Electoral incentives, term limits, and the sustainability of peace

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ARTICLE INFO

ABSTRACT

One of the few stylized facts in international relations is that democracies, unlike autocracies, almost never fight each other. Recent empirical findings show that binding term limits invalidate this result: democratic dyads in which at least one country imposes term limits on the executive are as conflict prone as autocratic and mixed dyads. Moreover, in democracies with two-term limits conflicts are more likely during the executive's second term. To rationalize these findings, we model international relations as a repeated prisoners' dilemma. We show that the fear of losing office makes democratic leaders less willing to start costly conflicts. Crucially, this discipline effect can only be at work if incumbent leaders can run for re-election. Term limits thus make it harder to sustain peaceful relations.

1. Introduction

It has long been argued that periodic elections are the main channel through which voters can keep politicians in check in representative democracies (Barro, 1973). The desire to retain office can constrain the opportunistic behavior of incumbents and allow voters to retain able politicians. However, politicians often face restrictions on the number of terms they can serve. For example, many countries allow their executives to be re-elected only once (e.g. the United States since 1951) or rule out re-election altogether (e.g. Mexico since 1917).

In a recent empirical study, we show that executive term limits can crucially affect the probability that democracies engage in military conflicts (Conconi et al., 2014). In the absence of term limits, democracies are less likely to fight one another than autocracies or mixed dyads (country pairs made by a democracy and an autocracy). This result is in line with the vast literature on the so-called "democratic peace". However, democratic pairs of countries in which at least one of the leaders is subject to binding term limits are as conflict prone as autocratic and mixed dyads. The type of term limits also matters: in democracies pairs in which the leaders face two-term limits, conflicts are less likely to arise in the first mandate — when re-election is still possible — than in the second mandate — when the executive is a "lame duck".

Various theoretical models have been put forward to explain the democratic peace phenomenon. Some focus on the role of communication and trust: democratic institutions can help to reveal information about the government's political incentives in a crisis by improving its ability to send credible signals (e.g. Fearon, 1994; Schultz, 1998; Levy and Razin, 2004). Jackson and Morelli (2007) develop a model in which dictatorships are more likely to be at war with each other because the preferences of their leaders are more "biased", i.e. different from those of the population at large. These models do not directly focus on the role of re-election motives (or lack thereof), and thus cannot provide an explanation for the empirical results on the impact of term limits.

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In this paper, we describe a theoretical model that provides a rationale for both the democratic peace and the impact of terms limits on interstate conflicts. We formalize an idea first put forward by Kant (1795). In his essay on "Perpetual Peace", he argued that leaders who are accountable to the people are less prone to break peaceful relations: if the people who have to pay for it with their lives and possessions decided whether or not there should be a conflict, they "would be very cautious in commencing such a poor game, decreeing for themselves all the calamities of war" (p. 13). Our model shows that re-election motives are crucial to sustain peace. By limiting — or eliminating altogether — electoral accountability, executive term limits can make it more tempting for democratic leaders to engage in costly conflicts.

We describe security relations as a repeated prisoners' dilemma game between two countries. This setup reflects the fact that the use of military force is often beneficial in the short-run, but tends to have long-term detrimental consequences: each country is tempted to attack the other to obtain a portion of its wealth and resources; however, if both countries use force, the resulting military conflict is costly compared to being at peace. In the absence of a supranational authority with direct powers to punish violations, peace can only be sustained through repeated interaction: governments will only refrain from aggressive military behavior if they perceive that doing so is in their long-term interest.

A key feature of our model is that peace is a *dyadic* phenomenon: it "takes two" to sustain it. Even if one of the leaders has no incentive to start a conflict, he will use military force when faced with another leader with belligerent incentives. It is thus enough for one leader to be tempted to break peace for a conflict to arise.

