Quality and Quantity: Government Quality, Capitalist Peace, and Dispute Escalation

Michael Rudy
Truman State University

Heather M. Kopp
University of Missouri

In the current literature examining factors that mitigate international conflict, two theories are rising in popularity: capitalist peace and quality of governance. Both theories fit within the broader paradigm of liberalism, yet there is a lack of works that connect the two in one theoretical framework. Moreover, most capitalist peace works and quality of governance research only analyze escalation in terms of militarized interstate dispute onset or war onset. To add to the conflict literature, we examine cases of displays of force and how often uses of force occur between these states within five years. Following the Steps-to-War approach, we argue that actually using force rather than threatening or displaying it is a critical break in relations that is not fully explored. As such, this research helps fill a missing gap within the process of war conflict model. Examining executive corruption, political corruption, property right protections, state transparency, and contract intensity from 1945 to 2005, we find moderate support that capitalism and government quality minimize interstate escalation towards uses of force after displays of force.

Due to recent conflict escalation studies, theoretical innovations in conflict processes better explain what causes states to escalate to conflict or war. Notably, Senese and Vasquez (2008) present a model on the Steps-to-War, the actions states take over time towards war given that war does not occur automatically. Examining the saliency of territorial issues as well as power politics variables such as rivalries and arms races, Senese and Vasquez (2008) present a realist path to war. Under this paradigm, dyadic variables such as relative power, contiguity, rivalry, major power presence, and regime type explain under what conditions international conflict or war will occur. Rather than emphasize these realist variables in explaining international conflict, we add to the conflict literature by employing a steps-to-war approach to see if variables neoliberals identify as producing peace reduce escalation or explain under what conditions international conflict is

likely to erupt.

The neoliberal variables we examine in this research derive from two rising neoliberal theories of international conflict and cooperation: capitalist peace and quality of governance. Scholars in both the capitalist peace (Gartzke 2007; Gartzke, Li, and Boehmer 2001; McDonald 2007, 2009, 2010; Mousseau 2000, 2009, 2010, 2013) and quality of governance (Bell 2013; Teorell 2015) paradigms offer supporting evidence that free markets, economic development, contract economies, property rights, and government and bureaucracy quality reduce dispute occurrence. Despite both literatures representing new neoliberal theories on when international conflict is likely to occur, they are not fully theoretically connected in current works. To help connect these two literatures, we present a theoretical framework which combines capitalist peace and quality of governance arguments. Additionally, while researchers examine these variables on conflict or war onset, most neglect dispute escalation. To fill this gap, we explore if and when these neoliberal characteristics reduce the likelihood of escalation within militarized interstate disputes (MIDs) using a steps-to-war process.

To do this, we examine MID hostility levels and analyze how executive corruption, political corruption, state transparency, property rights protection, and contract intensity affect escalation from displays of force to uses of force. While states are able to ignore, or tactfully respond to lower levels of hostilities such as verbal threats, displays of force represent a more tangible threat. Once a point is reached where there is a utilization of a display of force, the stakes have been raised. In other words, we surmise that actions taken by either state carry substantially greater weight as the potential of real violence looms on the horizon. As such, it is more likely for displays of force to escalate to uses of force or even war. Thus, we explore what neoliberal factors lead some dyads to retreat from full-scale conflict and what warning signs the world could be looking for today that indicate whether hostility levels will continue to rise. A focus on displays of force to uses of force within MIDs may reveal these indicators. As such, it is worthwhile to determine if capitalist peace and quality of governance variables found to reduce MID onset produce similar peaceful effects in dyads currently embroiled in a MID. This research, then, is also beneficial for explaining under what conditions dispute escalation is likely to occur and what this means for states who wish to prevent escalation.

We begin our research with an overview of the rising neoliberal capitalist peace and quality of governance research within the conflict

literature. We then present our theoretical framework on capitalist and governmental quality traits and their hypothesized ability to mitigate dispute escalation and the steps states take towards war. After presenting our results from multivariate logistic regressions examining dyad-years with MIDs with a display of force from 1945-2005, we conclude that capitalist peace and quality of governance theories are complementary to traditional liberal theories such as the democratic peace in mitigating international dispute escalation. In other words, we argue that states which engage in policy or behavior that increases government quality and strengthens capitalism are able to prevent dispute escalation even if they are unable or unwilling to democratize.

Paths to War

According to realism, international conflict and war emerges due to states' desire for relative gains and power, power which will in turn grant them security and survival (Keohane 1986). For classical realists such as Morgenthau (1967), this desire for power is innate as states have an inherent lust for it. For neorealists today, this desire for power is not due to human nature, but attributed to the anarchic structure of the international system. With anarchy, states live in a self-help world with no one to protect them and their place in the international system. Consequently, states are forced to compete with one another over the balance of power to defend themselves and ensure their survival, making it unclear would win a war (Waltz 1979). Due to this uncertainty, power parity states are risk-averse from warring each other. If one state were to become more powerful, others would balance against it to restore the balance of power (Waltz 1979). Opposing balance of power theorists and power preponderance theorists who argue that parity deters war, power transition theory contends that when parity *and* revisionism are present, war will occur (Organski 1958; Organski and Kugler 1980). With parity, the challenger state dissatisfied with the status quo can match power relative to a dominant power and initiate war. From this perspective, power parity coupled with a revisionist state, increases the likelihood of war. While there is debate whether it is parity or preponderance which conditions war, empirical evidence shows power parity is a strong predictor for conflict and escalation to war (Geller 1993; Houweling and Siccama 1988; Huth 1988; Moul 1988, 2003).

In addition to power, the international conflict literature points to several other dyadic variables which explain conflict and war. First, states that are contiguous are much more likely to engage in conflict because

proximate states interact more and increase the chance of escalating disputes (Bremer 1992; Rasler and Thompson 2006; Senese 2005; Senese and Vasquez 2003). Also, problems that are at a state's doorstep are more salient than problems far away, and the costs of fighting a contiguous state are often lower than the costs of fighting a distant state. It is worth noting, however, that while Rasler and Thompson (2006) found that contiguity is positively and significantly correlated with MID and war onset, Senese and Vasquez (2003) and Senese (2005) found that contiguity is negatively correlated with MID escalation to war. Second, rivalries, particularly enduring rivalries, are more likely to engage in international conflict than allies or non-rivalrous dyads (Colaresi and Thompson 2002; Rasler and Thompson 2000; Rider, Findley, and Diehl 2011; Senese and Vasquez 2008; Vasquez 1996). Third, recognized by several (Ben-Yehuda 2004; Rasler and Thompson 2006; Senese 2005; Senese and Vasquez 2003; Vasquez and Henehan 2001; Wiegand 2011) as one of the most, if not the most, salient issue that leads to escalation, territorial issues have repeatedly been found to positively correlate with MID escalation (Rasler and Thompson 2006; Senese and Vasquez 2003; Senese 2005; Vasquez and Henehan 2001). Regime type is also often a common predictor for international conflict. While dyadic democracy, as explained shortly, is argued to mitigate MID and war onset, Senese (1997) finds evidence that dyadic democracy is positive and significant with escalation of disputes already in progress. Thus, while evidence supports that dyadic democracies are not positively correlated with MID or war onset, there is some evidence that dyadic democracy is positive with escalation within MIDs. With mixed-dyads and dyadic autocracies, however, evidence shows that international conflict is much more likely to occur (Bremer 1992). Finally, the presence of a major power in the dyad increases conflict and war onset as major powers are more likely to get involved in conflicts than minor powers (Bremer 1992).

