audience costs likely to be incurred by adversarial leaders can be anticipated in advance. This is certainly true for Fearon’s argument that democracies are more accountable to their publics and consequently better able than autocracies to generate audience costs.⁴ Regime type is if anything more observable than is the balance of forces or interests. The balance of audience costs belongs in the same category as the balance of forces and the balance of interests.

This leads me to suggest a restatement of Fearon’s argument that crisis outcomes “should be determined by relative audience costs and by *unobservable*, privately known elements of states’ capabilities and resolve.”⁵ It would be more precise to say that crisis outcomes should be determined by unobservable, privately known elements of states’ capabilities, interests, audience costs, and resolve. In a rational model, observable audience costs—like observable capabilities, interests, and other observable factors shaping resolve—should affect decisions to initiate threats or counterthreats, not crisis outcomes.

This implies that the best place to look for audience costs is in prior state decisions whether or not to initiate a threat or stand firm in response to a threat. Audience cost theory would be supported by evidence that leaders refrained from making a threat or issuing a counterthreat because of the fear that they might subsequently have to renege on their threat and incur domestic costs in doing so. The theory would also be supported by evidence that a leader’s decision to initiate a threat was influenced by the anticipation that any subsequent audience costs would be low. Admittedly, identifying

³ Fearon, “Domestic Political Audiences,” 578.

⁴ For critiques of Fearon’s democratic advantage hypothesis, see Jessica L. Weeks, “Autocratic Audience Costs: Regime Type and Signaling Resolve,” *International Organization* 62, no. 1 (Winter 2008): 35–64; Jonathan N. Brown and Anthony Marcum, “Avoiding Audience Costs: Domestic Political Accountability and Concessions in Crisis Diplomacy,” *Security Studies* 20, no. 2 (April–June 2011): 141–70; and Alexander B. Downes and Todd S. Sechser, “The Illusion of Democratic Credibility,” *International Organization* 66, no. 3 (July 2012): 457–89.

⁵ Fearon, “Domestic Political Audiences,” 578.

the population of cases where leaders decided whether or not to initiate threats poses a difficult problem.

All of this assumes that audience costs are observable. They are in Fearon's argument that democracies generate greater audience costs than do autocracies. This argument is best interpreted in terms of what Carl Hempel calls an "auxiliary hypothesis."⁶ Any falsification of hypotheses about the relative magnitude of audience costs in democracies and autocracies would not necessarily falsify Fearon's more general hypotheses about audience costs. That more general hypothesis is falsifiable if and only if it is coupled with some auxiliary hypothesis that specifies the characteristics of states or contextual conditions over which audience costs vary.

Scholars have recently attempted to go beyond the democracy/autocracy dichotomy in theorizing about variations in audience costs. Jessica Weeks distinguishes different types of autocratic regimes, Branislav Slantchev emphasizes the role of the media, and Alastair Smith highlights the relative political security of political leaders.⁷ Still, most of these factors are observable in advance, and it is not clear why they would shape behavior in a crisis rather than behavior that generates crises, at least if leaders are rational, strategic, and non-myopic.

ALTERNATIVE CAUSAL MECHANISMS

The public punishment of leaders for renegeing on threats and leaders' decisions to back down in a crisis or to make their threats public are all observable outcomes.⁸ Audience cost theory posits one possible causal mechanism that might explain these outcomes,⁹ but there are other possible mechanisms that might explain the above outcomes.¹⁰

⁶ See Carl G. Hempel, *Philosophy of Natural Science* (Englewood Cliffs, NJ: Prentice-Hall, 1966).

⁷ Weeks, "Autocratic Audience Costs"; Branislav L. Slantchev, "Politicians, the Media, and Domestic Audience Costs," *International Studies Quarterly* 50, no. 2 (June 2006): 445–78; and Alastair Smith, "International Crises and Domestic Politics," *American Political Science Review* 92, no. 3 (September 1998): 623–38, at 633–34.

⁸ It is important to distinguish between what is observable to the actors themselves and what is observable to the analyst ex post. Fearon's "unobservable, privately known elements of states' capabilities and resolve," which are unobservable to other actors, are often (but not always) observable to the analyst in the documentary record, memoirs, and other materials. See Fearon, "Domestic Political Audiences," 578.