We first examine the sustainability of peace between democracies and autocracies. The crucial difference between the two forms of governments is that in democracies, unlike in autocracies, policymakers are subject to periodic elections. In this setup, we derive results about the likelihood of conflict in different dyads (two autocracies, two democracies, and a mixed dyad). Our model provides a simple explanation of the democratic peace based on electoral accountability: if the payoffs from future terms in office are sufficiently large, the threat of losing office can reduce politicians' willingness to break peaceful relations with other countries. Our model can also explain why democracies rarely fight each other, but often fight with autocracies.

We then study the impact of executive term limits, which restrict the number of mandates that a democratic leader can serve in office. Our model suggests that term limits hinder peace, since they reduce — and can even eliminate, in the case of binding term limits — the incumbent's payoffs from future periods in office; in turn, this reduces voters' ability to punish leaders who engage in costly military conflicts. In particular, in line with recent empirical findings, our analysis generates two distinct results. First, democracies whose leaders face binding term limits should be as likely to be involved in military conflicts as autocracies. Second, for democracies that impose two-term limits on their executives, the likelihood of being involved in a military conflict should be lower in the first than in the second term.

Our paper is related to three main streams of literature. First, our theoretical model builds on the literature on self-enforcing international agreements, which examines how cooperative behavior among policymakers of different countries can be sustained by credible threats when they engage in long-term relationships (e.g. Dixit, 1987; Bagwell and Staiger, 1999; Ederington, 2001). In previous studies, policymakers and their countries are modeled as one and the same. We depart from these studies, by considering a setting in which policymakers' objectives are allowed to differ from those of their countries.

Second, our paper contributes to the literature on interstate conflicts. One of the few stylized facts in this literature is that democracies are much less likely to fight one another than autocracies or mixed pairs of states. This has been described as an "empirical law" in international relations. However, the "consensus that democracies rarely if ever fight each other is not matched by an agreement as to how best to explain this strong empirical regularity" (Levy, 2002). Existing theoretical explanations for the democratic peace can be divided into two broad approaches: normative and institutional explanations. The normative approach contends that democracies are less conflict prone toward one another because they share similar norms of compromise and cooperation (e.g. Maoz and Russett, 1993; Dixon, 1994; Dixon and Senese, 2002). In essence, these norms mandate nonviolent conflict resolution and negotiation. Because democratic leaders are committed to these norms they try to adopt them in the international arena rather than resorting to violence. To explain conflicts between democracies and non-democracies, this literature argues that democratic values are applied only when democracies face other democracies and are abandoned otherwise. Our paper belongs to the literature on institutional explanations of the democratic peace, which argues that democracies are peaceful toward one another because of the limits placed upon leaders by government institutions. Leading theoretical models belonging to this approach include Bueno de Mesquita et al. (1999); Fearon (1994) and Fearon (1997); Levy and Razin (2004); Jackson and Morelli (2007) and Baliga et al. (2011). As mentioned before, these models do not consider the role of elections and term limits. On the empirical front, beyond Conconi et al. (2014), other studies provide support for the Kantian idea that the public acts as a restraint on war. Gaubatz (1991) finds that democracies start conflicts early in the electoral cycle, suggesting that approaching elections discipline democratic leaders. More recent studies reviewed in Bueno de Mesquita (2006) examine how the use of force affects the likelihood that a leader remains in office and find that "defeat in war, for instance, is costly for society and therefore for accountable democratic leaders more so than for nonaccountable autocrats, monarchs, or junta leaders" (p. 640). Zeigler et al. (2013) study militarized disputes in a sample of forty-eight democracies with term limits between 1976 and 2000. They show that leaders who face binding term limits are more likely to initiate conflicts than those who can still be re-elected.[1]

Finally, our paper is related to the literature on terms limits. The above-mentioned political agency literature originated with Barro (1973) and stresses the positive role of electoral accountability and the detrimental effects of term limits.[2] According to this

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[1] A related study by Haynes (2012) shows that "lame-duck" presidents, who are constitutionally prohibited from re-election, are systematically less effective than their re-electable counterparts in crisis-bargaining situations.

[2] Important contributions in this literature include Banks and Sundaram (1998); Besley and Case (1995); Besley and Burgess (2002); List and Sturm (2006), and Alt et al. (2011).