Given these enabling variables of conflict and war, neoliberals quest for ways to mitigate the horrors of war. Opposing realism and its sole focus on states' goals of maximizing relative gains, liberalism theorizes that while international conflict can occur, international cooperation is much more likely once other actors and institutions are considered. To liberals, states care about absolute gains and are not the only unitary actors in the international system. Because states interact with actors such as international organizations, nongovernmental organizations, and individuals daily and use these actors to communicate with other states, liberals argue they should be included in analyses of international state behavior (Russett and Oneal 2001). Also, while realists find their roots in Thucydides', Hobbes' and

Morgenthau's theories on how states are naturally conflictual, liberals trace their ideas back to Immanuel Kant and his theory of perpetual peace. Framing Kant's theory, Russett and Oneal (2001) construct the Kantian Triangle: the theory that international organizations, economic interdependence, and democracy pacifies interstate relations. By being part of the same organizations, the theory claims, states share similar interests with each other and are unlikely to war each other. International organizations can also act as mediators in disputes between states; enforce punishment on states who violate international law, consequently disincentivizing states from using future force; and help create international norms where shared understandings of behavior deter conflict (Russett and Oneal 2001). States that are economically dependent upon one another are also less likely to war as they rely on each other for goods and services. And when both states in a dispute are democratic, liberals theorize that war is unlikely as democracies do not fight each other.

The empirical evidence on these components of the Kantian Triangle support the theory as studies find that trade interdependence (Oneal, Oneal, Maoz, & Russett 1996; Oneal & Russett 1997, 1999a; Reed 2003), shared international organization membership (Oneal and Russett 2001), and dyadic democracy (Bremer 1993; Dafoe, Oneal, and Russett 2013; Maoz and Abdolali 1989; Maoz and Russett 1993; Oneal, Oneal, Maoz, and Russett 1996; Oneal and Russett 1997) have significant, substantive, and negative effects on international conflict and war occurrence. Of the three Kantian Triangle components, the dominant theorized liberal path to peace is the democratic peace, and its findings are so robust that Levy (1988) claims it is a near empirical law.[1] Yet, there is disagreement regarding the theory underlying the empirical finding. Scholars favoring a structural theory argue that democratic peace is due to the institutional constraints democracies face on using force (Bueno de Mesquita and Lalman 1992). Because democratic leaders have to obtain approval and support from other government officials and from the electorate, the institution of democracy itself constrains leaders' ability to decide to go to war. On the other hand, scholars favoring a normative theory argue that shared cultural values deter democracies from using force against each other (Dixon 1994; Maoz and Russett 1993).

[1.] As discussed earlier, however, Senese (1997) finds that dyadic democracies are significant and positively related with escalation within MIDs. Using bivariate and multivariate regressions and examining both ordinal and binary versions of variables, Senese (1997) continuously finds that joint democracy has a positive and significant effect on MID escalation.

Recently, however, the democratic peace faces criticism from other neoliberal scholars favoring a capitalist peace theory (Choi 2011; Gartzke 2007; Teorell 2015). Challenging the idea that it is democratic institutions or democratic norms that cause the pacifying effect of certain dyads, newer studies argue that capitalist norms and economic explanations drive the peace. At the foundation of capitalist peace is the idea that liberal economic factors have a greater ability to reduce the probability of interstate conflict than democratic characteristics or trade interdependence (Gartzke 2007; Gartzke, Li, & Boehmer 2001; McDonald 2010; Mousseau 2000, 2009, 2010, 2013). Incorporating financial openness, economic development, and shared policy interests into analyses, Gartzke (2007) finds that joint democracy loses significance in regressions looking at MID occurrence. Examining contract-intensive economies, Mousseau (2000, 2009, 2010, 2013) concludes that while democratic peace and capitalist peace are not mutually exclusive, capitalist peace displaces democratic peace as the former has a stronger effect on peace than the latter. Rather than democracy being the sole motivating factor for peace, Mousseau (2009, 2013) claims it is contract-intensive economies that foster democracy in the first place and create the capitalist norm of nonviolent interstate conflict resolution. In fact, once contract-intensive economies are included in statistical analyses, democracy is no longer significant and shows little correlation with peace in analyses on wars, MIDs, and crises (Mousseau 2013).

Also advocating that capitalism is a stronger prescription for peace than democracy, McDonald (2009, 2010) focuses on the distribution of property within states. McDonald (2009) finds that states with more public property, or a command economy, are more prone to conflict. Alternatively, states that promote private property ownership, or a competitive market economy, are associated with peace. Building off of that work, McDonald (2010) discovers that the more public property a state owns, the more likely it is to be the target of a MID due to the commitment problems that high public property ownership creates.

While not claiming to be an alternative to the democratic peace or capitalist peace theories, there is also a growing literature examining quality of governance indicators and their effect on international conflict. Contrary to what might be expected, Finel and Lord (1999) conclude in their case studies of international crises that the more transparent a state is, the more likely a crisis will be exacerbated. In their study, transparency is calculated in an index that considers how much competition over ideas occurs in a state, how much control a state has over the flow of information, and how much

and how often states release information to the public. Measuring transparency differently by looking at media freedom and foreign journalists' access to information, Bell (2013) finds statistically significant evidence that the more transparent a state is, the less likely it is to initiate a MID. This finding remains significant even when controlling for democracy. Neither of these two studies investigate the effect of transparency on conflict escalation, but they do show that the effect of transparency on conflict in general is unclear. Additionally, using a quality of government variable that measures government corruption, bureaucracy quality, and strength of a state's rule of law, Teorell (2015) finds that the impact of government quality on peace is nearly equal to the significant impact of democracy on peace. The findings hold even when including Mousseau's (2013) data on contract-intensive economies.

Reviewing the various literatures analyzing what factors mitigate international conflict and war, we find several gaps that our research hopes to fill. First, in the literatures on capitalist peace and quality of government variables and their influence on interstate conflict, we notice that there is a lack of studies examining these variables on escalation. Few studies incorporate escalation within militarized disputes, for most studies examine MID occurrence or war onset. While MID and war onset are arguably forms of escalation as states choose to escalate tensions to the level of a MID or to war, no study has analyzed the impact of numerous capitalist and liberal peace variables or quality of government variables on escalation within militarized disputes. By using a steps-to-war approach and examining escalation from displays of force to actual uses of force, we hope to provide clearer insight into how certain capitalist peace and quality of government ideas influence dyadic behavior within MIDs.

Second, we hope to provide a clearer theoretical and empirical connection between the recently developed liberal peace theories of capitalist peace and quality of government. Both are theoretically and empirically argued to mitigate international conflict, yet no studies as of yet fully incorporate both literatures into one analysis and one theoretical framework. Moreover, capitalist peace scholars argue that it is a stronger liberal theory for peace than the democratic peace. By including capitalist peace and quality of government variables in our theory and analyses, we hope to provide a clear connection between these recent liberal peace theories and their impact on dispute escalation.

