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LIBERAL HEGEMONY AND DEMOCRATIC PEACE

by

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A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE DOCTOR OF PHILOSOPHY

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ABSTRACT

Liberal Hegemony and Democratic Peace

by

Peter M. Dawson

Presidents George Bush and Bill Clinton have made the promotion of democracy abroad the "third pillar" of their administrations' foreign policy. In his 1995 National Security Strategy, President Clinton states that "All of American Strategic interests....are served by enlarging the community of democratic and free nations." However, the theory underpinning this strategy is not well developed. In fact, the policy directly conflicts with the realist analytical framework that dominates current international diplomacy.

Recent empirical studies in international relations have confirmed the statistical evidence of a separate peace among democratic nations. Few militarized disputes, and
perhaps no wars have occurred between democracies. However, the causes of this phenomenon remain controversial. Up until now, efforts to explain the democratic peace phenomena have focused on the existence of domestic norms and institutions within democracies. Hegemonic stability theory provides insight for a new plausible explanation of the democratic peace proposition.

Statistical analyses of interstate dispute data indicate that two centuries of liberal hegemony have, at least partially, been responsible for the separate democratic peace. This finding represents an important contribution to the international relations literature and has significant implications for United States national security policy.
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CHAPTER I

INTRODUCTION

The purpose of this study is to explore hegemonic stability theory predictions about conflict patterns in the international system. The political science literature on hegemonic stability theory is examined and new empirical evidence of the influence of hegemonic power on international system conflict is presented. Hegemonic stability theory is then used to develop explanations for several phenomena in international relations including the joint democratic peace proposition that democracies do not fight each other. An empirical test is then conducted of the new explanation for the joint democratic peace phenomena developed from hegemonic stability theory.

In political science, hegemonic stability theory is a modification to realism that argues the need for and acknowledges the presence of a certain structure in the international system. This structure is the result of the
relative domination of the other nation states by the hegemon, or world leader. The hegemon is not omnipotent but it has sufficient power to define and maintain the international norms and institutions. Without the presence of a hegemon the inherent anarchy of the international system will prevail and instability or war will result.

Most work in hegemonic stability theory has emphasized the importance of hegemony to the formation and operation of the liberal (free-trade) world political economy (Kindleberger 1975; Keohane 1977, 1980, 1984; Stein 1984; Gilpin 1987). Hegemonic stability theorists argue that the formation of a liberal economy does not occur spontaneously. Even when the potential gains from trade may be significant, participants may choose not to exchange. Despite the economic incentives, a participant may decide not to trade because he mistrusts his potential trading partner and/or fears he will be cheated. Furthermore, if hostilities exist or are perceived as likely between participants, then trade will be discouraged or even blocked because of its potentially detrimental effect on the existing balance of power. Moreover, for domestic political reasons the ruling
authorities may prohibit trade in order to court special interest groups.

Occasional trade between governments or large institutions does not constitute a liberal economy. Even the feudal kingdoms of the dark ages engaged in limited trade. A liberal national economy requires the enfranchisement of a country's population with the economic freedom to conduct their own trade in products and services. Truly liberal economies have only been around since the 17th century.¹

A liberal economy, at the international or intrastate level, requires cooperation among the participants about the "rules of the game" or norms of behavior. For instance, property rights and social contracts must be recognized before significant trade can occur. Furthermore, public goods like transportation infrastructure and currency exchange must be provided before a liberal economy flourishes. Finally, in a mature liberal economy, market failures and externalities like monopoly and pollution must be controlled. Obtaining the required level of cooperation

¹ For a detailed description of the historical development of liberal economy see Viljoen (1974). Also see Brawley (1993).
among participants is problematic because most traders are strangers and not predisposed to trust one another. Indeed, absent general cooperation about the rules of trade, there is much incentive to cheat and steal or otherwise take advantage of others (Keohane 1984).

Nation states that seek to foster liberal domestic economies all have governments that can perform coordinating functions. Each nation that is successful in creating a strong liberal economy has well established and accepted 'rules of the game'. Within its borders, the central government of a sovereign state has the legitimate right to enforce its rules--with violence if necessary--to enhance the interests of the nation. Hence, at the intrastate level, cooperation is facilitated by the presence of a strong government. However, no comparably powerful institution exists in the international system.

Hegemonic stability theorists claim that interstate cooperation requires the presence of a leading nation that can enforce compliance with the 'rules' and provide public goods. In short, the hegemon performs the critical role for the international liberal economy that the central
government performs for facilitating the liberal economy within the nation state. Without the order provided by the hegemon the anarchic nature of the international system will preclude economic cooperation even when there are significant gains from trade to be had (Gilpin 1987).

The central argument of hegemonic stability theory is that the presence of a hegemon is necessary for cooperation in the international system. The ability to facilitate cooperation has implications beyond political economy. If the presence of a hegemon can facilitate (indeed is required for) economic cooperation, it is logical to assume that hegemonic power can also facilitate political cooperation. Some hegemonic stability theorists have argued that the level of international conflict is correlated to the relative power of the hegemon (Gilpin 1981). Specifically, greater relative hegemonic power leads to less international conflict.

The first objective of this study is to test the validity of hegemonic stability theory's predictions on international conflict. What (if any) is the effect of hegemonic power on patterns of system conflict? Does the
level of international conflict decrease when hegemonic power is greater? Answers to these questions will go far in accessing the explanatory and predictive capability of hegemonic stability theory. Furthermore, the degree to which this study validates hegemonic stability theory will have significant implications for the future national strategies of the United States and countries worldwide. For instance, it would suggest that if the US exercises increased leadership in global political-military relations, it may be able to prevent or reduce military conflict between states.

It seems reasonable to assume that if system structure affects overall system conflict that it will also influence subgroup conflict such as disputes between democracies or disputes between autocracies. Moreover, the influence of hegemony on conflict may have different effects across different subgroups. This research is particularly interested in the effect(if any) of hegemonic power on conflict between democracies. The second objective of this study is to develop and test a new explanation for why
democracies do not fight each other rooted in hegemonic stability theory.

In international relations research, few topics have received as much attention recently as the democratic peace proposition. First articulated by Immanuel Kant in the 1790s, the democratic peace proposition posits simply, that democracies are less likely to fight than other nations. Kant argued that once republican government was established, the aggressive tendencies of the absolutist monarchies would change to a respect for individual rights. War would be exposed as the disaster to the peoples' welfare that he and other liberals thought it to be. In Kant's own words:

If, as is inevitably the case under this constitution, the consent of the citizens is required to decide whether or not war should be declared, it is very natural that they will have a great hesitation in embarking on so dangerous an enterprise. For this would mean calling down on themselves all the miseries of war, such as doing the fighting themselves, supplying the costs of the war from their own resources, painfully making good the ensuing devastation, and as the crowning evil, having to take upon themselves a burden of debts which will embitter peace itself and which can never be paid off on account of the constant threat of new wars. But under a constitution where the subject is not a citizen, and which is therefore not republican, it is the simplest thing to go to war. For the head of state is not a fellow citizen, but the owner of the state, and war will not force him to make the slightest sacrifice so far as his banquets, hunts, pleasure palaces and court
festivals are concerned. He can thus decide on war, without any significant reason, as a kind of amusement, and unconcernedly leave it to the diplomatic corps (who are always ready for such purposes) to justify the war for the sake of propriety. (Kant, 1970:100)

A more sophisticated version, called the joint democratic peace proposition, is that democracies do not fight one another. Kant predicted democracies would forge a separate peace as liberal states formed a "pacific federation". Kant's theory of democratic peace has been the subject of much scholarly debate and remains embroiled in controversy.

Even before the academic debate has been resolved, the idea of democratic peace has had a large effect on world politics. The theory of democratic peace has greatly influenced United States national strategy throughout history. President Woodrow Wilson invoked the democratic peace proposition as part of his justification for United States participation in World War I when he said in a speech to Congress: "A steadfast concert for peace ..... can never be maintained except by a partnership of democratic nations" (Waltz 1954:118). Today, President Bill Clinton has made the promotion of democracy abroad the "third pillar" of his administration's foreign policy. In his 1995 National Security Strategy, President Clinton states "All of American strategic interests... are served by enlarging the community
of democratic and free nations" (Clinton, 1995:22). Yet the
theory underpinning this strategy is not fully developed.
In fact, the strategy of building democratic peace directly
conflicts with the realist analytical framework that
dominates international diplomacy.

There is growing empirical support for the joint
democratic peace proposition. One political scientist has
stated that "the absence of war between democracies comes as
close as anything we have to an empirical law in
international relations" (Levy, 1989:88). However, the
causal mechanism of the joint democratic peace phenomena
remains controversial.

Popular explanations for the joint democratic peace
phenomena are rooted in the liberal-pluralist framework of
international relations. Liberal-pluralists have embraced
the evidence of joint democratic peace as a direct challenge
to the realist paradigm that treats nations as autonomous
and indistinct. In conventional realist theory, domestic
structure should not significantly effect international
conflict. Liberal-pluralist explanations emphasize
democratic norms and/or democratic institutions as
responsible for the joint democratic peace phenomena (Doyle
1983, 1986; Rummel 1985; Russett 1993; Owens 1994). However, recent studies have been unable empirically to link cultural norms or domestic institutions to the observed lack of conflict between democracies (Morgan and Campbell 1991; Maoz and Russett 1992; Morgan and Schwebach 1992).

Hegemonic stability theory suggests that the joint democratic peace phenomenon is largely a result of the international structure that has predominated while democracies have existed. In the last two centuries there have been two hegemonies -- Great Britain (1815 until 1939) and the United States (1945 to present). As liberal democratic hegemonies, Great Britain and the United States created an international system that has discouraged democracies from fighting each other. Directly, they did this by promoting liberal democracy as the preferred form of government and arbitrating disputes between democracies. Indirectly, Great Britain and the United States discouraged democracies from fighting each other by creating an international status quo that favored liberal democracies. Because the international system favored them, liberal democracies had little incentive to fight each other and
risk weakening the status quo. Indeed, the incentives were rather for democracies to ally together and defeat nonliberal challenges to the international order.

Consequently, the joint democratic peace phenomena may be more the result of the structure of the international system than domestic politics. The reason democracies have not fought each other may not be a result of their liberal political cultures, but rather the fact that the last two hegemons have been liberal democracies. Great Britain and the United States have succeeded in establishing a liberal world order that has helped foster a separate peace among democracies.

Clearly, this hegemonic stability explanation of the joint democratic peace is different from those offered by Liberal-pluralism. According to this theory, if either of the hegemonies that existed during the last two centuries had not pursued a liberal world order then the observed separate peace among democracies would be significantly weaker. If for example, Nazi Germany had succeeded in its quest for hegemonic dominance there would not be a significant joint democratic peace phenomenon. Instead,
researchers today would perhaps be attempting to explain the separate peace among national-socialist states rather then democratic states.

This study includes an empirical test of this new explanation for the joint democratic peace proposition. Essentially, the hypothesis is that as the relative power of the ruling hegemon increases, joint democratic conflict will decrease. Moreover, the drop in democratic dyad conflict will be proportionally greater than the drop in global system conflict. The argument here is that the phenomenon of joint democratic peace is in large part a result of the presence of a democratic hegemon that has encouraged cooperation between democracies both directly and indirectly. If the empirical evidence supports this new explanation, it will represent an important contribution to the scholarly debate on the joint democratic peace phenomena.

Furthermore, the implications for the national strategy of the United States and other countries could be great. For instance, this new explanation suggests that without the leadership of a liberal democratic hegemon in global
political-military affairs the separate peace among
democracies could be threatened. Hence, the US and the
world democratic community in general have a stake in
preserving US strength and continued US engagement overseas.

Hypotheses in this study are empirically tested by
analyzing system conflict during the period 1816-1986
against fluctuations in the relative power of the ruling
hegemon. The Correlates of War Project (Singer and Small
1992) provides the data on militarized interstate disputes.
Statistics on relative power are obtained from the National
Capabilities Data (Small and Singer 1982). Designation of
dyads as either democratic, autocratic, or mixed is
accomplished using the Polity II data (Gurr 1987).

Chapter II provides a review of the literature of both
hegemonic stability theory and the democratic peace
proposition. The theoretical argument for a new explanation
of democratic peace based on hegemonic stability theory is
developed in chapter III. Chapter IV describes the research
design including the operational definitions of hegemonic
power, conflict, and democracy. Analysis and results
including the probability tests for both bivariate and
multivariate statistical analysis are provided in chapter V. Chapter VI concludes with a discussion of the significance of the results and includes some prescription for United States policy in light of this study.
CHAPTER II

LITERATURE REVIEW

A. HEGEMONIC STABILITY THEORY LITERATURE

Hegemonic stability theory is not a single consistent theory but rather a set of theories that are loosely related to each other. Most of the current literature on hegemonic stability theory concentrates on the international political economy (Kindleberger 1975, 1986; Krasner 1976; Keohane 1977, 1980, 1984; Lake 1984; Stein 1984; Gilpin 1987; Brawley 1993). The central argument is that the presence of a hegemon is necessary for economic cooperation in the international system. Without the order provided by a hegemon, the anarchic nature of the international system will preclude economic cooperation even when there are significant gains from trade to be had.

Another variant of hegemonic stability theory focuses on the notion of world leadership (Organski and Kugler 1980;
Gilpin 1981; Modelski 1987; Thompson 1988). The hegemon or dominant nation reduces conflict in the interstate system by establishing acceptable norms of behavior. By adjudicating international disputes and enforcing rules, etc. the hegemon stabilizes the status quo and brings increased order to the system.

Central to the theory of hegemonic stability is the question of what makes a nation a hegemon. Robert Gilpin defines the term hegemony as the "leadership of one state over other states in the system" (Gilpin 1981:116). While the parsimony of such a simple definition is seductive, critics have pointed out several liabilities (Rogowski 1983; Modelski 1987). For instance, the concept of leadership is not very precise. What does it mean to be a leader? Is a state a leader merely if it possesses large military capability or does it also need material resources?

Robert Keohane explains hegemony as primarily a phenomenon of economic dominance. He defines hegemony as "preponderance of material resources". Keohane adds:

Four sets of resources are equally important. Hegemonic powers must have control over raw materials, control over sources of capital, control over markets, and competitive advantages in the production of highly valued goods.
Clearly, Keohane's emphasis is on the hegemon's economic influence. Control of raw materials, capital, and markets assists a state in its ability to punish its enemies and help its allies. These controls assist both directly as tools of coercive economic diplomacy and indirectly by decreasing domestic costs. Meanwhile, comparative advantage in certain types of commodities is important for the preservation of a preponderant economy. Keohane explains:

Competitive advantage does not mean that the leading economy exports everything but that it produces and exports the most profitable products, and those that will provide the basis for producing even more advanced goods and services in the future. In general, this ability will be based on the technological superiority of the leading country....(Keohane 1984:33).