⁹ The audience cost mechanism might itself be driven by different mechanisms. Michael Tomz identifies several of these, conducts experiments to assess their relative impact, and finds that public disillusionment with leaders who renege on their threats is driven primarily by national reputational concerns. Michael Tomz, "Domestic Audience Costs in International Relations: An Experimental Approach," *International Organization* 61, no. 4 (Fall 2007): 821–40.

¹⁰ For further discussion of the status of audience costs as a mechanism driving outcomes and of the difficulty of testing for causal mechanisms, see Erik Gartzke and Yonatan Lupu, "Still Looking for Audience Costs," *Security Studies* (this issue).

Domestic publics may be more concerned about the merits of policy in terms of the national interest than in policy consistency in the making and implementation of threats.¹¹ They may be more inclined to punish leaders for pursuing bad or excessively risky policies than for renegeing on threats. Thus Trachtenberg argues that in the 1936 Rhineland crisis the French public “would punish the government for following through with its threats, not for backing down from them.” This is quite plausible, but it reminds us that any analysis of the causal impact of audience costs invokes counterfactual propositions, which are sometimes difficult to validate.¹²

A related argument is that the public’s concerns for national honor or reputation generate pressure on leaders to stand firm regardless of whether they had previously issued a threat. National honor and reputation are even more likely to be engaged if the adversary makes the initial threat. Kenneth Schultz uses the 1898 Fashoda crisis (over a colonial dispute between Britain and France in Eastern Africa) to illustrate audience cost theory. He makes a good argument that British speeches and actions in support of its threat helped to increase the domestic costs of any subsequent retreat.¹³ It was France, however, and not Britain that made the initial threat. Public pressure on British leaders to stand firm were generated not only by British speeches and actions, which were motivated by audience cost concerns, but also by the initial French threat, which involved an analytically distinct mechanism, though one that may be difficult to disentangle empirically.

If domestic publics are more concerned with the substantive merits of backing down than with the fact of backing down from a previously initiated threat—a plausible argument that requires further empirical validation—Fearon’s hypothesis that democracies (or high-audience states more generally) are less likely than are other states to initiate limited probes or threats may not be correct. If a limited probe is a strategically viable policy to test an adversary whose resolve is uncertain, a rational public will not punish the leader for failing to implement its threat if the adversary turns out to be highly resolved.¹⁴ Moreover, leaders can often devise strategies for “decoupling” themselves from their earlier threats, even public threats,

¹¹ Snyder and Borghard, “The Cost of Empty Threats”; Trachtenberg, “Audience Costs”; and Joe Clare, “Domestic Audiences and Strategic Interests,” *Journal of Politics* 69, no. 3 (August 2007): 732–45.

¹² Trachtenberg, “Audience Costs,” 34. On the criteria for assessing counterfactual arguments in case studies, see Jack S. Levy, “Counterfactuals and Case Studies,” in *The Oxford Handbook of Political Methodology*, eds., Janet Box-Steffensmeier, Henry Brady, and David Collier (New York: Oxford University Press, 2008), 627–44.

¹³ Schultz, “Looking for Audience Costs,” *Journal of Conflict Resolution* 45, no. 1 (February 2001): 30–60.

¹⁴ On the logic of limited probes, and on the conditions under which they are most likely, see Alexander L. George and Richard Smoke, *Deterrence in American Foreign Policy* (New York: Columbia University Press, 1974), 540–43.

to minimize domestic and diplomatic costs.¹⁵ One strategy for decoupling, which follows from the logic of prospect theory, is for leaders to try to frame a decision to renege on a threat in terms of forgoing gains rather than in terms of incurring losses, based on the tendency for most people to overweight losses relative to comparable gains.¹⁶

CASE STUDY METHODOLOGY AND AUDIENCE COSTS

Researchers from different methodological perspectives agree that selection effects and the partial observability of audience costs help to explain the inconclusive results of large-N correlational studies, and that certain kinds of case study approaches might be potentially useful. Schultz, for example, argues that “historical case studies . . . may be the most effective way” of empirically searching for audience costs.¹⁷ However, what kinds of case studies might be useful for what purposes remains contested territory.