Steps-to-War, Capitalist Peace, and Quality of Governance

When states disagree, military force is one of the many tools that can be used to resolve the dispute. States can threaten to use military force, display force, or actually use force to shape how the other state(s) will respond to the disagreement. However, because military force is costly, states usually do not initially engage in an act of using force. Often states first threaten or display force before they use it in order to indicate a high level of resolve or dissatisfaction over the issue at hand. If the conflict remains unresolved, the use of military force becomes a distinct possibility. If force is used, this is known as conflict escalation. It is a significant change in a relationship between states and their likelihood to engage in violent conflict. According to Brecher (1996), it can manifest itself in three distinct ways: 1) a change from a non-threatening relationship to a threatening, 2) from non-violent threats to violent action, or 3) from low-level violence to severe violence.

The steps-to-war escalation model suggests that states follow a pattern of low-level conflict that includes threats and displays of force for some indeterminate time until a shift in pattern occurs which entails low uses of force and then potentially war. Low-level displays of force can include mobilization of forces, re-enforcing borders, non-violent illegal border violations, military and nuclear alerts, and shows of force (Palmer et al 2015). The steps-to-war approach is useful in that it provides researchers a tool to examine how different factors can affect conflict escalation in the future.

We argue that both capitalism and quality of government affect the probability of escalation. Capitalism is an economic system of exchange that demands the government to stay out of the exchange process while also requiring the government to be the positive force in the process by protecting property rights and contracts. Quality of government institutions and bureaucracy matter because a large efficacious bureaucracy that is oriented toward transparency and minimal corruption is necessary for a state to effectively enforce contracts and protect property. For capitalist peace and quality of government scholars, several traits often found within capitalist economies seem to affect conflict onset. Previously investigated traits include trade (Oneal, Oneal, Maoz, and Russett 1996; Oneal and Russett 1997, 1999a; Reed 2003), financial openness (Gartzke 2007), contract intensiveness (Mousseau 2009, 2013), property rights (McDonald 2007, 2009, 2010), corruption (Teorell 2015), and transparency (Bell 2013). Most of these

scholars use a rational choice cost-benefit analysis to explain why capitalist characteristics minimize the incentive for conflict onset.

Mousseau (2013) offers one of the strongest arguments to explain why joint capitalism limits dyadic conflicts. He claims that states develop either an impersonal economy in which exchange of goods and services happens between strangers, or personal economies in which exchange is based on personal relationships and trust. The impersonal economics must be contract intensive and require a strong state to enforce contracts in the place of personal trust. Among other things, these states must have a high degree of transparency, low government corruption, and consistently protect property rights. If they lack these characteristics, the states will not be a strong third-party enforcer of contracts and therefore, economic exchange becomes much riskier for all parties. If that is the case, personal economies become the better option. In fact, personal economies have been the dominant form of economic exchange throughout much of history. They are contract poor and do not require a strong state. Instead, competition for public rents as well as private associations relies heavily on making personal relationships.

This leads to what Mousseau (2013) terms the economic peace. As noted above, contract poor states do not produce public goods (impartial and efficacious bureaucracy) as often or for the same reason as contract rich states. Non-capitalist governments favor particular groups rather than remain unbiased. They produce goods and services only when it helps key groups that are essential for regime legitimacy. In these clientele, corporatist, or command economies, war can benefit the supportive interest groups of the ruling elites and this can motivate rather than disincentivize initiating or participating in a violent conflict. Thus, war can be a way for the elites to maintain political influence and power.

On the other hand, contract intensive states provide public goods that benefit society as a whole and are positive-sum in nature rather than zero-sum found in contract poor states. Capitalist states are often, but not always (e.g. Singapore), democratic and derive legitimacy from overall economic growth. They were created with a strong state apparatus for the purpose of being the unbiased third party that enforces contracts between strangers. Overall economic growth is the most important issue rather than forwarding the goals and benefits of some national or culture groups. Military conquest is costly for society as a whole and as a net negative is disincentivized. Only if bordering states do not keep their markets open (and

are thus contract poor) might capitalist states find some incentive in initiating or escalating conflict. Thus, capitalist states do not fight with each other because the states do not see their primary goal as military conquest to further specialized groups' rents but rather to help economic growth within their territories. They see their job and the other contract intensive states as referees to enforce contracts over particular territories. Because wars are costly, wars between capitalist states are rare and thus the economic cost is a greater concern for these states compared to contract poor states (Mousseau 2013). If they do have a problem, a threat or display of force acts more as a signal to other states about their resolve rather than their desire for violent conflict. If both states are capitalist, a display of force should indicate significant resolve and motivate other capitalist states to minimize the chance for military force rather than exacerbate the problem. However, non-capitalist states may be motivated to escalate the conflict depending on if key special interests who are critical supporters of the regime would benefit from increased conflict. Thus, capitalist states should be less inclined to escalate conflict to force against other capitalist states compared to contract poor states.

H1: Capitalist states are less likely to escalate a conflict with one another compared to other state pairings.

Previous work examined different characters or products associated with capitalism including contract intensiveness (Mousseau 2009; 2013) and property rights (McDonald 2007, 2009, 2010). To test these important characteristics associated with capitalism and conflict escalation, we generate two capitalist peace hypotheses.

H1a: Contract-rich dyads are less likely to escalate a conflict with one another compared to other state pairings.

H1b: Dyads in which both states have strong property rights protections are less likely to escalate a conflict with one another compared to other state pairings.

A capitalist economy needs an impartial and effective bureaucracy to enforce contracts. Furthermore, some have argued that these traits themselves reduce conflict in their own right. Teorell (2015) argues that quality of government indicators are potentially the unifying force behind both capitalist and democratic peace arguments. This includes low levels of corruption and high levels of transparency within the bureaucracy. Highly

transparent and minimally corrupt governments should decrease future escalation between dissatisfied states because it should "reduce information uncertainty … and improve their ability to credibly commit to keeping promises" (Teorell 2015, 649).

H2: High quality of government dyads are less likely to escalate a conflict with one another compared to other state pairings.

Two of the most common indicators used to test how the quality of the government affects conflict are government transparency and political corruption. Following the logic of the bargaining model of war, states should be able to more clearly create solution sets under more transparent circumstances. Peaceful solutions are preferable to all states because violent conflicts are wasteful to overall state success. Minimally corrupt states prefer to resolve disputes through non-violent methods if possible because they are governing for overall state welfare. However, states do not always know their likelihood of winning because they do not know the military capabilities and resolve of their opponent or the overall goal of the opponent (Fearon 1995). Greater government transparency would help both states effectively negotiate non-violent solutions as well as credibly commit to agreed solutions. This would help them avoid the costs associated with escalation of a conflict in the future.

Low corruption in public officials and bureaucrats for both states is also an essential element to minimize the probability of conflict escalation. Elected officials or bureaucrats who are able to embezzle or are bribable may redistribute rents to only a small portion of society rather than govern for the whole. In this case, leaders may be incentivized to escalate conflict because violent force may benefit key interest groups or actors. Considering these above conditions, we generate two quality of governance hypotheses on conflict escalation.

H2a: Highly transparent states are less likely to escalate a conflict with one another compared to other state pairings.

H2b: Minimally corrupt states are less likely to escalate a conflict with one another compared to other state pairings.