Despite his emphasis on economic factors, Keohane also recognizes the importance of military capability to the hegemon. He at one point observes:

A hegemonic state must posses enough military power to be able to protect the international political economy that it dominates from incursions by hostile adversaries (Keohane 1984:39).
Gilpin similarly insists that a hegemon must possess "a corresponding political-military strength" (Gilpin 1981:129). Gilpin even goes so far as to assert that an economically powerful but militarily weak country will be unable to establish itself as a hegemon. Presumably, the political leaders of a hegemon are able to assess the appropriate military capability necessary to accomplish this task. Logically, a nation needing to protect the international political economy from any potential adversary needs a dominant military.

Hence, both Gilpin's and Keohane's definitions of hegemony require the hegemon to have both economic and military preponderance. However, while preponderant capability is necessary, it is not a sufficient condition for hegemony. The final requirement is that the potentially hegemonic nation must be willing to bear the costs of maintaining the world economy. Why should the hegemon care? After all, the hegemonic leader of a liberal world political economy is required to supply a number of expensive public goods necessary for a successful liberal economic system.

For example, the hegemon supplies the economic rules of the
game, investment capital, an international currency, and the protection of property rights on a world-wide scale.

Hegemonic stability theory postulates that a preponderant country becomes a hegemon in order to structure the international economic system to its benefit (Krasner 1976; Gilpin 1981, Keohane 1984, Brawley 1993). If the hegemon enjoys a competitive advantage in the production of most economic goods, it will favor a liberal (free-market) world economy. As the most efficient and technologically advanced economic power, the hegemonic power has the most to gain from participation in the world market economy. It also has the most to gain from a smoothly functioning international economic system. The hegemon champions the principle of free trade to further improve the efficiency of the world market's functioning and, not coincidentally, the hegemon's own ability to seek profit in foreign markets that might otherwise be closed.

In his model of hegemony, Brawley (1993) asserts that the impetus for a powerful capital-abundant state to coordinate the international economy is the desire to export capital-intensive goods and services. Furthermore, Brawley
contends that only capital-abundant republican hegemons will seek to establish a liberal international economy. Capital-abundant autocratic states, on the other hand, will seek an outlet for their capital goods and services by enlarging their domestic markets through empire expansion (Brawley 1993:20). Hence, while both hegemons have incentive to control the international economy, liberal hegemons will seek to establish a liberal international economy and autocratic hegemons will pursue autarky.²

Given that it is in the interest of the preponderant nation to dominate the international political economy, the next question is what size makes a nation a hegemon? On this question there is some ambiguity in hegemonic stability theory. Keohane's definition implies that simultaneous marginal advantages in raw material, capital, markets, and

² Brawley explains the difference between the behavior of republican and autocratic hegemonies as resulting from the increased ability of autocratic regimes to sanction rents such as monopoly profits. Autocratic states use these rents to maintain political support from preferentially treated capital-intensive sectors which in return receive artificially high profits. Neither the autocratic regime nor its allied internal economic interest groups prefer to participate in a liberal international economy. Instead, they will prefer to in effect expand the domestic economy through the creation of an empire or illiberal hegemony. However, republican states, because of their need to maintain broad political support, have more incentive to pursue free trade policy.
competitive advantage are sufficient. Other scholars insist on overwhelming economic preponderance (Wallerstein 1984, Lake 1984). Wallerstein explains:

> It is not enough for one power's enterprises simply to have a larger share of the world market than any other....I mean hegemony only to refer to situations in which the edge is so significant that allied powers are de facto client states and opposed major powers feel relatively frustrated and highly defensive vis-à-vis the hegemon (Wallerstein 1984:39).

Still other scholars insist on overwhelming military dominance—particularly in power projection technologies (Modelski 1987; Modelski and Thompson 1988; Thompson 1988). Modelski, in his "Long-Cycle" model, postulates that the threshold into hegemony is crossed when one nation possesses at least 50 percent of the world's naval capability (Modelski and Thompson 1988:110). Naval capability is seen as good measure of a nations ability to project power beyond its own borders.

In the last two centuries, most hegemonic stability theorists agree that there have been two hegemonies. They are Britain from 1815 until 1939 and the United States from 1945 to the present (Krasner 1976; Gilpin 1981; Brawley
1993). The British cycle dates from the Congress of Vienna (1815) at end of the Napoleonic wars (1792-1814) which concluded a struggle for hegemony between England and France. The end of the British cycle is marked as 1939 because World Wars I and II are interpreted as distinct phases of a single generation-long war sparked by the decline of British hegemony (Gilpin 1981:200). Gilpin suggests that the effects of Great Britain's hegemonic decline were felt up until the outbreak of World War II in 1939.

The American cycle of hegemony dates from the end of World War II in 1945. The German challenge to the liberal status quo had been defeated and the United States assumed the mantle of liberal hegemonic leadership (Krasner 1976; Gilpin 1981). The post World War II period has often been characterized as a bipolar struggle between the Soviet Union and the United States (Waltz 1954, 1986; Deutsch and Singer 1964). However, most hegemonic stability theorists insist that if economic as well as military power is considered, the United States since 1945 has been the lone superpower in a unipolar system (Organski and Kugler 1980; Gilpin 1981;
Thompson 1988). Throughout the Cold War the power of the Soviet Union was often exaggerated. Brawley (1993) suggests that "the collapse of the Soviet Union in 1989 exposed how weak most of that country's economy was" and that "[t]he Soviet Union failed to develop into an expansionary challenger because it failed to develop economically" (Brawley 1993:187). Arguably, the Soviet Union was never a true superpower.

Hegemonic stability theorists argue that both the United States and Britain were advocates for a liberal (free-market) international economic system during their tenure as world hegemons. They explain that this has been the key to the fact that, since 1815, the world has experienced huge growth in international trade. Hegemonic stability theorists argue that the growth in trade was facilitated by hegemonic power that coordinated exchange rates, reduced tariffs, etc. (Kindleberger 1975,1983; Keohane 1977; Gilpin 1987). Hegemonic stability theory predicts that the international marketplace will fail in the face of rampant nationalism without the presence of a hegemon (Kindleberger 1986, Gilpin 1987).
In fact, the great depression is explained by most hegemonic stability theorists as primarily the result of a failure of hegemonic leadership (Kindleberger 1975; Gilpin 1981; Keohane and Nye 1989). They argue that after World War I, Britain was no longer economically powerful enough to coordinate the international economy like she had in the past. Furthermore, as Britain increasingly saw herself at a competitive disadvantage during the 1920s, she became unwilling to support the liberal international trade regime. Instead, England turned to a neomercantilist strategy by working to create an exclusive trading bloc within a consolidated British Empire. At the same time, despite being economically dominant, the United States was unwilling to assume the mantel of hegemonic leadership with its associated costs. The result was worldwide proliferation of short-term mercantilist interests and this caused the international economy to collapse.

Hegemonic leadership is based on simultaneous military and economic dominance. However, the "law of uneven growth" tends to weaken the position of the hegemon over time (Gilpin 1987). This decline is due to a combination of
three factors: (1) the costs of maintaining dominance in the
system which includes military spending, aid to allies, and
expenditures to coordinate the global economy; (2) the loss
of economic and technological leadership to other states
owing to decreasing innovation, eroding natural resources,
and the tendency of the hegemon to emphasize consumption at
the expense of investment; and (3) the diffusion of military
and economic technology away from the hegemon (Gilpin 1981).

Gilpin summarizes the relative decline of the hegemon
as follows:

Once a society reaches the limits of its
expansion, it has great difficulty in maintaining
its position and arresting its eventual decline.
Further, it begins to encounter marginal returns
in agricultural or industrial production. Both
internal and external changes increase consumption
and the costs of protection and production; it
begins to experience a severe fiscal crisis. The
diffusion of its economic, technological, or
organizational skills undercuts its comparative
advantage over other societies, especially those
in the periphery of the system. These rising
states, on the other hand, enjoy lower costs,
rising rates of return on their resources, and the
advantages of backwardness. In time, the
differential rates of growth of the declining and
rising states in the system produce a decisive
redistribution of power and result in
disequilibrium in the system (Gilpin 1981:185).
In this way, hegemonic stability theory claims that the law of uneven growth provides the dynamic force behind the cycle of successive hegemonic regimes throughout history (Gilpin 1981).

The ability of the hegemon to facilitate cooperation has implications beyond international trade. The establishment of international norms and institutions by the hegemon can help create a pattern of order in the nation state system (Keohane 1984,1989). Theoretically, by reducing the degree of anarchy, a hegemon can significantly influence conflict in the international system.

The literature on hegemonic stability theory is not explicit about how the hegemon will influence conflict patterns. Robert Gilpin's treatment comes the closest to providing a testable hypothesis. Gilpin argues that a stable international framework requires the presence of a hegemon and that the probability of conflict will increase as the relative power of a hegemon declines (Gilpin 1981).

Under these circumstances, Gilpin explains,

the once dominant state is decreasingly able to impose its will on others and/or protect its interests. The rising state or states in the system increasingly demand changes in the system that will reflect their newly gained power and
their unmet interests. Finally, the stalemate and issue of who will run the system are resolved through armed conflict (Gilpin 1981:33).

Gilpin's assertion is that as the relative power of the hegemon decreases system conflict will ensue. The logical corollary is that as hegemonic dominance increases the level of conflict will decrease.

However, Gilpin is somewhat ambiguous about the exact relationship between level of conflict and the power of the prevailing hegemon. First, is the relationship continuous or are there thresholds of relative power below which the hegemon ceases to affect overall conflict levels? Second, does the inverse relationship between conflict and hegemonic power explain total system conflict or just hegemonic wars where a great power competitor is challenging the hegemon? Critics have justifiably pointed out that hegemonic stability theory is not clear on these points.

There is some empirical evidence to support hegemonic stability theory in the field of political economy. For instance, Arthur Lewis (1978) has demonstrated that the two periods of the highest growth of the international economy (1853-1873, and 1951-1973) correspond to the eras of strong
British and American economic and political hegemony
Likewise, the period of little or no hegemonic power (1913-1945) saw terrible growth in the world economy and included two world wars and a severe depression (Lewis 1970, 1978). Kindleberger (1975) has convincingly demonstrated that the great depression of the 1930s was largely the result of the failure of the United States to assert hegemonic leadership after Britain was no longer willing or able to because of her diminished power.

On the other hand, attempts to test empirically hegemonic stability theory's predictions on world conflict are surprisingly few. Kevin Speizo (1990) demonstrated some support for hegemonic stability theory by looking at major power war during British hegemony from 1815 to 1939. Despite the presence of some anomalies, hegemonic power demonstrated a consistent negative effect on the outbreak of war involving great powers during the period of British hegemony (Speizo 1990). Unfortunately, Speizo restricted himself only to the period of British hegemony and looked at only great power disputes.
Bremer (1993) included hegemony as one of his eight variables in building a multicausal model of interstate conflict. While his results focused on the efficacy of the joint democratic peace proposition, they also provide support for hegemonic stability theory. According to Bremer’s model, the presence of a hegemon reduced the probability of system war by two-thirds and the probability of disputes by one-third (Bremer 1993).

Several studies have concluded that unipolar systems have less conflict than either bipolar or multipolar systems (Thompson 1988; Stoll 1995). Stoll (1995) looked at system conflict from 1816-1990 and demonstrated that periods when the international power distribution was unipolar or near unipolar were significantly more peaceful than periods of bipolarity and multipolarity. Stoll found that this relationship was true for both wars and crises. The only exceptions were crises and wars that involved major powers on both sides. In conflict between major powers no relationship existed between polarity and system conflict (Stoll 1995:175). No other empirical tests of how hegemonic
stability theory affects system conflict have been completed.

B. DEMOCRATIC PEACE LITERATURE

The joint democratic peace proposition is simply the idea that democracies do not fight each other. In their overall propensity to go to war, democracies are indistinguishable from countries with any other form of government (Small and Singer 1976; Chan 1984; Vincent 1987; Moaz 1989). However, there is significant evidence that democracies do not often fight each other (Rummel 1985; Ray 1987; Maoz 1989; Bremer 1993). In fact, some researchers claim that war has never occurred between democracies (Ray 1993). The large number of different studies that claim to confirm the joint democratic peace proposition have led one political scientist to proclaim that "...the absence of war between democracies comes as close as anything we have to an empirical law in international relations" (Levy 1989).
Central to the debate on the significance and origin of the joint democratic peace proposition is the concept of democracy. It is difficult to define democracy exactly, and this is more than the usual problem of finding a good indicator of a theoretical concept. The United States would be considered a democracy in the 19th century by most observers. However, in today's world, the exclusion of blacks and women from voting would make it a non-democracy. In other words, the meaning of the concept seems to shift through time.

Probably the most widely cited definition of democracy is from Robert Dahl's book polyarchy. He declares that the "key characteristic of a democracy is the continuing responsiveness of the government to the preferences of its citizens, considered as political equals" (Dahl 1971:1). In another popular definition Doyle (1983,1986) uses four criteria to identify "republican" governments: (1) they have market or private property economics, (2) they have polities that are externally sovereign, (3) they have citizens with juridical rights, and (4) they have representative governments (Doyle 1986:1156). On the other hand, Ray
(1995) prefers to define democracy by focusing on procedural aspects rather than on the outcome that the political system may or may not produce. He identifies a state as democratic if "the leaders of its executive branch and the membership in the national legislature are determined in competitive, fair elections." (Ray 1995:102). Ray further defines electoral systems as competitive and fair as long as they involve at least two formally independent political parties, confer suffrage on at least half the adult population, and produce at least one peaceful, constitutional transfer of power between opposing political parties, groups, factions, or coalitions." (Ray 1995:102).

Most research in the democratic peace literature adopt conceptual definitions similar to the above. For empirical work, researchers predominately use data collected by Ted Gurr and several associates called the Polity II data set (Gurr, Jaggers, and Moore 1990) to generate an operational definition of democracy. For each year since 1800, this data set codes each country according for such characteristics as "Competitiveness of Political Participation" and "Constraints on the Chief Executive".
Researchers take the numbers generated by Polity II data set and generate their own overall index of democracy.\(^3\) States that score above a defined threshold are considered democratic.

Modern democracies have only been around since the 19th century, and have only been around in significant numbers since 1945. Given that war is a relatively rare event in the life of most nations, some scholars (Mearshiemer 1990; Spiro 1994) have suggested that there have not been enough democracies to generate large amounts of conflict. In other words, the paucity of conflict between democracies that researchers have discovered is nothing more than a coincidence and not statistically significant. However, Maoz (1989) looked at the distribution of conflict between democratic dyads given the distribution of democracies in the population of states and concluded that it was significantly less than statistically expected. Other research has confirmed that the joint democratic peace

\(^3\) Maoz and Russett indices of democracy is based on the equation "Democracy = (Demlevel - Autolevel) x Concentration", where Demlevel is the level of institutionalized democracy and Autolevel is the level of institutionalized autocracy and Concentration represents the extent to which the set of attributes specific to a regime are well defined.
proposition is statistically valid (Ray 1993; Bremer 1992, 1993; Maoz and Russett 1992; Russett 1993). Even when other variables such as wealth and contiguity are controlled for, there remains robust support for the joint democratic peace proposition (Russett 1993; Bremer 1992, 1993).