The conception of audience costs as a hypothesized causal mechanism reinforces the argument for the potential utility of case studies in investigating audience costs. Qualitative methodologists have long argued that process tracing in case studies has a comparative advantage over other methodologies in uncovering underlying causal mechanisms, particularly if those mechanisms are highly context-dependent.¹⁸ The context-dependence of audience costs is highlighted by a number of researchers, including formal modelers. Smith argues that “the net effect of domestic politics on the occurrence of war is ambiguous [and] depends on the characteristics of each case,” and that “the exact interpretation of a foreign policy message” and its effects on domestic and international audiences “depends on initial conditions . . . [and] context.”¹⁹

In terms of more specific research designs, Snyder and Borghard search for “cases that should be easy for domestic audience costs theory to explain,”

¹⁵ Robert Jervis, *The Logic of Images in International Relations* (Princeton, NJ: Princeton University Press, 1970).

¹⁶ Jack S. Levy, “Prospect Theory, Rational Choice, and International Relations,” *International Studies Quarterly* 41, no. 1 (March 1997): 87–112. Prospect theory provides a nice explanation for the “historical norm” described by Fearon: “domestic audiences punishing or criticizing leaders more for escalating a confrontation and then backing down than for choosing not to escalate at all.” See Fearon, “Domestic Political Audiences,” 586. The initiation of a threat leads publics to define their reference point around the new threat (rather than around the pre-threat status quo) and to regard any retreat from that threat as a loss. Incurring a loss is more psychologically costly than failing to make a gain (from the status quo *ex ante*).

¹⁷ Schultz, “Looking for Audience Costs,” 53. See the more skeptical views of Gartzke and Lupu, “Still Looking for Audience Costs.”

¹⁸ Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, MA: MIT Press, 2005).

¹⁹ Smith, “International Crises and Domestic Politics,” 633–34.

and Trachtenberg follows similar criteria.²⁰ The logic is that if audience costs are not evident in these cases, they are unlikely to be present elsewhere. This is a “most likely case” design, one that follows the logic that “if I cannot make it there, I cannot make it anywhere.”²¹ It is important to emphasize that the inferential leverage from a most likely case depends on one’s prior expectations of the likelihood a particular theoretical proposition will be validated in a particular case. The higher the a priori probability that the case will satisfy the theory, the greater the inferential leverage if the case does not fit the theory. An ideal most-likely case for a particular theory requires a powerful theory, low-variance predictions, and precise measurements.²²

These criteria are only weakly satisfied in audience cost research. Although it was once taken as “axiomatic” that democracies could generate greater audience costs than could other regimes,²³ recent research has generated considerable skepticism about that argument.²⁴ Moreover, beyond regime type, we have little theory to predict what kinds of governments, leaders, societies, or contexts are most likely to generate high audience costs. The balance of the evidence probably suggests that most democracies are somewhat more likely than are most other states to generate audience costs, but that leaves us far short of a most likely case defined in terms of its high prior probability of fitting the theory. We can derive some leverage from a disconfirmation, and especially from a series of disconfirmations in a modest number of case studies to the broader population, but that leverage is limited in the absence of a more powerful theory.

These considerations lead me to conclude that Snyder and Borghard go a little too far in their conclusions that audience costs “seem to have at most a very small effect on crisis behavior.”²⁵ At the same time, their incisive theoretical critique of audience cost theory and the internal validity of each of their case studies have helped convince me that the confident claims of earlier audience cost theorists stray too far in the other direction. Along with Trachtenberg, they have used process tracing effectively to demonstrate the weakness of audience cost mechanisms in explaining observed behavior and the high plausibility of alternative causal mechanisms. I find it hard to disagree with Trachtenberg’s conclusion, shared by Snyder and Borghard,

²⁰ Snyder and Borghard, “The Cost of Empty Threats,” 444; and Trachtenberg, “Audience Costs,” 7.