Steps-to-War Research Design

In order to test if capitalist peace and quality of governance variables reduce the likelihood of MID escalation from displays of force to uses of force, we use the latest non-directed non-violent dispute dataset (Palmer, et al. 2015). We rely on The Correlates of War's (COW) coding of MID hostility levels where 1 signifies no militarized action, 2 denotes threat of force, 3 indicates display of force, 4 represents use of force, and 5 means war. Our unit of analysis is dyad-years with a MID hostility level of 3, so our data are events-based. The initial coding of the data spans from 1945 to 2005, but some analyses are constrained by available data and the sample size decreases in models testing property rights and contract intensity. We compiled most data using NewGene (Bennett, Poast, and Stam 2017) and used Varieties of Democracy (V-Dem) (Coppedge et. al 2018), Transparency International (2015), The Heritage Foundation (2018), and Mousseau (2019) for the data for the independent variables.

To capture MID escalation, we utilize two dependent variables. The first dependent variable, escalation with reset, codes whether or not a violent MID, hostility level 4 or 5, occurs within five years of the low-level display of force dispute. Five years is also the temporal span Sense and Vasquez (2008) implement in their study of MID escalation to war. Following common practice in the conflict literature (Senese and Vasquez 2008), we dichotomize escalation. Moreover, though, we dichotomize our dependent variables because we are examining escalation from displays of force to uses of force. Since there is no middle category between these two hostility levels, we are unable to code escalation other than determining if escalation to a use of force occurred or not. Thus, if a violent MID occurs, this dependent variable coded is as a 1; otherwise 0. However, if another display of force occurs within the five years before the occurrence of a violent MID, escalation is coded as 0 for the initial display of force, and the next hostility level 3 MID is tested for five years. Following a steps-to-war approach, we hold that using military force rather than displaying it is a critical turning point in international relations. As such, if a dyad experiences a second display of force before a violent MID, this dependent variable acts as the reset to this steps-to-war process. Instead of escalating to uses of force, these dyads that are reset only use threats or displays of force in their next interaction. Therefore, to capture uninterrupted escalation to uses of force, we reset this variable when a second display of force occurs before a use of force.

Like the first dependent variable, the second, total escalation, is

dichotomous. However, it is coded as a 1 if a violent MID occurs within five years of the initial display of force, regardless of the presence of another display of force at any point in the five years. Contrary to the first dependent variable, this method measures escalation in five years between two states in its totality. Due to the dichotomous nature of our dependent variables and due to the fact we are testing numerous explanatory variables in each model, we utilize multivariate logistic regressions to test our hypotheses.

To capture capitalist peace and quality of governance variables and test our hypotheses, we utilize five different indicators of capitalism and quality of governance. Following Mousseau (2013), we use a weak-link approach where the two state scores in the dyad are compared and the weakest score is used as the result. In other words, the variables represent the least capitalistic, least transparent, or most corrupt values in the dyad. With this approach, we use the strictest test of the capitalist peace and quality of governance variables on MID escalation. [2] A more detailed methodology is outlined below for each variable.

Executive and political corruption are the first two independent variables, and both are obtained from the V-Dem dataset (Coppedge et. al 2018; McMann et. al 2016). Executive corruption captures the extent to which executives in a state partake in bribes or favors, embezzle, misappropriate public funds for private use, or perform other corrupt activities. Political corruption is the aggregate of averages of public sector, executive, legislative, and judicial corruption. Put differently, political corruption is the culmination of corruption in all government sectors and branches. The scale in both of these variables is 0 to 1, with higher scores representing higher corruption. To create a dyadic weak-link variable, the value of the state with the highest corruption score is used. Thus, scores closer to 0 reflect a minimally corrupt dyad.[3]

---

[2] In the Appendix, Tables 2.1 and 3.1 provide multivariate logistic regressions utilizing binary independent variables constructed at appropriate thresholds. In this coding, a 1 indicates that both states have a strong capitalist characteristic or high quality of government. If only one or neither state has a strong capitalist characteristic or high quality of government, the variable is coded as a 0. This replicates how democratic peace variables are often measured. This seems important to also test capitalist peace this way since several scholars (Gartzke 2007; Gartzke, Li, and Boehmer 2001; McDonald 2010; Mousseau 2000, 2009, 2010, 2013) have argued that capitalist peace rival democratic peace conceptions.

[3] To construct the dyadic binary variable for both corruption variables, the cut-off point of 0.3 is used. Due to lower scores representing low corruption, a state is coded as a 1 when the executive or political corruption score is 0.3 or lower and a 0 when scores are greater than 0.3.

Supplied by Transparency International (2015), the Corruption Perceptions Index (CPI) is used as our measure for state transparency. The CPI reflects the level of a state's corruption as perceived by country analysts and surveys of businesspeople. Some ways these analyses and surveys look at corruption include misappropriations of public funds for private use, embezzlement, bribes and favors in both business and government, and laws on financial disclosures. In essence, these surveys and analyses reveal how corrupt states are perceived to be from an outsider's point of view. Thus, using CPI to determine how transparent a state is in regards to corruption levels is appropriate. The scale of this variable is 0 to 10, with higher scores representing greater transparency. As such, the value of the state with the lowest CPI is used in the dyadic weak-link measurement. Scores closer to 10, then, denotes a highly clean dyad.[4]

Next, protective property rights is obtained from The Heritage Foundation's (2018) Index of Economic Freedom. In the Index which ranges from 0 to 100 on a 10-point interval, property rights are measured as the strength of a state's laws on protecting and enforcing individuals' right to own private property. The higher the score, the more protected property rights are in the state. For the dyadic weak-link variable, the value of the state with the lowest property rights score is utilized. High values in this measure reveal that the dyad has strong property rights[5].

Finally, we employ Mousseau's (2019) Contract Intensity of National Economies (CINE) data for contract intensity. The data capture contract flows that require the state as a third-party enforcer. The data are based on life insurance premiums as they are a non-self-enforcing contract that requires the state's enforcement. As Mousseau notes, these life insurance contracts "are the least likely of all kinds of non-self-enforcing contracts to rely on personal forms of trust, including punishment for violations of trust, because the delivery of service is expected only after the death of the policy holder" (Mousseau 2019, 1). Therefore, using life insurance contracts as a measure for non-self-enforcing contract flows is fitting. A higher contract

---

Multiplying each state's values, we produce a dummy variable where a score of 1 means both states in the dyad have low levels of corruption.

[4] To generate the dummy variable, states with a CPI score of 8.0 or higher are coded as a 1. After multiplying the state's binary measures, a dyad with a score of 1 demonstrates higher levels of transparency while dyads with a code of 0 represent low levels of transparency.

[5] When dichotomizing the variable, we code states as a 1 if their property rights score is 70 or greater. After multiplying and creating the dyadic dummy measurement, dyads with a code of 1 reflect stronger protective property rights in both states while a code of 0 indicates weak protective property rights.

intensity score represents a contract-rich economy where a state is the third-party enforcer of contracts due to the lack of personal trust in it. Meanwhile, a lower score represents a contract-poor economy where economic exchange operates under personal trust and without a noncorrupt state as the third-party enforcer. Given our theory that contract-poor states produce goods and services to help key groups essential for their regime legitimacy, the value of the state with the lowest contract intensity score is used for the weak-link dyadic variable. Thus, higher contract intensity scores reveal that the dyad is contract-rich and capitalistic.[6]

Additionally, we control for other factors found to influence dyadic escalation and follow traditional coding practices. Critical to the democratic peace literature, we first include a measure for dyadic democracy. If both countries in the dyad have a Polity IV score of 5 or higher, then they are both considered to be democratic, and joint democracy is coded as a 1. Second, the composite indicator of national capabilities (CINC) is used to measure power parity in the dyad. The CINC score of the weaker state is divided over the stronger state's score, resulting in a variable that ranges from 0 to 1. A score closer to 1 signifies power parity while a score closer to 0 indicates power preponderance. Third, if the states are bordering or are separated by 12 miles or less of water, then contiguity is coded as a 1; otherwise 0. Finally, if either state in the dyad is a major power, then major power is coded as a 1.