The evidence for the joint democratic peace proposition is not universally consistent over the last two centuries. Specifically, the statistical support for the joint peace is strong in the 20th century but not in the 19th century (Maoz and Abdolali 1989, Farber and Gowa 1995). In fact, some scholars insist that evidence of the joint peace phenomena is restricted to post World War II and may merely be a by-product of the Cold War alliance structure (Farber and Gowa 1995, Gowa 1995). However, the broad consensus of

4 While no wars occurred between democracies in the 19th century, the amount of militarized disputes was significantly greater than expected given the amount of democratic nations. Scholars dispute the reasons for this apparent contradiction to the democratic peace proposition. It is interesting to note that for much of the 19th century Britain and the United States were the only democratic regimes around.

5 In their analysis, Farber and Gowa deliberately exclude the time periods of World War I and World War II because they claim that general wars are an inappropriate test of whether peace is more likely to prevail between members of pairs of democratic states than between those of other pairs. Furthermore, they breakup the pre World War II period into two time frames 1816-1913, and 1919-1938. Farber and Gowa are then able to show that the joint democratic peace proposition is not statistically significant prior to the Cold War. However, breaking up the pre-World War II period into four categories reduces the number of cases in any sub-period, which in turn makes it harder to achieve statistical significance.
scholarship is that war has never occurred between two democracies and that militarized disputes (including threats, blockades, etc.) between democracies are rare.

Most of the empirical studies that have been done on the joint democratic peace proposition have used time-pooled data in order to ensure enough wars and/or militarized disputes to make their results statistically valid. Spiro (1994) questioned the validity of this technique given that what happens in one year is not completely independent of the preceding year. However, Bremer (1992) in his analysis of wars between 1816 and 1965, only includes dyad-years in which war began, and he only includes the original belligerents, not subsequent joiners. He nevertheless concludes that the joint democratic peace is statistically significant. In addition, Russett (1995) using data from 1946 to 1993 demonstrated that if the conflict data is expanded to include all disputes instead of just war that even a year by year analysis could demonstrate statistically

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6 Spiro's own analysis of war on a year by year basis demonstrated little or no support for the joint democratic peace proposition. Not unexpectedly, in Spiro's study the only years that show statistical significance are the ones that had a lot of war (i.e., World War I, World War II, KOREAN WAR, etc.).
significant support of the joint democratic peace proposition.

Clearly, the statistical support for the joint democratic peace proposition is strong. While not yet an empirical law, it is a significant contribution to international relations. However, in order to be considered a complete theory, a causal link must be established between democratic states and the observed phenomena of joint democratic peace.

The prevailing explanations for why democracies do not fight each other are rooted in the liberal-idealist theory of international relations. Most attempts at explaining the joint democratic peace phenomena emphasize the distinct political culture of democracies (Rummel 1979, 1985; Doyle 1986). Basically, their argument is that the political culture of democratic nations conditions them to resolve disputes by peaceful means (i.e. negotiations). At the same time, democracies are not naive. They expect non-democracies to be predisposed to the use of violence to resolve differences and respond likewise. Hence democracies have a low propensity to fight each other but high
propensity to fight non-democracies (Rummel 1985; Doyle 1986).

According to this argument democracies are fundamentally different international actors then authoritarian states. Rummel states that "totalitarian states are coercively unified by an enforced definition of the true and just by an ideology....Competition with this formula is not permitted, critical assessments are not allowed" (Rummel 1979:294). This situation combined with the fact that power is often centralized and in the hands of a ruling elite, makes nonliberal regimes prone to use violence. On the other hand, according to Rummel, democracies are slow to resort to violence because "initiating a war or military action is usually precluded by the restraint of public opinion and opposition of interest groups." Rummel adds that "between libertarian states there is a fundamental sympathy of their peoples toward each other’s system, a compatibility of basic values, an existence of cross-pressures and overlapping groups and organizations, and a diffusion of power and interests" (Rummel 1979:278).
Other scholars have attempted to find the specific component of political culture that causes democracies not to fight each other (Bueno de Mesquita 1992; Morgan and Campbell 1991; Morgan and Schwebach 1992; Maoz and Russett 1993, Dixon 1993, 1994). They suggest that joint democratic peace develops from either liberal institutions (formal mechanisms) or liberal norms (informal mechanisms) that constrain democratic state behavior.

Perhaps the best developed liberal-pluralist explanation of the joint democratic peace proposition to date is by John Owens (1994). He suggests that both institutions and norms work together to produce liberal peace. Figure 1. represents this process visually.
Owens summarizes the political culture explanation of the joint democratic peace proposition as follows:

1. Liberals trust states they consider liberal and mistrust those they consider illiberal.

2. When liberals observe a foreign state becoming liberal by their own standards, they will expect pacific relations with it.

3. Liberals will claim that fellow liberal democracies share their ends, and that illiberal states do not.

4. Liberals will not change their assessments of foreign states during crises with those states unless those states change their institutions.
5. Liberal elites will agitate for their policies during war-threatening crises.

6. During crises, statesmen will be constrained to follow liberal policy. (Owens 1994)

Political culture is a very tough concept to operationalize, as many political science scholars have found. Empirical studies that have been attempted to demonstrate a causal link between liberal norms and/or institutions and the joint democratic peace have had little success. Morgan and Schwebach (1992) were able to demonstrate no more than a weak link between institutional constraints and conflict. However, they found more support for institutional constraints than liberal norms as an explanation for joint democratic peace. Morgan and Schwebach found that greater decisional constraints on a state leader produce a lower probability that a dispute will escalate to war regardless of whether the state involved was democratic or autocratic. They interpreted this as evidence against the liberal norms explanation which "is clear in the prediction that democracies will fight other states but not one another" (Morgan and Schwebach 1992:335).
On the other hand, Maoz and Russett (1993) conclude that the democratic norm explanation of the democratic peace proposition is superior in its predictive capacity to the institutional interpretation. They find that pairs of states (dyads) with high democratic norms and low institutional constraints are significantly less likely to be involved in serious disputes than dyads with low democratic norms and a high level of institutional constraints. However, the statistical evidence Maoz and Russett give is not overwhelming. For instance, they report that 2.89 percent of dyads with weak democratic norms but strong institutional constraints became involved in serious disputes, while only 2.11 percent of those dyads with strong democratic norms but weak structural constraints did so (Maoz and Russett 1993:635). Surely, the reliability of the .78 difference is questionable given the relative quality of their measures of democratic norms, on the one hand, and of institutional constraints, on the other.\footnote{Maoz and Russett do operationalize liberal norms several different ways including duration of a regime, frequency of political executions, and levels of domestic violence. Similarly, structural constraints are operationalized several ways including degree of executive control, and concentration of power within a regime. The results vary widely and Maoz and Russett reach their conclusion based on a greater number of favorable results for the cultural norms explanation.} If the analysis
was performed with different, and perhaps more accurate, measures of norms and institutional constraints the results could erase or even reverse a .78 difference.

Dixon (1993, 1994) also favors the cultural norms explanation for the joint democratic peace proposition. He finds that "democracies are likely to be more amenable than others to efforts of third parties to resolve or ameliorate disputes" (Dixon 1993:43). In addition, he finds that disputes between democracies are more likely to be peacefully resolved (Dixon 1994). Dixon concludes that "the democracy-settlement hypothesis examined here rests on explanatory logic emphasizing norms of dispute resolution held by democratic leaders. Alternative explanations of democratic war involvement, particularly those focusing on decisional constraints, cannot easily account for the democracy-settlement results" (Dixon 1994:30).

Clearly, more empirical work is warranted if the liberal explanation for joint democratic peace is to progress. A firm link between democratic regimes and the empirical phenomena of joint democratic peace has yet to be
established. Until this link is developed, the theory
underpinning the democratic peace proposition will remain
controversial. As Morgan (1993) has pointed out, many
researchers "...have long had nagging suspicions that the
conclusions we have drawn from the empirical tests are
spurious".
CHAPTER III

THEORETICAL ORIENTATION

A. INTRODUCTION

This study has two primary purposes. The first purpose is to test hegemonic stability theory predictions about conflict patterns in the international system. The second purpose is to use hegemonic stability theory to examine subgroup conflict, especially the joint democratic peace phenomena, and to test it empirically. Before the statistical analysis is started, however, some theoretical development beyond the literature review is required.

This study is not an attempt to save realism in some ad hoc fashion from phenomenon, like the democratic peace proposition, that do not fit into the realist paradigm. Whether a country is democratic or autocratic should not matter in realism. However, in the theory of hegemonic
stability that this study develops, regime types of the hegemon and the other nations in the world are crucial. Like Brawley (1993), this study argues that liberal and autocratic hegemons will behave in fundamentally different ways. For instance, only a democratic hegemon will seek to establish a liberal international economy. Furthermore, because they behave differently, liberal and autocratic hegemons will have different effects on democratic and autocratic nations within the world system.

It is doubtful that international relations theory can progress without modifying realism. Some appreciation of the significance of regime type in world affairs is needed. On the other hand, realism continues to provide some valuable insight. Calls for a "new paradigm" seem premature when simple modification of realism is possible.

B. PROBLEMS WITH REALISM

The realist paradigm has historically dominated the international relations literature. The four generally
agreed upon tenets of realism as defined by Waltz (1986) are: (1) the nation state is the major actor in the international system (2) the state is a unitary and rational actor (3) the international system is anarchic (4) states seek their own preservation at a minimum and at a maximum drive for universal domination.

The anarchic nature of the realist international system defines fundamental state behavior as self-help. Instability or war will pervade until a balance of power is achieved among the nation states. Perpetuation of this tenuous equilibrium is achieved only by the diligent power balancing diplomacy of nation-states. Small states must seek alliances with others to balance the power of relatively larger states. The realist international system has no necessary structure apart from anarchy and the coincidental power distributions that are produced over time. Realists describe the international system as bipolar or multipolar but the nature of the system remains fundamentally anarchic and power seeking.

Cooperation among states is extremely difficult to rationalize in a realist system. All sides may sincerely
desire peace but states are suspicious of each other's intentions. States find themselves in a "security dilemma" (Herz 1950; Jervis 1976, 1978). The more one state arms to protect itself from other states, the more threatened these states become and the more prone they are to resort to arming themselves to protect their own national security interests. Moreover, as Grieco (1993) has shown, power balancing is a zero-sum game. Whatever increases one country's relative power will necessarily weaken the power situation of other countries relative to it. States must continually evaluate developments in the world with regard to how they affect the relative power of their potential competitors.

Even when cooperation could lead to obvious mutual benefit, the zero sum nature of a realist system will prohibit cooperation if it adversely effects the relative power distribution between the states involved.

International trade is not zero sum in absolute economic terms. Nations trade because of the utility they gain from specialization and comparative advantage with international exchange. However, because the economy is a significant
contribution to the relative power of any state, any trade that benefits one country more than its trading partner will change the relative power distribution between them. The state that stands to lose relative power will be unwilling to trade even though it would gain absolute economic benefits from trade. Unfortunately, in international trade, while both countries always benefit, it is rare in any specific exchange that the benefits of trade are equally shared.

Hence, from a classical realist perspective there should be little cooperation in the international system outside temporary military alliances to ensure a balance of power against defined threats. Relatively benign international cooperative institutions that do not threaten relative power distribution such as the Olympics or the International Red Cross will be tolerated. However, no institution will ever be given sufficient authority to act against the national security interests of the nation states it represents.

While realism is internally logical and parsimonious there is much about state behavior it does not explain.
Contradictions abound, leading some scholars to complain that there is nothing less real than realism. One apparent contradiction is the joint democratic peace proposition that democracies do not fight each other. Realism treats nation states as indistinct; hence domestic structure should not significantly effect international conflict. However, as outlined in chapter II, the empirical evidence in support of the joint democratic freedom proposition is convincing.

Moreover, our experience supports the notion that regime types matter. We observe that the United States does not attack Canada. Surely the United States has the power to successfully invade Canada and she provides an inviting target. Yet, Canada does not even pretend to guard its border. If self-help or power maximization is the only significant motivation of states and all states are indistinct except for their relative power then the United States should have annexed Canada long ago.

Another contradiction of realism centers on the fungibility of power. The conventional realist defines power narrowly as military-industrial capability and usable for a variety of purposes. When conflicts arise between
great powers and smaller states, the great power should always prevail. In fact, this is often not the case. In the US-Canadian relationship of the 1950s and 1960s the outcomes of conflicts as often favored the Canadians as the Americans (Keohane and Nye 1977). In addition, the United States and Soviet Union both lost limited wars against the smaller states of Vietnam and Afghanistan respectively.

A third contradiction of realism is the presence of so much international economic exchange. Realism would not predict the high levels of trade that exists in the world economy today. International trade requires substantial cooperation on exchange rates, tariff agreements, and financing between distrusting states with no central enforcing mechanism to protect property rights. In addition, unless the gains from trade are perfectly distributed, there will always be one nation that looses relative power with any exchange and this is anathema to classical realist state behavior. However, international trade is at historically high levels and increasing. In fact, a World Trade Organization (WTO) possessing
significant powers to coordinate trade and enforce rules has recently been created with broad international support.

Finally, the paucity of international conflict contradicts classical realism. A purely realist world would experience more international conflict than we observe. Several theorists have suggested that a system of power-seeking competitive states left to its own devices has a quality of inherent instability that leads to either total breakdown or the emergence of a universal empire (Wight 1977; Deutsch and Singer 1964). Some computer-based models question whether a stable balance of power is even possible in a system operating on purely realist assumptions (Stoll 1987, Cusack 1989). However, the reality is that war is still a rare event in the life of most nations.

Clearly, realism has problems. Many scholars have led calls for a new paradigm in international relations. However, competing theories such as liberal-pluralism, globalism, or Marxism have not yet provided a complete and/or coherent alternative. Reform has also come from "structuralists" that seek to modify the realist paradigm
from within. Hegemonic stability theory is part of this structuralist school.

C. HEGEMONIC STABILITY THEORY

The origins and tenants of hegemonic stability theory were covered in the literature review of chapter II and need not be repeated here. However, it is worthwhile to explore how hegemonic stability theory can address the main contradictions to realism cataloged above. After all, if hegemonic stability theory provides no better explanatory power then realism, then it deserves little consideration as an alternate theory.