²¹ Jack S. Levy, “Case Studies: Types, Designs, and Logics of Inference,” *Conflict Management and Peace Science* 25, no. 1 (February 2008): 1–18, at 12.

²² Harry Eckstein, “Case Studies and Theory in Political Science,” in *Handbook of Political Science*, vol. 7, eds., Fred Greenstein and Nelson Polsby (Reading, MA: Addison-Wesley, 1975), 79–138; and Levy, “Case Studies: Types, Designs, and Logics of Inference,” 12–13. The concept of a most likely case is often used quite loosely in the literature, often without recognition that some most likely cases are more likely than others.

²³ Weeks, “Autocratic Audience Costs,” 35.

²⁴ See footnote 4.

²⁵ Snyder and Borghard, “The Cost of Empty Threats,” 455.

that “the audience cost mechanism is not nearly as important in determining how crises get resolved as many theorists seem to assume.”²⁶

CONCLUDING REMARKS

I want to come back to my earlier argument, adopted from Fearon, that observable components of audience costs are anticipated and priced into states’ earlier decisions to initiate or respond to threats, and consequently have little impact on decisions during crises. This argument is based on the assumption of rational, strategic, and non-myopic actors. That assumption has served as the foundation for a highly successful research program on audience costs. It might be worth considering, however, what an alternative audience cost theory might look like if the rationality assumption is relaxed. There are numerous directions a behavioral theory of audience costs might take, but I restrict myself here to ways in which observable audience costs might affect decisions in crises, and not just decisions to enter crises.

In considering whether to initiate or respond to a threat, an actor might significantly underestimate the possibility that the adversary will stand firm, and thus minimize the possibility that the actor will later be forced to choose between a costly war or domestic punishment from renegeing on a threat. After not factoring audience cost calculations into its initial decision, and after being surprised to see the adversary respond with a counterthreat, the leader will then weigh the possibility of domestic punishment in his or her crisis decision on whether to escalate or renege on its threat.

One can identify several paths through which the actor initially ignores or discounts the possibility of the adversary’s standing firm. One involves the well-established human tendency toward overconfidence—overconfidence that the adversary will back down, or perhaps that punishment from domestic audiences will not emerge or have only limited political consequences.²⁷ Another path involves short time horizons. There is substantial evidence, both experimental and empirical, that actors discount the immediate future far more than standard exponential discounting models predict, which leads to time-inconsistent preferences and preference reversals.²⁸ A third and related path involves an actor who initiates a threat while recognizing the

²⁶ For a more critical assessment see Erik Gartzke and Yonatan Lupu, “The Value of Empty Inferences: A Response to Snyder and Borghard” (unpublished manuscript, University of California, San Diego, 2012).

²⁷ D. P. Johnson, *Overconfidence and War: The Havoc and Glory of Positive Illusions* (Cambridge, MA: Harvard University Press, 2004).

²⁸ Philip Streich and Jack S. Levy, “Time Horizons, Discounting, and Intertemporal Choice,” *Journal of Conflict Resolution* 51, no. 2 (April 2007): 199–226. New research on time horizons suggests that overconfidence about future outcomes might be reinforced by the tendency to think about the future in more abstract and decontextualized ways than about the present, and to focus more on the desirability of future outcomes (that is, adversary compliance with a threat) than about their likelihood or feasibility. See Ronald R. Krebs and Aaron Rapport, “International Relations and the Psychology of Time Horizons,” *International Studies Quarterly* 56, no. 3 (September 2012).

threat involves risks but believing that the risks are controllable if the unexpected occurs.²⁹ In each of these scenarios, an actor ignores or minimizes the possibility of audience costs in pre-crisis decisions but is forced to incorporate them into crisis decisions. These mechanisms need to be developed theoretically and validated empirically, but they suggest ways in which a different theoretical perspective might give a different answer to the question of where we look for audience costs.

²⁹ On the concept of the controllability of risks see George and Smoke, *Deterrence in American Foreign Policy*, 527–30; and Jack S. Levy, “Deterrence and Coercive Diplomacy: The Contributions of Alexander George,” *Political Psychology* 29, no. 4 (August 2008): 537–52, at 547–49.