Results

The five main independent variables were chosen explicitly because they engage different elements of the capitalist peace and quality of governance arguments. Property rights protection, system transparency, corruption (political and executive corruption), and contract intensity come from four different sources, have different start dates, and vary considerably in how they measure their concepts. Political and executive corruption data start in 1945, contract intensity data begin in 1960, protection of property rights data start in 1980, and transparency data start in the mid-1990s. Property rights protection has a 14-point scale with an increasing score

---

[6] For the dichotomous dyadic variable, we employ Moussea's (2019) contractualist economy measurement. In this measure, states with life insurance premiums greater than $165 are coded as a 1, a contractualist economy, and states with life insurance premiums less than $25 are coded as 0 to reflect a contract-poor economy. States with values in between are deemed transitional economies and are coded 0. Therefore, when constructing the dyadic binary variable, a score of 1 represents a contract-rich and capitalistic economy.

indicating positive protections while the other four variables allow significant detailed measurement with thousands of variation points. Yet, even these still differ. Political and executive corruption have low values for positive peace characteristics while property rights, contract intensity, and transparency have high values. While they measure different elements, all five indicators have much in common as the measurements have a significant degree of correlation.

Table 1 illustrates this high degree of correlation with corresponding significance levels. Transparency and contract intensity are strongly correlated with the other variables, excluding protective property rights. Protective property rights is the least correlated variable, with its correlations to others ranging from 0.47 to 0.56. Political and executive corruption are highly correlated at 0.95, most likely because political corruption includes elements from the executive corruption variable. Political and executive corruption are moderately correlated with the other three variables with correlations as low as -0.54 but as high as -0.82. Table 1 supports the idea that these different measures capture similar elements from the larger capitalist peace and quality of governance conception. At minimum, they are moderately correlated while at maximum they are highly correlated. Yet, they also capture different elements since they have some variance in their correlation with one another. Due to the moderate to high levels of correlation, though, we are unable to test these indicators together in one model. Therefore, each variable is tested alone with the controls in the next 10 models.

Table 1- Pearson's Correlation Coefficients with Significance

	Political Corruption	Executive Corruption	Transparency	Property Rights	Contract Intensity
Political Corruption	1 (0.000)				
Executive Corruption	0.9458 (0.000)	1 (0.000)			
Transparency	-0.7444 (0.000)	-0.7105) (0.000)	1 (0.000)		
Property Rights	-0.5420 (0.000)	-0.5510 (0.000)	0.4707 (0.000)	1 (0.000)	
Contract Intensity	-0.8242 (0.000)	-0.8130 (0.000)	0.7648 (0.000)	0.5621 (0.000)	1 (0.000)

Tables 2 and 3 use multivariate logistic regressions and explore how the five different capitalist peace and quality of governance measures affect escalation to uses of force within five years after an initial display of force. This steps-to-war approach, pioneered by Senese and Vasquez (2008), helps researchers understand under what conditions displays of force are more likely to lead to future uses of force and war between states or when events do not foreshadow future uses of force but rather are just signals for dissatisfaction. Due to multicollinearity, we test each main independent in separate models with the control variables. Once again, all variables are dyadic. We initially included a dyadic joint reciprocity variable as some of the literature on escalation suggested it could be important (Leng 1993). However, the variable never approached significance in any of the models, so we dropped the variable from the analyses.

In Tables 2 and 3, the independent variables are tested in their weak-link operationalization. Tables 4 and 5 in the Appendix provide the multivariate logistic regressions using the dichotomized independent variables. The difference between Tables 2 and 3 involves a slight change in the escalation variable. In Table 2 (and 4), the dependent variable used is escalation with reset. This is the dependent variable that measures escalation to military force in the next five years but codes escalation as 0 if another display of force occurs before a use of force. In Table 3 (and 5), the dependent variable used is total escalation. This variable counts escalation as a 1 if military force is used within five years of the initial display of force, even if another display of force occurs prior to the onset of military force.

Across the five models in Table 2, three of the five main measures are significant and approach significance at the 0.10 level or lower. While transparency is significant at the 0.01 level, property rights protection and contract intensity are significant at the 0.10 level. All three are in their expected directions. Executive corruption barely misses significance at the 0.10 level. Surprisingly, political corruption is highly insignificant, making it considerably less trustworthy compared to executive corruption even though the two variables were highly correlated in Table 1. R-squared values for all models are fairly low around 0.11 to 0.12, but this is common for conflict models.

Table 2- Multivariate Logistic Regression Results on Escalation with Weak-Link Measures

Model Sample		Mod. 1	Mod. 2	Mod. 3	Mod. 4	Mod. 5
Joint Polit Corrupt (V-Dem)	B	0.075				
	Se	0.3113				
Joint Exec Corrupt (V-Dem)			0.430			
			0.2905			
Transparency (Trans. Inter.)				-0.138***		
				0.0478		
Property Rights (Econ Freedom)					-0.012*	
					0.007	
Contract Intensity (CINE)						-0.1092*
						0.0638
Contiguity		1.464***	1.433***	1.413***	1.074***	1.495***
		0.1590	0.162	0.1602	0.2859	0.1725
Power Parity (CINC)		0.745***	0.752***	0.686**	0.795	0.769***
		0.2753	0.2757	0.2766	0.4885	0.2932
Major Power		1.125***	1.153***	1.065***	1.654***	1.236***
		0.1719	0.1680	0.1671	0.2936	0.1800
Joint Democracy (Polity IV)		-0.390**	-0.310*	-0.120	-1.333	-0.297
		0.1658	0.1698	0.1709	0.3022	0.1886
Pseudo R²		0.11	0.11	0.12	0.12	0.12
N		1180	1180	1180	557	1086
Log Likelihood		-573	-572	-569	-202	-503

Note: * p<0.1, **p< 0.05, ***p<0.01

Table 3 uses the same set of independent and control variables but uses the escalation variable in which another display of force does not reset the count. The capitalist peace and quality of governance variables do a little better with this dependent variable. Transparency is significant at the 0.01 level, executive corruption and contract intensity both are significant at the 0.05 level, and property rights protection is significant at the 0.1 level. Political corruption once again fails to reach significance, but executive corruption achieves significance. Not resetting the escalation data, then, has consequential effects on joint executive corruption as it is significant in Model 7 but not Model 2. Regardless of a second display of force, it is significantly supported that minimally executive corrupt dyads in a low-level MID are less likely to escalate to a violent MID in the next five years. Despite the high collinearity between executive and political corruption, then, each has a different effect on total escalation. Additionally, all five

explanatory variables are in the expected direction, and all R-squared values are higher as they range between 0.16 and 0.18. Overall, the capitalist peace and quality of governance variables, excluding joint political corruption, offer significant support for the argument that joint adherence to capitalist economic norms minimizes the likelihood of interstate armed conflict.