Hegemonic stability theory provides a good explanation for how trade can prosper in the international system. Indeed, most hegemonic stability theorist literature is in the field of political economy (Kindleberger 1975; Keohane 1977, 1980, 1984; Lake 1984; Stein 1984; Gilpin 1987; Brawley 1993). In short, the liberal hegemon provides some structure to the otherwise anarchic international system by
coordinating exchange rates, tariff reductions, and international law. The hegemon also provides order and security by creating a "liberal trade zone" that it fosters and protects. In essence, the hegemon performs the functions that the federal government plays in facilitating markets inside the sovereign territory of each state.

Chapter II reviewed how the hegemon coordinates the international political economy. Any further detail is beyond the scope of this study. It is sufficient here to note that hegemonic stability theory predicts extensive international trade under a system dominated by a strong liberal hegemon (Keohane 1989, Gilpin 1989, Brawley 1993). Hence, unlike conventional realism, the current immense amount of world trade does not contradict hegemonic stability theory.

Hegemonic stability theory also provides a possible explanation for the observed lack of world conflict. A purely realist world of competitive nation states should generate much more interstate conflict (Wight 1978; Cusack 1989; Stoll 1987). Many hegemonic stability theorists postulate that the ability of a hegemon to facilitate
cooperation has implications beyond international trade. The establishment of international norms and institutions by the hegemon can help create a pattern of order in the nation state system (Gilpin 1981; Keohane 1984). By reducing the degree of anarchy, a hegemon can significantly reduce the overall level of conflict in the international system (Gilpin 1981; Thompson 1988). Hence, hegemonic stability theory may help explain the paucity of conflict that we observe in the world. Furthermore, recent empirical work has demonstrated that the presence of a hegemon reduces conflict in the international system (Speizo 1990; Bremer 1993; Stoll 1995).

The literature on hegemonic stability theory is not explicit about how the hegemonic power will influence conflict patterns. Gilpin (1981) argues that a stable international framework requires the presence of a hegemon and that the probability of conflict will increase as the relative power of a hegemon declines. Under these circumstances Gilpin explains

the once dominant state is decreasingly able to impose its will on others and/or protect its interests. The rising state or states in the system increasingly demand changes in the system that will reflect their newly gained power and
their unmet interests. Finally, the stalemate and issue of who will run the system are resolved through armed conflict (Gilpin 1981 p.33).

Gilpin's assertion is that as the relative power of the hegemon decreases system conflict will ensue. The logical corollary is that as hegemonic dominance increases the level of conflict will decrease.

In a direct test of Gilpin's hypothesis, Speizo (1990) looked at wars involving great powers during the period of British hegemony (1816-1939). Speizo found that hegemonic power does exert a consistent effect on the outbreak of war involving major powers. Indeed, the results generally support Gilpin's contention that systemic instability is inversely related to the magnitude of a hegemon's relative military and economic capabilities. (Speizo 1990:179).

However, Speizo goes on to report what he considers several large anomalies. First, hegemonic power accounts for only about 40 percent of the variation in the frequency of international conflict. Second, hegemonic power accounted for less variation in the amount of wars between great powers then of all wars involving great powers.

Hegemonic stability theory does not claim to account for all wars. Indeed, Gilpin states that "no new
{structural} realist that I have read argues that political structure determines all behavior" (Gilpin 1984:302). Most scholars agree that war stems not from the operation of a single strong force but rather from the concatenation of many weak forces. In a multicausal model of war, a single factor that can "explain" 40 percent of wars must be considered a very significant variable. Hence, it is strange that Speizo considers this result of his research as contradictory to hegemonic stability theory.

Likewise, evidence that hegemonic power influences other conflict more than wars between great power should not necessarily be considered a refutation of hegemonic stability theory. As pointed out in chapter II, hegemonic stability theorists are vague on this point. A plausible argument can be made that because great powers are so capable they have relatively greater freedom to act then smaller states under a system of hegemonic governance.

Many scholars argue that hegemonic stability theory can account for only global, system-transforming wars in which system leadership is determined. This restriction seems erroneous. A hegemon is not a hegemon unless it can
resolve, constrain, or diffuse conflicts that inevitably threaten the international order that the hegemon seeks to maintain. If it is a world leader, the presence of a hegemon should effect all states. Likewise, all forms of interstate conflict should be lower when the hegemon is present and relatively strong.

Stoll’s (1995) work on the effects of hegemony and system conflict supports this conclusion. He analyzed all militarized disputes for the years’ 1816-1990 and compared the average frequency of system conflict during periods of unipolarity (or hegemony) to the average conflict frequency during periods of bipolarity and multipolarity. Stoll reached two conclusions. First, the polarity of the system makes little difference in the amount of conflict between great powers. Second, “irrespective of how we measure conflict that does not involve large powers on both sides: levels are lower during periods of time when there is a unipolar or near unipolar system, than when the system is either bipolar or multipolar” (Stoll 1995:168).

Hence, there is some empirical evidence to support hegemonic stability theory. Clearly, the field warrants
more work. This study builds on the previous empirical research. The approach used is similar to that of Speizo (1990) in that system conflict is measured against changes in the relative power of the hegemon. However, this study looks at both the periods of British hegemony and United States hegemony. In addition, this research includes all wars and crises instead of just wars involving great powers. Like Stoll (1995), this study also includes runs where the conflict data is normalized to account for changes in the number of countries in the international system. Finally, in addition to total system conflict, this study examines how hegemony affects conflict within and between democratic and autocratic subgroups.

D. HEGEMONIC STABILITY THEORY AND DEMOCRATIC PEACE

Hegemonic stability theory may also provide a good framework for understanding the joint democratic peace proposition. Realism is directly contradicted and perhaps discredited by the phenomena of democratic peace. Realists respond by denying the empirical validity of the separate democratic peace (Mearshiemer 1995; Oren 1995; Spiro 1994).
While this debate continues to be waged, the empirical weight in favor of the joint democratic peace proposition is growing. However, the various liberal-pluralist explanations of the democratic peace proposition remain unconvincing. Furthermore, liberal-pluralist have yet to demonstrate significant empirical link between the joint democratic peace phenomena and any of their explanations for it (Morgan 1993; Ray 1995).

Obviously, the joint democratic peace proposition conflicts with the realist paradigm of international relations literature. The anarchic nature of the realist international system defines state behavior as self-help. According to realists, instability or war will pervade until nation states achieve a balance of power. Perpetuation of this tenuous equilibrium is achieved only by the diligent power balancing diplomacy of nation-states. Small states must seek alliances with others to balance the power of relatively larger states. The regime type of a nation should be inconsequential to this fundamental state behavior. A separate peace among democracies is anathema to realism.

However, liberal-pluralist explanations of the democratic peace phenomena have problems. As detailed in chapter II, they have yet to establish empirically how liberalism produces a democratic peace. At a more basic level, liberal-pluralism has yet to establish a coherent
theory of international conflict. Unfortunately, a detailed critique of liberal-pluralist theory is beyond the scope of this of this paper. However, it is safe to say that there is a great deal of confusion among liberal-pluralists about what causes conflict. Misperceptions, bureaucratic politics, lack of communication, psychologically depraved leaders and "bad governments" are the popularly cited candidates. Relegated to secondary consideration or ignored completely is the notion that states often have fundamentally different interests that conflict.

Liberal-pluralist explanations of the democratic peace proposition allege that nations subordinate their self-interests to ideological affinity when dealing with other countries. Realists counter that regardless how close the political and cultural ties are between states they will never usurp power considerations as the priority of foreign policy. Realists point out that even communist states, with arguably much closer ideological identification then most democracies, have gone to war with each other on a number of occasions.

Taken to its logical conclusion, the liberal-pluralist explanation of the democratic peace proposition implies that if only all the nations of the world would adopt democratic forms of government then all violent conflict will end. This is the basic premise behind Francis Fukuyama's (1992) popular book *The End of History*. This notion seems
extremely naive. It neglects the underlying anarchic nature of the international system and the conflict that it inevitably produces. Moreover, it ignores the reality that states must compete with each other in a world of scarce resources. At some point, all nations will resort to force in order to achieve their objectives.

Even if democracies are culturally more predisposed to negotiations then other states, there are theoretically still situations where the cost/benefit calculations favor war over a negotiated settlement with another democracy. It is entirely plausible that in a given conflict between two democracies, one side may prefer to fight rather then accept the "best offer" of the opposing side. In other words, the expected utility of war exceeds the expected utility of a negotiated settlement given the issue salience and bargaining position of the opponents. War between democracies will logically ensue.

Hegemonic stability theory postulates a different argument as to why democracies do not fight each other. States do not fight unless they have something to gain from doing so. Specifically the benefits of war must exceed the costs. When a hegemon structures the international system, some states are satisfied with the status quo and some are not. For those states who benefit it makes sense to preserve the status quo and even strengthen it. These nations have a large impetus not to engage in conflict with
each other because that would weaken the status quo. Moreover, the hegemons should logically discourage conflict between nations it sees as political allies in bolstering the status quo. Nations who are not satisfied with the status quo have no such constraints. They see no inherent benefit from refraining from conflict and the hegemons is less likely to enforce cooperation between them.

Democracies have been around for less than two centuries and during most of this time period there have been two hegemones, Great Britain and the United States. Both nations were liberal democracies and succeeded in establishing an international system in their likeness. Great Britain and the United States frequently fought to promote democracy and liberalism during their tenures as hegemons. Democracy was their idea of legitimate government and liberal free trade was conducive to the spread of economic markets. Conflict between democracies in this system was unlikely for two reasons. First, the two hegemones created a status quo that generally benefited liberal democracies and therefore deterred these nations from inter-democratic conflict that might weaken the status quo. Second, Great Britain and the United States consistently promoted democracy worldwide and discouraged conflict between democratic nations.

In this system level theory it is the international structure that is the primary reason democracies do not
fight each other and not anything unique to the political culture of democratic nations. Presumably, if there were no liberal hegemonic power or if the hegemonic power was autocratic then the international structure would not favor democracies. As a result, there would be more conflict between democratic nations. On the other hand, unlike conventional realism, the regime type matters in this structural theory.

Hegemonic stability theorists have been justifiably criticized for not discussing precisely what a hegemonic state does in its attempt to regulate international conflict. Brawley (1993) asserts that how a hegemon governs is a function of what type of regime it is and the structure of its domestic economy. According to Brawley’s model, since Great Britain and the United States were capital-abundant republican hegemons they logically established a free trade world economy (Brawley 1993:14). A liberal international political economy was in the economic self-interest of both liberal hegemons.

Liberalism, as a set of principles to shape the world, was also ideologically appealing to both Great Britain and the United States. The essential features of liberalism, including individual liberties, property rights, and limited government, originated in England with John Locke (1632-1704) and had become a large part of the Anglo-Saxon heritage. Liberal elites in each country also tended to be
cosmopolitan in that they felt the principles they espoused were universal. Hence, Great Britain and the United States worked to established a liberal system for economic and ideological reasons.

Great Britain and the United States advocated democracy as a form of government because of its close affinity with liberalism. As described by Smith (1994), this affinity came from the liberalism's assertion that authority was legitimate only when it had the consent of the governed. Moreover, by calling for a weak state relative to society, and especially by opposing a strong military, liberals put themselves in the dangerous position of having the political order overwhelmed by mass discontent if somehow the working class failed to see the government as legitimate. Finally, as nationalism appeared in the nineteenth century--whether in Greece, Italy, or Poland--liberals tended to support it, at first in opposition to absolutism but also in the name of self-determination and hence of popular democracy (Smith 1994:15).

Furthermore, democracy proved to be better then autocracy as a guarantor of liberal ideals. Since republican governments are required to maintain a broad level of political support they are less likely then authoritarian regimes to grant economic privileges (such as monopolies, tariffs, etc.) to specific interest groups.  

\[\text{6} \text{ Here my argument parallels that of Brawley (1993).}\]
believed democracies to be inherently more peaceful than autocratic states.

In summary, Great Britain and the United States had good reasons to structure an international system that favored liberalism and democracy. That two liberal democratic hegemons would seek to shape the world in their own image may seem obvious. However, the incentives to do so went far beyond nationalistic vanity. The United States and Great Britain had real economic and ideological interests that compelled them to promote a liberal democratic world order. Furthermore, their preponderant political-economic capability gave them the means to establish such a hegemony.

This is not to say that the foreign policy of Great Britain and the United States was singularly devoted to the task of building a liberal democratic international system. Other issues, such as colonialism, war, international law, and nuclear deterrence often had more immediate salience. Debate raged and continues to rage within each country about the proper foreign policy to pursue on these and a host of other issues. However, as world leaders, Great Britain and the United States generally decided policy in ways that strengthened the liberal international system.

A complete account of all the historical decisions that Great Britain and the United States made in favor of
international liberalism is beyond the scope of this study.\footnote{For a couple of excellent historical accounts of this see Smith (1994) and Brawley (1993). Interestingly, using extremely different approaches, both reach the same conclusion that Great Britain and the United States made great efforts to promote liberalism.} However, a few examples help illustrate the point. During her tenure as hegemon, England led the fight to liberalize world trade by abolishing the monopoly of the East India company in 1834 and unilaterally lowering tariffs including a repeal of the corn laws in 1846 (Brawley 1993:114). Great Britain also led the coalition that beat the German challenge to the liberal international system. Furthermore, throughout her Empire, England established liberal institutions. Today, throughout the third world, democracy exists most securely in countries that were once British colonies. After World War II, when the United States assumed leadership of the liberal world, she successfully led the effort to create liberal democracies in Japan and Germany. Democratization in the Philippines, Eastern Europe, and South America depended in significant measure on American resolve (Smith 1994). The United States also led the efforts to create liberal international institutions such as the General Agreement on Tariffs and Trade (GATT) and the International Monetary Fund (IMF).

Efforts by Great Britain and the United States to strengthen the liberal status quo also involved keeping the peace within the international liberal community. For
instance, when England and France nearly went to war at Fashoda in 1898, it was partially their mutual concern for German and Russian power that dissuaded them from going to blows (Bates 1984). A conflict between France and Great Britain would only benefit these potential challengers to the liberal system. Instead, France and England reached a peaceful settlement. French forces left Fashoda and Africa was divided by mutual agreement. The formal treaty of March 1899 made the watershed of the Nile and Congo the dividing line between French and British spheres of influence giving both countries considerable gains (Wright 1972:209). In another example, Great Britain accommodated the United States in the Venezuelan crisis of 1896. The British greeted the growing American influence in the western hemisphere with relief rather than consternation (Kennedy 1976; Woodward 1993). The United States naval buildup in the 1890’s freed up valuable Royal Navy warships to patrol near Europe where the illiberal German naval threat was becoming ominous.