One interesting finding to note is that one of the three models in which joint democracy fails to reach significance is Model 5 in Table 2 which tests Mousseau's (2019) contract intensity variable. Matching Mousseau's findings, we find that the inclusion of contract intensity is stronger and more statistically significant in mitigating conflict than joint democracy. Even in Model 10 in Table 3 measuring total escalation, contract intensity carries greater significance than joint democracy. Out of all 10 models that test the weak-link measures, Models 7, 8, and 10 are the strongest as all variables in the regressions are significant at the 0.1 level or lower. Model 10 has the highest R-squared of 0.18 out of all models while Models 7 and 8 retain the largest N of 1,180 cases. In Model 7 and 10, joint executive corruption and contract intensity are significant at the 0.05 level respectively. In Model 8, transparency is significant at the 0.01 level. For the controls, all but power parity and joint democracy are significant in all models. All control variables in all models, though, are in their hypothesized direction and match findings in the conflict literature. Overall, when utilizing the weak-link measures and controlling for other common predictors of escalation, capitalism and quality of governance variables perform better in tests with the total escalation dependent variable. This may mean that it does not matter if another display of force happens within the five-year period for countries with strong bureaucracies or property protections as these displays are just that, signals of unhappiness, rather than intentions of future force.

Table 3- Multivariate Logistic Regression Results on Total Escalation with Weak-Link Measures

Model Sample (V-Dem)	B Se	Mod. 6 Tot. Escalat.	Mod. 7 Tot. Escalat	Mod. 8 Tot. Escalat	Mod. 9 Tot. Escalat	Mod. 10 Tot, Escalat
Joint Polit. Crpt. (V-Dem)		0.279 0.2982				
Joint Exec. Crpt. (V-Dem)			0.643** 0.2780			
Transparency (Trans. Inter.)				-0.116*** 0.0440		
Property Rights (Econ Freedom)					-0.011* 0.0064	
Contract Intens. (CINE)						-0.1448** 0.0613
Contiguity		1.816*** 0.1602	1.777*** 0.1612	1.779*** 0.1609	1.413*** 0.2705	1.867*** 0.1729
Power Parity (CINC)		0.863*** 0.2717	0.871*** 0.2723	0.813*** 0.2727	0.631 0.4570	0.775*** 0.2897
Major Power		1.582*** 0.1742	1.600*** 0.1711	1.502*** 0.1693	1.903*** 0.2798	1.628*** 0.1835
Joint Democracy (Polity IV)		-0.438*** 0.1594	-0.342** 0.1637	-0.308* 0.1646	-0.488* 0.2767	-0.332* 0.1818
Pseudo- R^2		0.16	0.16	0.17	0.17	0.18
N		1180	1180	1180	557	1086
Log Likelihood		-604	-602	-601	-228	-532

Note: * $p<0.1$, ** $p< 0.05$, *** $p< 0.01$

The Future of Capitalist Peace and Quality of Governance

In this study, we examined capitalist peace and quality of government arguments together in one theoretical framework and how they are related to dispute escalation. We used a steps-to-war model to help explain how non-violent conflict is related to future violent conflict. Previous research on capitalist peace and quality of governance arguments primarily focused on conflict onset but not on MID escalation. Thus, our focus on MID escalation adds to the conflict literature and our understanding of what influences escalation from displays of force to uses of force. We also used

multiple potential indicators of capitalism and government quality. This wide array of tests allowed us to examine the many traits a state has that are often produced under a capitalist system. To our knowledge, no study has taken this broad approach in testing.

Our findings using a weak-link approach are supportive for our theory. Of the five main independent variables in our 10 models, only political corruption fails to reach any significance. And while executive corruption fails to achieve significance when examining escalation with a reset after a second display of force, it is significant when examining total escalation. Additionally, all variables are in their hypothesized direction, lending support for our theory.[7]

To be sure, one of the challenging aspects for research examining the capitalist peace involves operationalizing variables. Two of the four sources we use for capitalist peace start observations in the 1980s or 1990s. While this potentially offers 20 to 30 years of economic data, it does not offer a large number of cases for dispute escalation. Only one source we use in this research codes data before World War II. The good news for future capitalist peace studies is that over eight different sources now measure capitalist ideas. Yet, most of these indicators start their coding in the mid-2000s. Unfortunately for our study, conflict data ends right around this time period.

Since three of our four sources had a small number of cases, they were susceptible to being influenced by crucial cases. There was one case in the year 2000 that produced around 200 potential observations. This crucial case could have made up around half the cases in some models. Because of this, we do not think we can make strong statements about several of our indicators. More time is needed, then, to see how the capitalist peace and quality of government indicators truly affect dispute escalation. However, we are optimistic that continued research into escalation will yield important findings. The executive corruption and contract intensity variables offer more cases than the other significant indicators, were fairly supportive of our theory, and come from two different sources. They examine all of the cases since 1960, if not before, whereas the other explanatory variables begin around the start of the post-Cold War era. Thus, we are especially optimistic for future research on executive corruption and contract intensity on dispute

---

[7] Results using the dichotomous versions of the independent variables, however, are mixed. These results are presented in Tables 2.1 and 3.1 in the Appendix. Due to these mixed results, additional research should be conducted examining these variables when dichotomized.

escalation.

More interestingly, a puzzle that still remains revolves around distinguishing the importance of quality of governance for capitalism's ability to generate peaceful relations. Teorell (2015) suggested that quality of governance is both an antecedent and complimentary to capitalism. Our analysis would support this conclusion as we found that executive corruption and contract intensity were significant variables on total dispute escalation. Nonetheless, how much capitalism stands on its own compared to quality of governance is still unresolved. In order for capitalist peace and quality of government arguments to develop into a central theory of international cooperation and conflict, additional research is required to uncover the nuances of each theory and their effect on international conflict.

While we are excited to discuss how our paper offers a new analysis about capitalist peace and dispute escalation, because of the above data limitations, we are reticent to argue that it offers definitive results. Rather, it should be viewed as a first take on a new way to consider how capitalist traits affect state relations with regards to violent conflict. This first take offers moderate support for the idea that capitalist characteristics incentivize states to limit escalation to force. Future work should be done to confirm these initial findings. For now, we can say that capitalist peace and quality of governance arguments are complementary to the democratic peace in their effect on dispute escalation. In terms of conflict prevention, this means that democracy is not absolutely necessary to mitigate dispute escalation. From our findings, having a high quality of government and strong contract intensity is negatively correlated with escalation. States that are not necessarily ready for democracy, whether due to a lack of institutions or a lack of popular or governmental support for democracy, can still prevent dispute escalation either through capitalism or high quality of government variables. In other words, states that cannot democratize or are not ready to democratize can work towards increasing government transparency, strengthening property rights, minimizing executive corruption, and strengthening contracts within the state in order to mitigate dispute escalation. In fact, these alternative policy modifications may be more beneficial for these states if democratizing is not perceived to be attainable. With greater transparency, stronger property rights, minimal corruption, and stronger contracts within the society, our findings suggest that states are better able to signal their intentions within disputes or are able to find alternative ways to remedy disputes than through military force. Due to these implications for state behavior and our early findings, we look forward

to future research and further exploring the impact of capitalist peace and quality of governance on dispute escalation.