Likewise, the United States has worked to maintain the liberal international system during its tenure as hegemon. America has averted several potential conflicts between republican regimes. For instance, when the European Economic Community (EEC) generated much animosity among the liberal community by erecting punishing tariffs, the United States initiated the Dillon and Kennedy Rounds of GATT that
concluded in 1967 with across-the-board tariff cuts of 35 percent (Gilpin 1989:192). Many consider the Kennedy Round to be the high point in post World War II international free trade. In another more recent example, the United States helped resolve the 1995 bilateral dispute between Spain and Canada over fishing rights in the North Atlantic ocean. This conflict had the potential to end violently as both countries promptly dispatched naval vessels to the disputed fishing grounds.

In addition to the direct intervention of the hegemon, peace is maintained within the liberal community indirectly because all its members value the liberal international system. Because democracies are more content with the status quo, they are unlikely to see conflict as necessary to secure their future prosperity. Furthermore, democracies are reluctant to pursue policies that might risk weakening the liberal status quo that they benefit from. Consequently, they are inhibited from engaging in conflict with other democracies who also support the international system. War between democracies only strengthens the hand of those who would seek to challenge the liberal hegemon.

Democratic states in the international system benefit greatly from the establishment of a liberal hegemony. Unlike autocracies, republican states have clear incentives to participate in free international trade whether their domestic economy is Capital-abundant or Labor-abundant
(Brawley 1993:14). Furthermore, as long as the liberal hegemon is willing to absorb most of the cost of running the liberal system, other democracies can "free ride" (Gilpin 1981). Maintaining the liberal status quo is in the economic self-interest of all liberal democracies. Hence, they should rationally support a liberal hegemon in its efforts to coordinate the world economy (Brawley 1993:20).

An autocracy can also benefit somewhat from a liberal international system. To the extent that it maintains an open domestic economy, an authoritarian country can reap the same economic benefits from free trade as liberal states. They too can "free ride" as the hegemon absorbs the cost for maintaining the system. However, autocratic regimes tend to pursue illiberal policies domestically as a way of expanding their political control (Brawley 1993). Under these circumstances, an authoritarian country has less to gain from participation in the free trade system. Moreover, participation in the liberal international system is ideologically compromising for many autocracies. It is difficult for an Islamic republic like Iran or a communist state such as North Korea to accept liberal norms and interact with liberal institutions as players in today's international system must. At best, autocracies are ambivalent about the propagation of the liberal status quo.

In summary, hegemonic stability theory explains the lack of conflict between democracies as a result of the
prevailing liberal structure of the international system. Democracies are supporters of the liberal international hegemony that Great Britain and the United States have established over the last two centuries. They are satisfied states and interested in preserving the status quo. Conflict between two similarly satisfied states is unlikely. Furthermore, the liberal leader recognizes democracies as supporters of liberal hegemony and works directly to keep the peace within the liberal camp.

As a result, conflict between democracies is less then expected as long as the liberal hegemon is relatively powerful. If the hegemon weakens then its ability to mute conflict within the liberal community is reduced. Furthermore, as the liberal hegemon weakens, the viability of the liberal international system becomes questionable. Democracies will increasingly perceive the world with a more realist self-help perspective. Conflict between democracies will inevitably increase.

Fortunately, the last two centuries have been dominated by two liberal hegemons. During the Great Britain and United States hegemonies there has been a burgeoning of liberal democracies throughout the world. During the same period there has existed a separate between democracies. This structuralist theory links these three events together. In short, without the presence of a liberal hegemon the other two phenomena might be ephemeral.
The advantages of this theory are several. First, it remains in the neorealist paradigm that has worked well in explaining much state behavior. Even in historical cases where liberal states almost go to war, a realist framework has proven useful in explaining much state behavior (Layne 1995, Ray 1995). Second, the hegemonic stability argument is a systemic explanation and therefore more parsimonious and conducive to general theory. Third, unlike the liberal-pluralist explanations, it may have empirical support in explaining the joint democratic peace proposition.

In order to test this new explanation of the joint democratic peace proposition it is necessary to look at conflict at the dyadic level. The period of modern democracies has had only two hegemonic powers and they both were liberal democratic hegemons. However, the relative power of each hegemon has waxed and waned with time and this provides a variation with which to study conflict between democracies. The following chapter provides a detailed research design.
CHAPTER IV

RESEARCH DESIGN

A. HYPOTHESES

Based on the theoretical arguments of the preceding chapter, this study empirically tests two hypotheses. The first and more general hypothesis involves a direct test of hegemonic stability theory. Among other things, hegemonic stability theorists predict that the presence of a hegemon will reduce international conflict. Both Great Britain and the United States varied in political-economic strength over the period of their hegemonies. If the hegemonic stability theorists are right, this change in relative power should have predictable effects on system conflict. Hence, the following hypothesis:

(1) The level of overall conflict in the international system is inversely related to the relative power of the prevailing hegemon.
While this portion of the research is similar in many respects to an earlier empirical test of hegemonic stability by Spiezo (1990), it differs in several critical ways. First, this research looks at total system conflict rather than just conflict involving great powers. If the hegemon is the world leader, then it should influence conflict patterns of all states not just great powers. Indeed, recent research indicates that the presence of a hegemon actually has more affect on muting conflicts that do not involve great powers on both sides (Spiezo 1990; Stoll 1995). Second, this study looks at the effect of hegemonic power on democratic and autocratic subgroups in addition to total system conflict. Perhaps there are subgroups other then great powers that are affected differently by the presence of a hegemon.

Third, this research includes both the British and United States periods of hegemony. Although the American era may not yet be over, it is still useful to use both periods of hegemony for purposes of comparison and to expand the overall data base. Fourth, instead of looking at just interstate war, this study looks at all militarized disputes including war. This ensures enough variation in the dispute data base to examine democratic subgroup conflict. Last, this study includes runs where the conflict data is normalized to correct for variations in the number of countries in the international system from year to year. It
is reasonable to assume that the frequency of disputes that occur in a given year will increase with a greater number of states in the system.

The purpose of the second hypothesis is to test an explanation for the joint democratic peace proposition derived from hegemonic stability theory. This new theory assumes that variations in the relative power of the hegemon will affect different subgroups within the system differently. Furthermore, it assumes that the regime characteristics of the hegemon and the states under its influence make a difference. Specifically, the presence of a liberal democratic hegemon will have a larger effect on muting democratic subgroup conflict then on muting overall conflict. Hence, the following hypothesis:

(2) The level of conflict between democracies will be inversely related to the relative power of the prevailing hegemon. Furthermore, the rate of decline in conflict between democratic nations will be greater then the rate of decline in overall conflict in the international system as hegemonic power increases.

Figure 2 provides a graphic presentation of hypotheses (1), and (2).
FIGURE 2

PREDICTED EFFECT OF A LIBERAL HEGEMONY ON
SYSTEM CONFLICT

CONFLICT FREQUENCY (Dyad-disputes/year)

RELATIVE POWER OF HEGEMON
B. DEPENDENT VARIABLES

For both of the above hypotheses the dependent variable is the frequency of interstate dyad conflict in the global system. While the escalation of disputes is important, this study seeks knowledge about the variables that cause disputes which are not necessarily the same that determine the level of violence of any dispute. All militarized interstate disputes (including those that end without going to war) will be examined. Note that including sub-war conflicts like threats and blockades establishes a tougher standard for the hypothesis, since a wider variety of conflict is included. Conflict frequency is calculated each year for the total international system (ts), democratic dyads (dd), nondemocratic dyads (nn), and mixed dyads (dn), where ts=dd+nn+dn.

Data on conflict came from the militarized interstate dispute (MID) data of the Correlates of War Project for the years 1816 through 1986. The frequency of militarized interstate disputes have been collected from this source and used for the majority of previous studies on democratic peace (Gochman and Moaz 1984; Moaz and Abodolai 1989; Morgan and Schwebach 1992; Russett 1993). The primary purpose of including disputes less than war is to ensure enough
observations of democratic conflict to allow for variation. Most operational definitions of democracy result in studies that conclude there have been either none or very few wars between democracies. Because of the obvious lack of democratic dyad wars, no separate analysis of interstate war is included.

Central to the debate on the significance and origin of the joint democratic peace proposition is the concept of democracy. This study adopts the conceptual definition of Ray (1993, 1995). Ray prefers to define democracy by focusing on procedural aspects rather than on the outcome that the political system may or may not produce. He identifies a state as democratic if "the leaders of its executive branch and the membership in the national legislature are determined in competitive, fair elections." (Ray 1995:102). Ray further defines electoral systems as competitive and fair as long as they involve at least two formally independent political parties, confer suffrage on at least half the adult population, and produce at least one peaceful, constitutional transfer of power between opposing political parties, groups, factions, or coalitions." (Ray 1995:102).

The operational definition of democracy used in this study is the same one that Ray (1995) uses on a number of
occasions. In addition, it is similar to that of other recent empirical work (Morgan and Schwebach 1992; Spiro 1994, Farber and Gowa 1995). Countries are coded as democratic or nondemocratic for each year between 1816 and 1986 using the Polity II data (Gurr, 1990). All nations with a score of 7 or more on Gurr's 10 point scale of democracy are coded as democratic for that year. All nations that score below 7 are considered autocratic. This is the "standard" method used in the study to categorize regimes.

In order to improve the reliability of the results, the study also employs an alternative method for coding for democracy. The initial regression analysis includes trials using both the standard index and the Maoz-Russett index to categorize regimes. A comparison of the results provides a test for the reliability of the analysis. The Maoz and Russett index of democracy is based on the equation "Democracy = (Demlevel - Autolevel) x Concentration", where Demlevel is the level of institutionalized democracy and Autolevel is the level of institutionalized autocracy and Concentration represents the extent to which the set of attributes specific to a regime are well defined. Maoz and Russett (1992) use their index to separate nations into

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10 Ray (1995) uses this operational definition as a starting point for detailed examination of several case studies that have been suggested as examples of war between democracies. For instance, see page 108 or page 121.
three types: democracies, anocracies (mix between democracy and autocracy), and autocracies. This study codes anocracies and autocracies both as autocratic regimes.

Some nations undoubtedly change regime type over the time frame of interest in this study (1816-1986). They are coded accordingly. Multinational disputes are broken down into their respective dyads. For example, a war where three nondemocratic nations are allied against two nations, one of which was democratic and one nondemocratic would contain a total of six dyads. Three are coded as mixed dyads (dn) and three as nondemocratic dyads (nn).

C. INDEPENDENT VARIABLES

Because of the limited number of hegemonies over time frame of the study (two: US and UK), it is impossible to use changes in hegemonic leadership as the independent variable. Instead, it is assumed that the hegemon's ability to influence world events is constrained by its power relative to the rest of the states in the system. Hence, the independent variable is the relative power of the ruling hegemon. While there is some disagreement amongst hegemonic stability scholars about the exact dates of particular hegemonic regimes, most agree about the general periods of British and American leadership. This study uses Gilpin's
dates for United Kingdom and United States hegemonies as 1816-1939 and 1946-present respectively.

There is some ambiguity among hegemonic stability theorists regarding what makes up hegemonic power. It is difficult to select a suitable measure of power. In this study, power is operationalized using the National Capabilities Data from the Correlates of War (COW) project (Singer and Small, 1992). This power indicator uses six equally weighted measures of power capabilities: total population, urban population, iron and steel production, fuel consumption, military personnel and military expenditures. While no measure is flawless, these elements reflect adequately the important dimensions of both existing military capabilities and industrial potential. Furthermore, the COW measure correlates well with Gross National Product (GNP); another frequently used measure of nation-state power (Organski and Kugler 1980). The relative power of the hegemon is the ratio of its power to the aggregate power of the remaining nation states.

D. DATA ANALYSIS

First, the analysis develops plots of international conflict and hegemonic power over time in order to examine any obvious historical trends. Five-year increments are
used to smooth the raw annual MID and national capability data. The Relative power of the hegemon is plotted alongside both total dyad conflict and democratic dyad conflict. This provided a good visual picture of how fluctuations in hegemonic power may have influenced patterns of system conflict.

Next, a time-pooled statistical analysis is conducted. There are a total of 666 separate disputes recorded in the MID data set during the period of British hegemony (1816-1939) yielding a total of 1038 dispute-dyads. Using the standard regime index to code the participants, 33 of these dispute-dyads involved two democracies and 651 involved two autocracies. The remainder are mixed dispute-dyads. During the United States hegemony (1946-1986), 1010 separate disputes are recorded in the MID data set, giving a total of 1363 dispute-dyads. 60 of these are democratic dyads and 582 are autocratic dyads. For each period, a simple bivariate regression analysis is done of the following relationships between the relative power of the hegemon and conflict. The bivariate regression models for each relationship are included and the variables are defined below.

1) Hegemon relative power Vs total system dyad conflict.

\[ \text{TOTAL} = \text{Intercept} + b_1 \text{PCAPuk} \]
\[ \text{TOTAL} = \text{Intercept} + b_1 \text{PCAPus} \]
2) Hegemon relative power Vs democratic dyad conflict.
   \[ TDEMDEM = \text{Intercept} + b_1 \text{PCAPuk} \]
   \[ TDEMDEM = \text{Intercept} + b_1 \text{PCAPus} \]

3) Hegemon relative power Vs autocratic dyad conflict.
   \[ TNONNON = \text{Intercept} + b_1 \text{PCAPuk} \]
   \[ TNONNON = \text{Intercept} + b_1 \text{PCAPus} \]

TOTAL = Total number of dyads involved in disputes in a given year. (Dyad-disputes/year).

TDEMDEM = The number of democratic dyads engaged in disputes in a given year. (Dyad-disputes/year).

TNONNON = The number of autocratic dyads engaged in disputes in a given year. (Dyad-disputes/year).

PCAPuk = Percentage of world power possessed by Great Britain in a given year. (Relative power/year).

PCAPus = Percentage of world power possessed by the United States in a given year. (Relative power/year)

Bivariate regression provides the magnitude and significance (if any) of each of these correlation's and their regression coefficients.

Next, total and democratic dyad conflict data are normalized by dividing the number of disputes each year by the potential number of that type of dyad present in that
year. This is done for two reasons. First, it helps remove the bias towards increased conflict frequency that occurs coincidentally from the growth in the number of potential conflicting nations.\textsuperscript{11} After normalizing the dispute data the two eras can even be combined and analyzed together. Second, by normalizing the dispute data, the democratic dyad analysis results can be readily compared to the total dyad results. After normalizing the dispute data, the magnitudes of the bivariate regression coefficients for democratic dyad conflict and total dyad conflict can be directly compared in the manner of Figure 2 above.

Unfortunately, normalizing the dispute data by dividing annual number of dispute-dyads by the total number of associated dyads for each year has drawbacks. Consistently dividing a relatively small number variable such as dispute-dyads per year by a much larger number (like the total number of potential dyads) tends to bury the variation in the small number variable. Subsequent regression analysis is likely to understate the R-squared of the original relationship between the small number variable and the independent variable.

Finally, multivariate regression analysis is conducted on total dyad conflict as well as the democratic and autocratic subgroup conflicts. Multivariate regression

\textsuperscript{11} For instance, during the British hegemony the average number of disputes per year is 8.4 and during the American hegemony it is 34.9.
allows the analysis to estimate the effects of both Great Britain and the United States period's of hegemony in the same equation. Multivariate regression controls for the increase in the number of countries over time by including the number of potential dyads in the system each year as an independent variable. The following regression models are analyzed:

1) TOTAL = Intercept + β₁POWER + β₂TOTDYN + β₃USDUM + 
          β₄USRELPOW + β₅USALLDY

2) TDEMDEN = Intercept + β₁POWER + β₂DEMDYN + β₃USDUM + 
             β₄USRELPOW + β₅USDEMDY

3) TNONNON = Intercept + β₁POWER + β₂DEMDYN + β₃USDUM +  
             β₄USRELPOW + β₅USDEMDY

TOTAL = Total number of dyads involved in disputes in a given year. (Dyad-disputes/year).

TDEMDEN = The number of democratic dyads engaged in disputes in a given year. (Dyad-disputes/year).

TNONNON = The number of autocratic dyads engaged in disputes in a given year. (Dyad-disputes/year).

POWER = The percentage of world power possessed by the ruling hegemon in a given year. (Relative power).
TOTDYD = The number of total possible dyads in the world system in any given year. (Dyads/year).

DEMDYD = The number of possible democratic dyads in the world system in any given year. (Dyads/year).

NONDYD = The number of possible autocratic dyads in the world system in any given year. (Dyads/year).

USDUM = Dichotomous dummy variable used to estimate the effects of Great Britain and United States hegemony in the same equation. USDUM equals zero during years 1816-1939 and one during period 1946-1986. (0 or 1).

USRELPOW = USDUM * POWER. (Relative power).

USALLLDY = USDUM * TOTDYD. (Dyads/year).

USDEMDY = USDUM * DEMDYD. (Dyads/year).

USAUTDY = USDUM * NONDYD. (Dyads/year).

In order to figure out what is happening during the period of Great Britain hegemony one need only look at coefficients $b_1$ and $b_2$ (for the UK hegemony, values of the variables for coefficients $b_3$ through $b_5$ will be zero, so they drop out of the equation). To examine the period of United States hegemony the appropriate coefficients must be added together.$^{12}$

$^{12}$ For instance, in the case of the multivariate regression for total dyadic conflict (TOTAL). The appropriate coefficients for the period of United States hegemony are determined as follows:

- Intercept = Intercept + $b_1$
- POWER = $b_1 + b_4$
- USALLLDY = $b_2 + b_3$
Multivariate regression provides some insight as to whether conflict patterns during the eras of Great Britain and United States hegemony are significantly different. There may be important differences between the two periods other than the number of potential dyads which the regression models above explicitly controls for. If the coefficient $b_1$ in the above equations is large and statistically significant then that indicates that the intercepts for the two periods are different. A difference in regression intercepts would indicate that conflict frequency has changed fundamentally since World War II.

Multivariate regression can be employed to test the second hypothesis. Again, the focus is the relative rates of decline of total dyad and democratic dyad conflict as the relative power of the hegemon increases. However, unlike normalized bivariate regression, with multivariate regression the sizes of the coefficients for total dyad and democratic dyad conflict cannot be directly compared. Instead, the analysis compares the percentage decrease in total dyadic conflict and democratic dyadic conflict for
each 20 year increment. First the average number of total dyads and democratic dyads are calculated for each 20 year interval during both UK and US hegemonies. Then, using the coefficients from the multivariate regression equations, the percentage decrease in total dyad and democratic dyad conflict from a one unit increase in the relative power of the hegemon is calculated for each 20 year increment. The second hypothesis is confirmed if for each 20 year period, the percentage drop in democratic conflict will be larger than the percentage drop in total conflict.

Whenever multivariate regression is attempted on time series data it is reasonable to assume some degree of autocorrelation and multicollinearity. Autocorrelation results form the error in one year’s prediction being related to the error in other year’s predictions. Multicollinearity results when the independent variables in the regression equation share a high degree of correlation. The analysis takes the standard statistical precautions in dealing with these two problems. The degree of autocorrelation is determined using the Durbin-Watson statistic. When autocorrelation is significant in this
study, the regression is re-estimated after transforming the data to take the auto correlation into account.¹³ The degree of multicollinearity is determined by performing correlation analysis between the independent variables. Unfortunately, no simple statistical technique exists for removing the effects of multicollinearity in multivariate regression. However, normalized bivariate regression provides a method for avoiding multicollinearity. This study includes both multivariate regression and normalized bivariate regression.

¹³ For a complete description of the Durbin-Watson statistic and the autoregressive transformation using the Durbin-Watson statistic see Johnston (1972).
CHAPTER V

ANALYSIS and RESULTS

The first step of the analysis is to gain an appreciation for how conflict and power has varied during the periods of Great Britain and United States hegemonies. Because of the large variations in conflict frequency from one year to the next, it is first desirable to aggregate militarized disputes in five year increments. The five-year sums of total dyad conflict frequency are then plotted chronologically for each period of hegemony. On the same charts a five-year average of the relative power of the appropriate hegemon is also plotted. Figure 3 and Figure 4 represent the final product of this data manipulation. Focusing exclusively on democratic subgroup conflict, the same technique produces Figure 5 and Figure 6.
FIGURE 3

CHRONOLOGY OF TOTAL DYAD CONFLICT AND GREAT BRITAIN POWER

CONFICT FREQUENCY

Relative Power

System Conflict

RELATIVE POWER OF GREAT BRITAIN

DATE

1800 1820 1840 1860 1880 1900 1920 1940
FIGURE 4

CHRONOLOGY OF TOTAL DYAD CONFLICT AND UNITED STATES POWER

CONFLICT FREQUENCY

RELATIVE POWER OF UNITED STATES

DATE


0 0.05 0.1 0.15 0.2 0.25 0.3

0 50 100 150 200 250
FIGURE 5

CHRONOLOGY OF DEMOCRATIC DYAD CONFLICT AND GREAT BRITAIN POWER

DATE

CONFLICT FREQUENCY

RELATIVE POWER OF GREAT BRITAIN

8
7
6
5
4
3
2
1
0

1800 1820 1840 1860 1880 1900 1920 1940

Relative Power
Democratic Conflict
FIGURE 6

CHRONOLOGY OF DEMOCRATIC DYAD CONFLICT AND UNITED STATES POWER

DATE

CONFLICT FREQUENCY

RELATIVE POWER OF THE UNITED STATES


Democratic Conflict
Relative Power
All four figures show a high degree of variation in world conflict frequency over time. Even after smoothing the data by aggregating conflict over five-year increments, there are distinct peaks and valleys in all of the plots. However, the general trends are unmistakable. Figures 3 and 4 demonstrate that for both the periods of British and American hegemonies the frequency of conflict in the international system increased as the relative power of the hegemon declined. Furthermore, figures 5 and 6 demonstrate that there is a corresponding increase in the frequency of conflict between democracies when the relative power of the hegemon declines.

Figures 3 through 6 give a useful chronological perspective on the phenomena this study is attempting to uncover. However, they can neither determine whether the relationship between hegemonic power and conflict frequency is statistically significant nor quantify how strong a relationship exists. Regression analysis is necessary to probe deeper.

The first regression is a simple bivariate analysis of how conflict frequency varies with the relative power of the
hegemon. The analysis is repeated for both the periods of Great Britain and United States hegemonies. Furthermore, the analysis is done with total dyad conflict as well as democratic dyad conflict, and autocratic dyad conflict as the dependent variable in successive runs. Table 1 presents the results of the initial regression analysis.

**TABLE ONE**

*Bi-variate Regression (Standard Regime Index)*

CONFLICT = Coeff.* (RELATIVE POWER) + Intercept

<table>
<thead>
<tr>
<th></th>
<th>TOTAL DYAD CONFLICT</th>
<th>DEMOCRATIC DYAD CONFLICT</th>
<th>AUTOCRATIC DYAD CONFLICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREAT BRITAIN RELATIVE POWER (1816-1939)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coeff. (Prob.)</td>
<td>1.15</td>
<td>-2.30 (.0012)**</td>
<td>-21.0 (.0025)**</td>
</tr>
<tr>
<td>Intercept (Prob.)</td>
<td>15.88 (.0001)**</td>
<td>0.83 (.0001)**</td>
<td>0.004 (.0001)**</td>
</tr>
<tr>
<td>N (years)</td>
<td>123</td>
<td>123</td>
<td>123</td>
</tr>
<tr>
<td>n (# of dispute-dyads)</td>
<td>1038</td>
<td>33</td>
<td>651</td>
</tr>
</tbody>
</table>

| UNITED STATES RELATIVE POWER (1946-1986) |                      |                          |                          |
| Coeff. (Prob.) | -1.13 (.0024)**     | -6.75 (.1235)           | -86.91 (.0001)**         |
| Intercept (Prob.) | .217                | .93 (.0035)**           | .403                     |
| R-squared | 58.88 (.0001)**     | 0.061                   | 32.92 (.0001)**          |
| N (years) | 39                   | 39                      | 39                       |
| n (# of dispute-dyads) | 1363                | 60                      | 582                      |

** Statistically significant

In order to ensure the reliability of the research, the regression analysis is also performed with a different index
for coding democracy. Table 2 below represents the same bivariate regression analysis as Table 1. However, instead of the standard indicator of democracy used throughout the study to categorize nations as democracies and autocracies, the more complicated Maoz-Russett criterion is employed. The results for the different indicators are similar. Hence, the results should be reliable.

The results of the bivariate regressions support both hypotheses of the study. First, all the Coefficients are negative, indicating an inverse relationship between conflict frequency and the relative power of the hegemon. This inverse relationship is present for the total dyad system as well as democratic dyad and autocratic dyad subgroups. Furthermore, in all but two of the analysis the probability level for the coefficient is less then .05, indicating that the relationship is "statistically significant".
TABLE TWO

Bivariate Regression (Maoz-Russett Regime Index)

CONFLICT = Coeff.\(^*\) (RELATIVE POWER) + Intercept

<table>
<thead>
<tr>
<th>GREAT BRITAIN RELATIVE POWER (1816-1939)</th>
<th>TOTAL DYAD CONFLICT</th>
<th>DEMOCRATIC DYAD CONFLICT</th>
<th>AUTOCRATIC DYAD CONFLICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coeff. (Prob.) Intercept (Prob.) R-squared N (years) n (# of dispute-dyads)</td>
<td>-47.24 (.0001)** 17.17 (.0001)** .213 123 974</td>
<td>-0.41 (.1258) 0.11 (.0587) .021 123 3</td>
<td>-31.10 (.0001)** 12.3 (.0001)** .142 123 760</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNITED STATES RELATIVE POWER (1946-1986)</th>
<th>TOTAL DYAD CONFLICT</th>
<th>DEMOCRATIC DYAD CONFLICT</th>
<th>AUTOCRATIC DYAD CONFLICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coeff. (Prob.) Intercept (Prob.) R-squared N (years) n (# of dispute-dyads)</td>
<td>-106.7 (.0036)** 56.58 (.0001)** .202 39 1361</td>
<td>-7.11 (.0113)** 2.38 (.0002)** .157 39 35</td>
<td>-89.66 (.0001)** 34.08 (.0001)** .455 39 590</td>
</tr>
</tbody>
</table>

** Statistically significant

The two insignificant coefficients are indicated by no double asterisks. Note that both cases come from the subgroup of democratic dyad conflict. This probably is the result of the paucity of disputes involving democratic dyads. It is difficult to establish any relationship as statistically significant if there are too few observations. Note that the number of disputes available for analysis was much less in the case of democratic subgroup conflict then
for either autocratic subgroup or total system conflict. For instance, table 1 shows that during the period of Great Britain hegemony there were only 33 disputes where both belligerents can be classified as democratic. During the same time frame there were 656 disputes involving autocratic dyads and a total of 1047 pairs of disputes in the system.

Interestingly, how the dyads are coded as democracy or autocracy has an effect on whether or not the analysis produces significant results for democratic subgroup conflict. For the period of Great Britain hegemony, if the standard method for coding democracy is used, the relationship is statistically significant. However, when the Maoz-Russett index for coding democracy is used, the relationship is not significant. During the period of United States hegemony just the opposite is true. After 1946 the relationship between democratic dyad conflict and hegemonic power is significant only when the Maoz-Russett index is used for coding.

A possible explanation of this difference is that the Maoz-Russett index is generally more stringent in its criteria for coding a country as democratic. During the
British period of hegemony this results in too few
democracies to generate significant results. From 1816
until 1939 the Maoz-Russett index identifies only 3 disputes
where two democracies fought each other while the standard
index identifies 33 democratic dispute-dyads for the same
time frame. On the other hand, during the period of United
States hegemony democracies are relatively prevalent and the
more strict Maoz-Russett index may do a better job of
weeding out nondemocracies that would skew the data on
democratic dyad conflict.

The R-squared values for the bivariate regressions are
moderate. This indicates that hegemonic power does not
account for all the variation in conflict frequency.
Clearly, militarized disputes between nations have other
causes beyond the ability of the hegemon to moderate. On
the other hand, the effects of hegemonic power are not
small. R-squared values as high as .45 are obtained.
Moreover, higher R-squared values can be obtained by looking
at conflict over longer increments of time other than
annually. For instance, Table 3 gives the results of the
bivariate regression for total dyad and democratic dyad
conflict if the data is measured in five-year increments.

Table 3 uses the standard index to code for regime type.

Note that using five-year intervals reduces some of the year
to year variation in conflict frequency and produces higher
R-squared values.\textsuperscript{14}

\begin{table}[h]
\begin{center}
\small
\begin{tabular}{|l|c|c|}
\hline
 & TOTAL DYAD CONFLICT & DEMOCRATIC DYAD CONFLICT \\
\hline
GREAT BRITAIN RELATIVE POWER (1816-1939) & & \\
Coef. (Prob.) & -.290.6 (.0049)** & -16.1 (.0140)** \\
Intercept (Prob.) & 101.8 (.0001)** & 4.6 (.0015)** \\
R-squared & .297 & .235 \\
N (5-year increments) & 25 & 25 \\
n (# of dispute-dyads) & 1038 & 33 \\
\hline
UNITED STATES RELATIVE POWER (1946-1986) & & \\
Coef. (Prob.) & -579.9 (.0864) & -25.9 (.436) \\
Intercept (Prob.) & 297.3 (.0029)** & 13.0 (.105) \\
R-squared & .412 & .104 \\
N (5-year increments) & 8 & 8 \\
n (# of dispute-dyads) & 1363 & 60 \\
\hline
\end{tabular}
\end{center}
\caption{Bivariate Regression (Five-Year Increments)}
\end{table}

** Statistically significant

\textsuperscript{14} The increase in R-squared is offset somewhat by the decrease in
significance in the regression coefficients. This decline in
probability value is expected since using five-year increments reduces
the number of events (N) of the analysis sample.
In addition to the tabulated results, graphic representations of some of the bivariate regressions were also plotted. Figure 7 is a plot of total dyad conflict frequency Vs the relative power of Great Britain for the period of British hegemony (1816-1939). Figure 8 is a plot of the frequency of democratic dyad conflict Vs Great Britain relative power over the same time frame. Figures 9 and 10 are the corresponding plots of total and democratic dyad conflict during the period of United States hegemony (1946-1986). The straight line in all four plots represents the best fit regression line through the plotted data.