Appendix

Table 2.1- Multivariate Logistic Regression Results on Escalation Using Dichotomous Measures

Model Sample		Mod 11: Escal	Model 12: Escal	Model 13: Escal	Model 14: Escal	Model 15: Escal
Joint Polit Corrupt (V-Dem)	B	0.112				
	Se$_\beta$	0.1956				
Joint Exec Corrupt (V-Dem)			-0.636***			
			0.2086			
Transparency (Trans. Inter.)				0.798		
				0.8718		
Property Rights (Econ Freedom)					-0.164	
					0.3611	
Contract Intensity (CINE)						-0.273
						0.2903
Contiguity		1.476***	1.400***	0.951***	0.882***	1.468***
		0.1599	0.1599	0.3429	0.3137	0.1774
Power Parity (CINC)		0.739***	0.727***	0.214	0.946*	0.633**
		0.2753	0.2762	0.6051	0.5381	0.3083
Major Power		1.097***	1.158***	1.760***	1.588***	1.130***
		0.1677	0.1673	0.3239	0.3034	0.1823
Joint Democracy (Polity IV)		-0.418***	-0.2607	-0.384	-0.347	-0.179
		0.1604	0.1643	0.3263	0.3359	0.2012
Pseudo R^2		0.11	0.12	0.12	0.10	0.11
N		1180	1180	442	442	906
Log Likelihood		-573	-568	-146	-168	-468

Note: * p<0.1, ** p< 0.05, ***p< 0.01

Table 3.1- Multivariate Logistic Regression Results on Total Escalation Using Dichotomous Measures

Model Sample		Model 16: Tot Escal	Model 17: Tot Escal	Model 18: Tot Escal	Model 19: Tot Escal	Model 20: Tot Escal
Joint Polit Corrupt (V-Dem)	B Se$_\beta$	-0.0784 0.1908				
Joint Exec Corrupt (V-Dem)			-0.844*** 0.2008			
Transparency (Trans Inter)				0.531 0.9109		
Property Rights (Econ Freedom)					-0.115 0.3326	
Contract Intensity (CINE)						-0.580** 0.2847
Contiguity		1.818*** 0.1605	1.751*** 0.1613	1.554*** 0.3106	1.289*** 0.2948	1.843*** 0.1824
Power Parity (CINC)		0.858*** 0.2718	0.846*** 0.2737	0.309 0.5411	0.861* 0.5022	0.814*** 0.3086
Major Power		1.553*** 0.1710	1.622*** 0.1721	1.842*** 0.3029	1.767*** 0.2876	1.648*** 0.1915
Joint Democracy (Polity IV)		-0.473*** 0.1541	-0.294* 0.1585	-0.608** 0.2903	-0.398 0.3072	-0.151 0.1954
Pseudo R^2		0.16	0.17	0.17	0.14	0.17
N		1180	1180	442	442	906
Log Likelihood		-605	-595	-170	-190	-485

Note: *p< 0.1, **p< 0.05, ***p<0.01

Overall the results in tables 4 and 5 are less supportive of the capitalist peace and quality of governance hypotheses as few variables reach significance and not all variables are in their expected direction. This lack of support is partly due to the thresholds we set for the dummy variables and to the dyadic interactions. Democratic peace scholars often set a high bar for the quality of democracy to code it a 1, and we followed similar procedures for capitalism and quality of government traits. More interestingly, if we

coded a joint not capitalism variable, the results often flipped and the variables were significant and in the hypothesized expected direction.

All of these results combined yield an interesting puzzle for the capitalist peace and quality of governance theories. The models in Tables 2 and 3 were moderately to highly supportive for our theory when using a weak-link measure of variables, yet the models in Tables 4 and 5 fail to find much significance for the theory that capitalist peace and quality of governance indicators minimize conflict escalation. Taken together, it appears that generally capitalist peace and quality of governance characteristics help reduce future uses of military force, but discrepancies emerge when dichotomizing these indicators at certain thresholds.

References

Bell, Sam R. 2013. "What You Don't Know Can Hurt You: Information, External Transparency, and Interstate Conflict, 1982-1999." *Conflict Management and Peace Science* 30(5): 452-468.

Ben-Yehuda, Hemda. 2004. "Territoriality and War in International Crises: Theory and Findings, 1918-2001." *International Studies Review* 6 (4): 85-105.

Bennett, D. Scott, Paul Poast, and Allan C. Stam. 2017. "NewGene: A Conceptual Manual." Available at *SSRN:* https://ssrn.com/abstract=2596297 or http://dx.doi.org/10.2139/ssrn.2596297.

Brecher, Michael. 1996. "Crisis Escalation: Model and Findings." International Political Science Review/Revue Internationale De Science Politique 17 (2): 215-230.

Bremer, Stuart. 1992. "Dangerous Dyads: Conditions Affecting the Likelihood of Interstate War, 1816-1965." *The Journal of Conflict Resolution* 36 (2): 309-341.

-----. 1993." Democracy and Militarized Interstate Conflict, 1816–1965." *International Interactions* 18: 231-249.

Bueno de Mesquita, Bruce, and David Lalman. 1992. *War and Reason.* New Haven: Yale University Press.

Choi, Seung-Whan. 2011. "Re-Evaluating Capitalist and Democratic Peace Models." *International Studies Quarterly* 55(3): 759-769.

Colaresi, Michael, and William R. Thompson. 2002. "Strategic Rivalries, Protracted Conflict, and Crisis Escalation." *Journal of Peace Research* 39 (3): 263-287.

Coppedge, Michael, John Gerring, Carl Henrik Knutsen, Staffan I. Lindberg, Svend-Erik Skaaning, Jan Teorell, David Altman, Michael Bernhard, M. Steven Fish, Agnes Cornell, Sirianne Dahlum, Haakon Gjerløw, Adam Glynn, Allen Hicken, Joshua Krusell, Anna Lührmann, Kyle L. Marquardt, Kelly McMann, Valeriya Mechkova, Juraj

Medzihorsky, Moa Olin, Pamela Paxton, Daniel Pemstein, Josefine Pernes, Johannes von Römer, Brigitte Seim, Rachel Sigman, Jeffrey Staton, Natalia Stepanova, Aksel Sundström, Eitan Tzelgov, Yi-ting Wang, Tore Wig, Steven Wilson, and Daniel Ziblatt. 2018. "V-Dem [Country-Year/Country-Date] Dataset v8." *Varieties of Democracy (V-Dem) Project*. https://doi.org/10.23696/vdemcy18.

Correlates of War Project. 2011. "State System Membership List, v2011." Online, http://correlatesofwar.org.

Dafoe, Allan, John R. Oneal, and Bruce Russett. 2013. "The Democratic Peace: Weighing the Evidence and Cautious Inference." *International Studies Quarterly* 57: 201-214.

Dixon, William J. 1994. "Democracy and the Peaceful Settlement of International Conflict." *The American Political Science Review* 88(1): 14-32.

Fearon, James D. 1995. "Rationalist Explanations for War." *International Organization* 49 (3): 379-414.

Finel, Bernard I. and Kristin M. Lord. 1999. "The Surprising Logic of Transparency." *International Studies Quarterly* 43(2): 315-339.

Gartzke, Erik. 2007. "The Capitalist Peace." *American Journal of Political Science* 51(1): 166-191.

Gartzke, Erik, Quan Li, and Charles Boehmer. 2001. "Investing in the Peace: Economic Interdependence and International Conflict." *International Organization* 55(2):391–438.

Geller, Daniel S. 1993. "Power Differentials and War in Rival Dyads." *International Studies Quarterly* 37(June): 173-193.

Houweling, Henk, and Jan G. Siccama. 1988. "Power Transitions as a Cause of War." *The Journal of Conflict Resolution* 32(1): 87-102.