One advantage of the graphical representations of the data in figures 7 through 10 is that evidence of heteroskedasticity can be readily observed. Some degree of heteroskedasticity appears present, particularly in the graphs of democratic dyad conflict (figures 8 and 10). However, when the regression results are corrected for heteroskedasticity, no significant change in the regression parameters or their standard errors occurs.\textsuperscript{15} Hence, heteroskedasticity is not considered a problem.

\textsuperscript{15} Corrections for heteroskedasticity were done using the LIMDEP econometrics estimation program.
FIGURE 7

TOTAL SYSTEM CONFLICT vs. GREAT BRITAIN POWER

FREQUENCY OF SYSTEM CONFLICT (Dispute-dyads/year)

RELATIVE POWER OF GREAT BRITAIN (Data: 1816-1939)

$R^2 = 0.1547$
FIGURE 9

TOTAL SYSTEM CONFLICT vs. UNITED STATES POWER

FREQUENCY OF SYSTEM CONFLICT (Dispute-dyads/year)

RELATIVE POWER OF THE UNITED STATES (Data: 1945-1985)

$R^2 = 0.2173$
FIGURE 10

DEMOCRATIC CONFLICT vs. UNITED STATES POWER

FREQUENCY OF DEMOCRATIC DYAD CONFLICT (Dispute-dyads/year)

RELATIVE POWER OF THE UNITED STATES (Data: 1945-1985)

$R^2 = 0.0613$
The next step in the analysis is to normalize the conflict data and repeat the regression procedure. After normalizing the data, the analysis combines the two periods of hegemony together. Table 4 presents the results of the normalized bivariate regression. The label "HEGEMON RELATIVE POWER" means that analysis covers the combined periods of Great Britain and United States hegemony.

**TABLE FOUR**

Normalized Bivariate Regression

CONFLICT/# DYADS = Coeff.* (RELATIVE POWER) + Intercept

<table>
<thead>
<tr>
<th></th>
<th>TOTAL DYAD CONFLICT</th>
<th>DEMOCRATIC DYAD CONFLICT</th>
<th>AUTOCRATIC DYAD CONFLICT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HEGEMON RELATIVE POWER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1816-1939 and 1946-1986)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coeff. (Prob.)</td>
<td>-.0105 (.0308)**</td>
<td>-.0195 (.0232)**</td>
<td>-.020 (0.0006)**</td>
</tr>
<tr>
<td>Intercept (Prob.)</td>
<td>.0073 (.0001)**</td>
<td>.0067 (.0003)**</td>
<td>0.009 (0.0001)**</td>
</tr>
<tr>
<td>R-squared</td>
<td>.0308</td>
<td>.0314</td>
<td>.0704</td>
</tr>
<tr>
<td>N (years)</td>
<td>162</td>
<td>162</td>
<td>162</td>
</tr>
<tr>
<td>n (# of dispute-dyads)</td>
<td>2401</td>
<td>93</td>
<td>1233</td>
</tr>
<tr>
<td><strong>GREAT BRITAIN RELATIVE POWER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1816-1939)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coeff. (Prob.)</td>
<td>-.0162 (.0053)**</td>
<td>-.0224 (.0377)**</td>
<td>-.0048 (0.0007)**</td>
</tr>
<tr>
<td>Intercept (Prob.)</td>
<td>.0082 (.0016)**</td>
<td>.0073 (.0016)**</td>
<td>0.0099 (0.0001)**</td>
</tr>
<tr>
<td>R-squared</td>
<td>.0619</td>
<td>.0349</td>
<td>.0904</td>
</tr>
<tr>
<td>N (years)</td>
<td>123</td>
<td>123</td>
<td>123</td>
</tr>
<tr>
<td>n (# of dispute-dyads)</td>
<td>1038</td>
<td>33</td>
<td>651</td>
</tr>
<tr>
<td><strong>UNITED STATES RELATIVE POWER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1946-1986)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coeff. (Prob.)</td>
<td>.0138 (.0604)</td>
<td>-.00607 (.4337)</td>
<td>0.0006 (0.9303)</td>
</tr>
<tr>
<td>Intercept (Prob.)</td>
<td>.0028 (.0769)</td>
<td>.00378 (.0034)**</td>
<td>0.0047 (0.0019)**</td>
</tr>
<tr>
<td>R-squared</td>
<td>.0897</td>
<td>.0162</td>
<td>.0002</td>
</tr>
<tr>
<td>N (years)</td>
<td>39</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>n (# of dispute-dyads)</td>
<td>1363</td>
<td>60</td>
<td>582</td>
</tr>
</tbody>
</table>

** Statistically significant
The results of the normalized regression analysis support both hypotheses of the study. Unfortunately, none of the coefficients for the analysis of United States hegemony are significant and therefore they cannot be utilized. However, all the coefficients for the analyses of both the period of British hegemony and the combined periods are statistically significant. Moreover, all these coefficients are negative, indicating an inverse relationship between hegemonic power and conflict frequency. As expected, the R-squared values for each model are much smaller than they were prior to normalizing the conflict data. Although the results are somewhat weaker than in the simple bivariate regression, the normalized regression analysis confirms the first hypothesis. Increases in the relative power of the hegemon reduces total system conflict as well as both democratic dyad conflict and autocratic dyad conflict.

Unlike the earlier simple bivariate regressions, the normalized bivariate regression provides a simple method to test of the second hypothesis. After normalizing the
conflict data, the magnitudes of the regression coefficients can be directly compared. An examination of the regression coefficients for the combined hegemonic periods indicates that the democratic dyad coefficient (-.0195) is much greater in magnitude than the coefficient for total dyad conflict (-.0105). In other words, as hegemonic power increases, the rate of decline in conflict between democratic nations is almost twice the rate of decline in overall conflict in the international system. Similar results occur for the period of British hegemony. Hence, the normalized bivariate regression analysis confirms the second hypothesis. Figure 11 provides a graphic demonstration of the normalized regression lines for total and democratic dyad conflict for the combined hegemonic periods. Figure 11 is based on the actual estimation parameters from the normalized bivariate regression. Note the similarity between Figure 11 and the predicted plot of Figure 2 in chapter IV. The pattern of both system conflict and democratic conflict conforms to the expectations of the study.
FIGURE 11

NORMALIZED DYAD CONFLICT vs. HEGEMONIC POWER

(Data: UK 1816-1939, US 1945-1985)
The results of the multivariate regression are presented below. Because the Durbin-Watson (DW) statistics of the initial multivariate regression indicated the presence of moderate autocorrelation the original data was transformed and the regression performed again. Table five is the result of the multivariate regression on the transformed data. Multivariate regression controls for the variation in the number of dyads in the system by including it as a separate variable in the equation.

**TABLE FIVE**

**Multivariate Regression Results (DW transformed data)**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>T for Ho</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERCEPT</td>
<td>4.497</td>
<td>8.547</td>
<td>0.526</td>
<td>0.600</td>
</tr>
<tr>
<td>POWER</td>
<td>-21.611</td>
<td>25.656</td>
<td>-0.842</td>
<td>0.401</td>
</tr>
<tr>
<td>TOTDYD</td>
<td>0.005</td>
<td>0.004</td>
<td>1.198</td>
<td>0.232</td>
</tr>
<tr>
<td>USDUM</td>
<td>67.745</td>
<td>27.454</td>
<td>2.468</td>
<td>0.015**</td>
</tr>
<tr>
<td>USRELPOW</td>
<td>-210.098</td>
<td>93.844</td>
<td>-2.239</td>
<td>0.027**</td>
</tr>
<tr>
<td>USALLDY</td>
<td>-0.006</td>
<td>0.005</td>
<td>-1.364</td>
<td>0.175</td>
</tr>
</tbody>
</table>

Model Prob>F = .0001**
R-squared = .483
N (years) = 162
n (# of dispute-dyads) = 2401

Democratic Dyad Conflict (TDEMDEM)  DW = 1.174

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>T for Ho</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERCEPT</td>
<td>0.580</td>
<td>0.541</td>
<td>1.073</td>
<td>0.285</td>
</tr>
<tr>
<td>POWER</td>
<td>-2.902</td>
<td>3.155</td>
<td>-0.920</td>
<td>0.359</td>
</tr>
<tr>
<td>DEMDYD</td>
<td>-0.0001</td>
<td>0.002</td>
<td>-0.039</td>
<td>0.969</td>
</tr>
<tr>
<td>USDUM</td>
<td>1.463</td>
<td>1.930</td>
<td>0.758</td>
<td>0.450</td>
</tr>
<tr>
<td>USRELPOW</td>
<td>-7.041</td>
<td>7.308</td>
<td>-0.964</td>
<td>0.337</td>
</tr>
<tr>
<td>USDEMDY</td>
<td>0.001</td>
<td>0.003</td>
<td>0.275</td>
<td>0.784</td>
</tr>
</tbody>
</table>

Model Prob>F = .0001**
R-squared = .180
N (years) = 162
n (# of dispute-dyads) = 93

Autocratic Dyad Conflict (TNONNON)  DW = 1.543

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>T for Ho</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERCEPT</td>
<td>3.208</td>
<td>3.264</td>
<td>0.983</td>
<td>0.327</td>
</tr>
<tr>
<td>POWER</td>
<td>-23.582</td>
<td>8.963</td>
<td>-2.631</td>
<td>0.009**</td>
</tr>
<tr>
<td>NONDYD</td>
<td>0.006</td>
<td>0.003</td>
<td>1.899</td>
<td>0.060</td>
</tr>
<tr>
<td>USDUM</td>
<td>32.594</td>
<td>13.307</td>
<td>2.449</td>
<td>0.016**</td>
</tr>
<tr>
<td>USRELPOW</td>
<td>-91.307</td>
<td>42.816</td>
<td>-2.133</td>
<td>0.035**</td>
</tr>
<tr>
<td>USAUTDY</td>
<td>-0.007</td>
<td>0.004</td>
<td>-1.787</td>
<td>0.076</td>
</tr>
</tbody>
</table>

Model Prob>F = .0001**  
R-squared= .376  
N (years)= 162  
n (# of dispute-dyads)= 1233

** Statistically significant

Even after correcting for autocorrelation, each of the multivariate regressions produce statistically significant models with moderate R-square values. Unfortunately, many of the individual coefficients from the multivariate regression models are not significant; especially in the case of democratic dyad conflict. However, table five does provide some insight. The results of the multivariate regression clearly support the first hypothesis prediction of a inverse relationship between the relative power of the hegemon and system conflict. For total system conflict as well as both democratic and autocratic subgroup conflict, the coefficients for POWER and USRELPOW are all negative indicating that an inverse relationship between hegemon relative power and conflict exists for both the US and UK periods of hegemony. Again, the inverse relationship holds
even after controlling for the variation in the number of potential dyads in the system.

Note that the coefficient for the dummy variable USDUM is almost always large and statistically significant. The only time it is not significant is in the case of democratic dyad conflict where the paucity of data (n is only 93) makes statistically significant coefficients hard to obtain. A large and significant coefficient for USDUM indicates that the periods of Great Britain and United States hegemony have different conflict patterns. Separate regression equations for the two era’s can be derived form the above multivariate models in the manner described in chapter IV. Using the transformed data, the multivariate regression equations for the periods of Great Britain and United States hegemony are as follows:

**GREAT BRITAIN HEGEMONY**

Total Dyad conflict:

\[
\text{TOTAL} = 4.50 - 21.61(\text{POWER}) + 0.0043(\text{TOTDYG})
\]

Democratic Dyad Conflict:

\[
\text{TDEMDDEM} = 0.58 - 2.90(\text{POWER}) - 0.00009(\text{DEMDYD})
\]
Autocratic Dyad:

\[ T_{NONNON} = 3.21 - 23.58(POWER) + 0.0063(NONDYD) \]

**UNITED STATES HEGEMONY**

Total Dyad Conflict:

\[ TOTAL = 72.24 - 231.71(POWER) - 0.00149(TOTDYD) \]

Democratic Dyad Conflict:

\[ T_{DEMDDEM} = 2.04 - 9.94(POWER) + 0.00085(DEMDYD) \]

Autocratic Dyad Conflict:

\[ T_{NONNON} = 35.80 - 114.89(POWER) - 0.00051(DEMDYD) \]

Clearly the two periods differ. The larger magnitudes of the intercepts for the United States era indicates a higher level of average system conflict after World War II. This phenomena probably reflects the larger system size during the era of US hegemony. Other possible causes include the prevalent Cold War and the multiple anti-colonial wars that occurred during this same time frame.
As expected, multicollinearity of the independent variables was significant. During the period of Great Britain hegemony, the correlation between the relative power of the hegemon and the number of potential dyads was .53 (.72 for democratic dyads). For the period of United States hegemony, the correlation between the relative power of the hegemon and the number of potential dyads was .86 (.74 for democratic dyads). The presence of multicollinearity can distort both the magnitude and significance of the regression coefficients.

The results of the multivariate regression give some confirmation to the second hypothesis. Because the multivariate regression coefficients cannot be directly compared, in order to evaluate the relative rates of decline of total dyad and democratic dyad conflict the percentage decrease in conflict is calculated for each 20 year increment. First the average number of total dyads, democratic dyads, and autocratic dyads are calculated for each 20 year interval during both UK and US hegemonies. Then, using the coefficients from the multivariate regression equations, the percentage decrease in total dyad
and democratic dyad conflict from a one unit increase in the relative power of the hegemon is calculated for each 20 year increment. The results are presented in table six below.

**TABLE SIX**

**Percentage Decrease In Conflict From A Fixed Increased In Relative Power Of Hegemon**

Great Britain Hegemony

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Dyad conflict</th>
<th>Democratic Dyad Conflict</th>
<th>Autocratic Dyad Conflict</th>
</tr>
</thead>
<tbody>
<tr>
<td>1815-1835</td>
<td>3.0%</td>
<td>----</td>
<td>2.8%</td>
</tr>
<tr>
<td>1835-1855</td>
<td>1.5%</td>
<td>138.0%</td>
<td>1.8%</td>
</tr>
<tr>
<td>1855-1875</td>
<td>1.3%</td>
<td>11.7%</td>
<td>1.9%</td>
</tr>
<tr>
<td>1875-1895</td>
<td>1.4%</td>
<td>4.8%</td>
<td>2.4%</td>
</tr>
<tr>
<td>1895-1915</td>
<td>1.3%</td>
<td>3.9%</td>
<td>2.4%</td>
</tr>
<tr>
<td>1915-1935</td>
<td>.9%</td>
<td>1.1%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
United States Hegemony

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Dyad Conflict</th>
<th>Democratic Dyad Conflict</th>
<th>Autocratic Dyad Conflict</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945-1965</td>
<td>5.1%</td>
<td>2.0%</td>
<td>5.7%</td>
</tr>
<tr>
<td>1965-1985</td>
<td>2.7%</td>
<td>1.5%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

During the period of British hegemony the rate of decline in democratic conflict was consistently higher than the rate of decline in total dyad conflict for a given increase in the relative power of the hegemon. This confirms the prediction of the second hypothesis. However, during the period of United States hegemony, the rate of decline in democratic dyad conflict is lower than that for total dyad conflict. Hence, the results of the multivariate regression with regard to the second hypothesis are mixed.

In summary, the analysis provides strong confirmation of the first hypothesis and some confirmation of the second hypothesis. While hegemonic power accounts for less than half of the variation in conflict frequency, it has a consistent muting influence on both total system and subgroup conflict. The greater the relative power of the hegemon, the fewer the number of militarized disputes' one
should expect. This result is consistent with the predictions of hegemonic stability theory. Consequently, this research joins a small but growing number of studies that lend empirical support to this "structuralist" theory.

In addition, the analysis provides some statistical support to the systemic explanation of the democratic peace phenomena. Variations in the relative power of two liberal hegemons (the United States and Great Britain) had a greater influence on democratic subgroup conflict than on total system conflict. The presence of a strong liberal hegemon has a proportionally greater effect on reducing conflict between democracies than on reducing conflict in general. This result is consistent with the hegemonic stability explanation of the democratic peace proposition developed in chapter III. Conversely, this result does not mesh easily into liberal-pluralist theories of democratic peace.

This analysis does not prove false liberal-pluralist explanations for the democratic peace proposition. The two theories are not necessarily mutually exclusive. However, unlike most of the prevailing domestic culture arguments, this new systemic explanation demonstrates some empirical
validity.Clearly, more research needs to be done. For instance, a critical test is needed to directly compare the relative explanatory power of the two theories. The complete story of the democratic peace proposition remains to be told.
The results of this study lead to two primary conclusions. First, as predicted by hegemonic stability theory, interstate conflict is reduced when a strong hegemon or world leader is present. Total system conflict, as well as conflict within democratic and autocratic subgroups is muted when the relative power of the hegemon is high. As the military and economic preponderance of the hegemon wanes, more international conflict ensues. This result provides some empirical confirmation of hegemonic stability theory.

It is probably premature to conclude from this study that hegemonic stability theory is validated. More research is warranted. It is also important to keep in mind that hegemonic stability theory is not a complete theory of conflict. Alone, it cannot explain the causes of war in
general or much less the reason for any particular war. Variables other than hegemonic power are clearly important. However, the theory of hegemonic stability is persuasive and the weight of empirical evidence in its support is growing.

The second conclusion of this study is that the joint democratic peace phenomenon is partially the result of two centuries of liberal hegemony. This systemic explanation of the joint democratic peace proposition, developed from hegemonic stability theory, holds up to empirical scrutiny. The presence of a liberal hegemon has a greater effect on decreasing the number of militarized disputes between democracies then on reducing general conflict. As the military and economic preponderance of the liberal hegemon drops, more conflict between democracies ensues. Moreover, the increase in conflict frequency between democracies as the liberal hegemon wanes, is proportionally greater than the rise in overall world conflict. These results are compatible with hegemonic stability theory and they cannot be easily explained by popular liberal-pluralist theories of democratic peace.
Obviously, more empirical work needs to be done before this new theory of democratic peace is widely accepted. Exactly how much of the joint democratic peace phenomena that this systemic theory explains has yet to be determined. It is unlikely that the old liberal-pluralist arguments will soon be relegated to insignificance. Indeed, this new theory has some elements in common with liberal-pluralist theory. Specifically, the regime type of the hegemon makes a difference. However, this new systemic explanation of the joint democratic peace proposition has demonstrated empirical support and seems compelling.

Future research on hegemonic stability theory should further explore how hegemonic power effects different subgroups within the international system. This study offers an explanation for how liberal hegemony mutes democratic conflict and provides some empirical evidence to support its theoretical predictions. Similar research on how liberal hegemony affects conflict between autocracies and anocracies could be done. In addition, research on the affect of nonliberal hegemony on subgroup conflict is needed. If the theoretical perspective of this study is
correct the influence of a nonliberal hegemon on system conflict will be decidedly different then a liberal hegemon.

Future research on the democratic peace phenomena should seek to provide a critical test between the political culture and the systemic explanations of the joint democratic peace. If both mechanisms play a role in creating the separate peace between democracies, then what is the relative importance of each and under what conditions? Perhaps the best way to approach this question is through studying international events that led to disputes between a democracy and an autocracy but failed to generate a dispute (or generated a dispute of much less magnitude) between the same democracy and another democratic country.

Methodology in the future could be improved by developing a better procedure for normalizing conflict data. Controlling for the number of countries is important because greater levels of interstate conflict are expected from large nation systems. In this study the number of countries was controlled in two separate ways: 1) normalizing the conflict data prior to bivariate regression by dividing the amount of dyad conflict by the number of potential dyads and
2) including the number of potential dyads as a independent variable in a multivariate regression. Each method has its advantages and disadvantages. For studies that focus on the relative magnitudes of the regression coefficients, normalized bivariate regression is especially attractive. Normalized bivariate regression avoids the problems of multicollinearity and allows a direct comparison between regression coefficients. Unfortunately, normalizing the conflict data in this study buried somewhat the variation of the dependent variable so that the subsequent bivariate regression generated low R-squared values. Perhaps an alternate method for normalizing the conflict data exists.\textsuperscript{16}

Given the need for more research, it may seem premature to make positive policy prescriptions based on the results of this study. Furthermore, an analysis of United States national security policy is beyond the scope of this paper. On the other hand, these results have significant implications for the future of the current international

\textsuperscript{16} One possible normalization method could be to divide the conflict data by a ratio rather than the raw number of potential dyads for each year. For instance, the ratio of the number of potential dyads for the given year over the cumulative number of potential dyads for the entire period of hegemony. This would arguably control for the change in the system size without swamping the variation in system conflict.
order. Clearly, some preliminary strategic assessment is warranted.

POLICY IMPLICATIONS

Hegemonic stability theory suggests that the United States should pursue a national security strategy of what might best be label Enlightened Primacy. Such a strategy serves not only its own national interest but also the interests of the international community in general. Enlightened Primacy emphasizes the necessity of maintaining liberal hegemonic power over the long term in order to minimize conflict and enhance prosperity in the international system.

Several scholars argue that the decline of American hegemony is well underway (Keohane 1984; Kennedy 1987). If so, then the erosion of liberal hegemony will not be far behind. While the perpetuation of liberal institutions by a multinational coalition is theoretically possible, it is historically unprecedented. The United States should focus
its strategy on preserving American leadership and on strengthening the liberal international order.

If the current hegemony deteriorates, the world can expect an increase in the frequency of international disputes. At some point, regional powers will step up and fill the vacuum left by retreating hegemony and the zone of liberal influence will shrink. Eventually, global war will precipitate as regional powers fight to dominate a now multipolar system. Surely, the United States and the majority of countries in the world share a common interest in preventing the above scenario.

The existing liberal community in the world should be particularly sensitive to the decline of American hegemony. The results of this study indicate that the joint democratic peace phenomenon is at least partially the result of the presence of a liberal hegemony. Conflict between democracies could increase dramatically if American hegemony deteriorates. Without the presence of a liberal hegemon the separate democratic peace may prove to be quite fragile. Clearly, the liberal world community has a large stake in preserving American hegemony.
The implications of the decline of liberal hegemony on the world economy are similarly frightening. International trade makes up 17 percent of the modern world's economy.\textsuperscript{17} Hegemonic stability theory predicts that institutions critical to world economic cooperation such as General Agreement on Tariffs and Trade (GATT), World Trade Organization (WTO), and the International Monetary Fund (IMF), will collapse without hegemonic power to back them up. Rampant protectionism and mercantilism will overcome them sooner or later without a hegemon present. The last time in this century when hegemonic leadership failed there was worldwide economic depression. Clearly, the international community has an economic interest in maintaining hegemonic power.

Undoubtedly, the most controversial aspect of enlightened primacy would be its expected reception from the international community. It is not easy to convince another nation that it is in its interest for the United States to maintain a dominant position in world affairs. However, the

lessons from hegemonic stability theory are unmistakable. Peace, prosperity, and stability have flourished during those times in which the prestige hierarchy has been clearly understood and unchallenged. A weakening of the hegemon and increased ambiguity in the prestige hierarchy places the system on the road to war.

Since other nations have a right to suspect that a hegemon will abuse its power, the United States must adhere to principle. In order to minimize dissension within the international community, America must be clear and resolute about the key liberal principles the international system should reflect. Keeping a majority of nations satisfied with the status quo is critical to sustaining American hegemony.

America must strive to construct and maintain a "level playing field" in the international economy where the rules of the game are agreed upon. Property rights, access to markets, and floating exchange rates are all rules that should be included. While elimination of all tariffs and quotas is probably unrealistic, limiting countries to the protection of say, only 20% of their economy is achievable
and fair. The United States must enforce these rules, preferably through the WTO but unilaterally if necessary. Moreover, the United States must fight the urge to manipulate the system to its advantage by trying to "tilt" the playing field in its favor. It must set the example by resisting domestic special-interests that seek economic protection. America must be willing to compete in the liberal world economy as an equal.

The United States must strengthen its role as an advocate for liberalism and democracy throughout the world. This is important for several reasons. First, liberal ideals form the basis of free international trade that not only benefits America but the whole world. When governments anywhere sanction economic rents for sectors of their economies they reduce world productivity. Second, Republican regimes are predisposed to be supporters of the liberal international order (Brawley 1993) and do not fight other democracies (Russett 1993, Ray 1995). Hence, they normally can be counted upon as allies against threats to the liberal hegemony the United States leads. Finally,

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18 Economists use the term rent to distinguish income gained through actions which do not improve or which in fact reduce productivity.
liberalism is the moral high ground. While its origins are distinctively western, liberalism does not necessarily favor the narrow self-interest of any nation but rather serves as a neutral ideology that the broader international community can rally behind. The assorted institutions required for liberal democracy to thrive, including free elections, free press, minority rights and an independent judiciary should be championed by the United States.

At the same time, values that are not part of the classic liberal tradition should be de-emphasized. Efforts to promote humanist, socialist or religious ideals beyond liberalism are best left to private organizations. This is important for two reasons. First, attempts to expand the international order beyond liberal norms will inevitably be perceived as cultural imperialism and this can lead to unnecessary dissension within the international system. For instance, efforts to ostracize Islamic regimes for their treatment of women or punishments of convicted criminals are not appropriate. Within the minimum liberal standards, countries should be left alone to organize their domestic affairs according to their own social customs. Second,
espousing social values beyond liberalism may commit the United States and the liberal institutions it supports to causes they cannot afford. For example, the list of "rights" in the 1948 United Nations Universal Declaration of Human Rights include such illiberal guarantees as the right to health care, education, social security insurance, and paid holidays.¹⁹ Many American citizens do not even enjoy these "rights". Yet the United States signed this UN document that morally commits America, as leader of the international community, to provide this welfare to the world. Clearly, the resources and political will do not exist to implement the Declaration of Human Rights worldwide. The hypocrisy of this document only creates a climate of cynicism that complicates efforts to reach a true consensus among nations about universal human rights.

The United States must understand and alleviate the forces that have historically led to the decline of hegemons. For instance, the US should seek mechanisms to distribute throughout the international community the burden of maintaining the liberal system. A classic example of how

to do this was the Delian League of 477 BC, which Athens used to get the Ionian Greek states to contribute to their mutual defense against Persia. The Ionian Greek states made contributions determined by Athens to a treasury on the island of Delos (later moved to Athens). If presented diplomatically, the United States could establish a modern version of the Delian League throughout the current "liberal trade zone" to help finance American military costs. George Bush succeeded in doing this on a temporary basis as President during the Gulf War.

In addition, the United States should adjust its fiscal policies to encourage savings and investments in order to strengthen its economy. Ultimately, the American economy is the engine that powers liberal hegemony. Technology and capital are the fundamental fuel of any economic engine; therefore, they must be cultivated. The United States should balance the federal budget and reduce the national debt in order to free up capital. In an effort to catalyze technological advances, the United States should increase funding for education and research.

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20 For an excellent history of the Delian League see Cargill (1981).
Critical to the strategy of enlightened primacy is the need to maintain United States military dominance. The ultimate arbiter of disputes is military force. International institutions like the UN, IMF, and WTO are effective only when the hegemon possesses a capability to enforce their decisions. Efforts to give the United Nations a military capability have been unsuccessful for obvious political reasons. The international community will give the UN a dominant military capability only when they are ready to adopt one world government. This prospect looks dim for the near future.

Despite having a defense budget as big as the next five major powers combined, current levels of military spending in the United States are not excessive. Empirical evidence indicates that greater concentrations of hegemonic power reduce the number of disputes in the international system (Bremmer 1993; Stoll 1995). If the United States is serious about reducing world conflict, perhaps it should be spending more on defense.

While specific military force structure identification is well beyond the scope of this paper, a few
recommendations are warranted. First, since ancient Greece, a large navy has always been important for hegemonic dominance. Protection of the sea lines of communication (SLOC's) remains important to facilitate trade and/or power projection. Furthermore, naval presence will become increasingly important as the America abandons overseas bases. Research on global wars suggests that the United States should keep its naval force at least twice as powerful as the next largest navy (Modelski and Thompson 1988; Thompson 1988). Second, while the United States should encourage multilateral military operations, particularly when they involve large numbers of ground troops, they should always be under US command. It is far better to have allies pay for military operations rather then participate in them from both an operational and a strategic perspective. Third, the United States should vigorously oppose the proliferation of weapons of mass destruction (WMD). Such weapons severely reduce the flexibility of the United States to exercise hegemonic dominance by increasing the risks to intervention. Finally, the United States must shed its hesitancy to use military
force when vital or important interests are at stake.

American prestige must not be challenged abroad, for both our allies and enemies are constantly watching for hegemonic retrenchment.
BIBLIOGRAPHY