Huth, Paul K. 1988. "Extended Deterrence and the Outbreak of War." *The American Political Science Review* 82 (2): 423-443.

Keohane, Robert. 1986. "Realism, Neorealism and the Study of World
        Politics." In *Neorealism and Its Critics*. Edited by Robert Keohane.
        New York: Columbia University Press.

Leng. Russell. 1993. *Interstate Crisis Behavior, 1816-1980: Realism versus
        Reciprocity*. Cambridge: Cambridge University Press.

Levy, Jack S. 1989. "The Causes of War: A Review of Theories and
        Evidence." In *Behavior; Society, and Nuclear War*, edited by Philip E.
        Tetlock, Jo L. Husbands, Robert Jervis, Paul S. Stern, and Charles
        Tilly. New York: Oxford University.

Marshall, Monty G., and Keith Jaggers. 2002. ''Polity IV Project: Political
        Regime Characteristics and Transitions, 1800–2002.'' *Dataset Users'
        Manual*. Center for International Development and Conflict
        Management, University of Maryland.

Maoz, Zeev and Nasrin Abdolali. 1989. "Regime Types and International
        Conflict." *Journal of Conflict Resolution* 33: 3-35.

Maoz, Zeev and Bruce Russett. 1993. "Normative and Structural Causes of
        Democratic Peace, 1946-1986." *American Political Science Review* 87:
        624-638.

McDonald, Patrick. 2007. "The Purse Strings of Peace." *American Journal of
        Political Science* 51 (3): 569-582.

-----. 2009. *The Invisible Hand of Peace: Capitalism, the War Machine, and
        International Relations Theory.* New York: Cambridge University
        Press.
-----. 2010. "Capitalism, Commitment, and Peace." *International Interactions*
        36(2): 146-168.

McMann, Kelly M., Daniel Pemstein, Brigitte Seim, Jan Teorell, and Staffan I.
        I. Lindberg. 2016. "Strategies of Validation: Assessing the Varieties
        of Democracy Corruption Data."
        V-Dem Working Paper Series 2016:23.

Morgenthau, Hans J. 1967. *Politics among Nations*. 4th ed. New York: Alfred
        A. Knopf.

Mousseau, Michael. 2000. "Market Prosperity, Democratic
        Consolidation, and Democratic Peace." *Journal of Conflict
        Resolution* 44: 472-507.

-----. 2009. "The Social Market Roots of Democratic Peace."
        International Security 33: 52-86.

-----. 2010. "Coming to Terms with the Capitalist Peace." *International
        Interactions* 36: 185-213.

-----. 2013. "The Democratic Peace Unraveled: It's the Economy."
        International Studies Quarterly (57): 186-197.

-----. 2019. "Contract Intensity of National Economies (CINE), version Jan-
        2019." Accessed February 8, 2019,
        http://politicalscience.cos.ucf.edu/people/mousseau-   michael/.

Moul, William Brian. 1988. "Balances of Power and the Escalation to War of
        Serious Disputes Among the European Great Powers, 1815-1939:
        Some Evidence." *American Journal of Political Science* 32 (May): 241-
        275.

Moul, William. 2003. "Power Parity, Preponderance, and War between Great
        Powers, 1816-1989." *The Journal of Conflict Resolution* 47(4): 468-489.

Oneal, John R., Frances H. Oneal, Zeev Maoz, and Bruce Russett. 1996. "The
        Liberal Peace: Interdependence, Democracy, and International
        Conflict: 1950-1986." *Journal of Peace Research* 33: 11-28.

Oneal, John R. and Bruce Russett. 1997. "The Classical Liberals Were Right."
        International Studies Quarterly 41(4): 267-293.

-----. 1999a. "Assessing the Liberal Peace with Alternative
        Specifications: Trade Still Reduces Conflict." *Journal of Peace Research*
        36(4): 423-442.

-----. 1999b. "The Kantian Peace: The Pacific Benefits of Democracy,
        Interdependence, and International Organizations, 1885-1992."
        World Politics 52(1): 1-37.

Organski, A. F. K. 1958. *World Politics*. New York: Knopf.

Organski, A.F.K., and Jacek Kugler. 1980. *The War Ledger.* Chicago: University of Chicago Press.

Palmer, Glenn, Vito D'Orazio, Michael Kenwick, and Matthew Lane. 2015. "The Mid4 Dataset, 2002–2010: Procedures, Coding Rules and Description." *Conflict Management and Peace Science* 32: 222-42.

Rasler, Karen, and William R. Thompson. 2000. "Explaining Rivalry Escalation to War: Space, Position, and Contiguity in the Major Power Subsystem." *International Studies Quarterly* 44 (3): 503-530.

-----. 2006. "Contested Territory, Strategic Rivalries, and Conflict Escalation." *International Studies Quarterly* 50(1): 145-167.

Reed, William. 2000. "A Unified Statistical Model of Conflict Onset and Escalation." *American Journal of Political Science* 44 (1): 84-93.

----- . 2003. "Information and Economic Interdependence." *The Journal of Conflict Resolution* 47 (1): 54-71.

Rider, Toby J, Michael G Findley, and Paul F Diehl. 2011. "Just Part of the Game? Arms Races, Rivalry, and War." *Journal of Peace Research* 48 (1): 85-100.

Russett, Bruce, and John R. Oneal. 2001. *Triangulating Peace: Democracy, Interdependence, and International Organizations*. New York: Norton.

Senese, Paul. 1997. "Between Dispute and War: The Effect of Joint Democracy on Interstate Conflict Escalation." *The Journal of Politics* 59(1): 1-27.

-----. 2005. "Territory, Contiguity, and International Conflict: Assessing a New Joint Explanation." *American Journal of Political Science* 49 (4): 769-779.

Senese, Paul D. and John A. Vasquez. 2003. "A Unified Explanation of Territorial Conflict:Testing the Impact of Sampling Bias, 1919-1992." *International Studies Quarterly* 47(2): 275-298.

-----. 2008. *The Steps to War: An Empirical Study.* Princeton, NJ: Princeton University Press.

Stinnett, Douglas M., Jaroslav Tir, Philip Schafer, Paul F. Diehl, and Charles Gochman. 2002. "The Correlate of War Project Direct Contiguity Data, Version 3." *Conflict Management and Peace Science* 19(2): 58-66.

The Heritage Foundation. 2018. *Index of Economic Freedom*. Online, https://www.heritage.org/index/.

Transparency International. 2015. *Corruption Perceptions Index (1995-2016).* Online, https://www.transparency.org/research/cpi/overview.

Teorell, Jan. 2015. "A Quality of Government Peace? Explaining the Onset of Militarized Interstate Disputes, 1985-2001." *International Interactions* 41: 648-673.

Vasquez, John A. 1996. "Distinguishing Rivals That Go to War from Those That Do Not: A Quantitative Comparative Case Study of the Two Paths to War." *International Studies Quarterly* 40: 531-558.

Vasquez, John, and Marie T. Henehan. 2001. "Territorial Disputes and the Probability of War, 1816-1992." *Journal of Peace Research* 38 (2): 123-138.

Waltz, Kenneth. 1979. *Theory of International Politics.* Reading, MA: Addison-Wesley.

Wiegand, Krista E. 2011. "Militarized Territorial Disputes: States' Attempts to Transfer Reputation for Resolve." *Journal of Peace Research* 48 (January): 101-113.