Economic Inequality, Diversionary Nationalism, and International Conflict

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Abstract

Domestic economic inequality is central to historical accounts of the origins of many wars. The argument is that states that were unwilling to reduce high levels of economic inequality through redistribution responded to the potential for civil unrest by inculcating their citizens with nationalism, but this diversionary nationalism incidentally raised international tensions and ultimately led to conflict. Despite devoting increasing attention to domestic sources of interstate conflict, quantitative studies have not previously addressed this theory. This article takes advantage of recently available data on income inequality to provide a first test of the effect of a state's domestic economic inequality on its probability of initiating a militarized interstate dispute. It demonstrates that domestic inequality exerts a powerful influence on states' propensity to start armed conflicts and that this influence is particularly large for democracies, providing support for the diversionary nationalism theory.

Does economic inequality at home lead to aggression abroad? The argument is that states that refuse to reduce high levels of economic inequality through redistribution respond to the potential for civil unrest by inculcating their citizens with nationalism, but this diversionary nationalism raises international tensions and the likelihood of conflict. Such explanations are common in the case-study literature. Van Evera (1990, 28), for example, contended that the world wars were fueled by a wave of nationalism that "was a largely artificial phenomenon, engineered by elites who resorted to nationalism to persuade publics to tolerate the steep stratification of late nineteenth century and early twentieth century European societies." That the initial steps towards democracy often induce elites to foment nationalism within their societies that then inadvertently leads to international disputes and even war has been extensively studied over more than a decade (e.g., Mansfield and Snyder 1995, 2002, 2005), but the similar role of economic inequality in prompting the spread of nationalism and so conflict has thus far gone unexamined. As domestic economic inequality has been rising in nearly all of the advanced democracies over the last three decades and is even higher in most of the rest of the world, this oversight is particularly grievous.

This article presents the first quantitative analysis of the effect of domestic economic inequality on interstate conflict. Drawing on newly available inequality data, it finds that countries with higher levels of income inequality are considerably more likely to initiate militarized interstate disputes; in fact, across all countries, the estimated magnitude of this effect can be similar to that of joint democracy. Consistent with the diversionary nationalism argument, inequality is also found to have a particularly large impact on the chances that democracies initiate interstate conflict.

Why Domestic Inequality Leads to Interstate Conflict

The extent of economic inequality within a country shapes its domestic politics in ways that should be expected to affect its relations with other countries. States that are unwilling to reduce inequality through redistribution respond to the potential for discontent by instilling more nationalism in their citizens. Such diversionary nationalism is well suited to address the domestic threat, but it also makes the state more likely to initiate interstate conflict.

Where economic inequality is greater, redistribution promises more benefits to the many disadvantaged (Meltzer and Richard 1981). Failure to address their demands for redistribution can delegitimate the state among sizable sections of the population and create a base of mass support for antisystemic movements. MacCulloch (2005), for example, found in a study of cross-national survey data that higher economic inequality in a country markedly increases the chance that individuals living there will favor revolutionary action to radically change the entire way their society is organized.

States have a potent tool for mitigating this threat: nationalism. Nationalism consists of the myth that individuals belong to a unified, homogeneous community that is (or should be) encompassed and represented by its own state; as a consequence, the myth continues, individuals owe a duty to this state that supersedes any and all other obligations (Hobsbawm 1990, 9). States employ a wide array of means to convince their citizens to believe in this myth. They invent "national flags, symbols, anthems, holidays, rituals, and traditions" (Tilly 1994, 140). They mandate national histories to be taught in their public schools (e.g., Shafer 1972; Lewis 1975). They establish national museums; construct national monuments; name (and rename) streets, schools, and government buildings for national 'heroes;' and glorify national symbols in postage stamps and money (Centeno 2002, 178-183). They use the media "to spread the image and heritage of the 'nation' and to inculcate attachment to it and to attach all to country and flag" (Hobsbawm 1990, 91). And they enlist their supporters to repeat and spread the nationalist myth (Tilly 1994, 140).

Nationalism serves states' interests in diverting attention from high levels of economic inequality particularly well for two reasons. First, nationalism works to obscure the extent of inequality in a society. Inherent to the idea of nationalism is the denial that significant differences of any sort even exist among members of the nation. As Benedict Anderson (1991, 7) explained, "regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep, horizontal comradeship." Idealizing what members of the asserted national community shared while forgetting their differences was recognized as "the essence of a nation" even in the nineteenth century (Renan 1996, 43). Rosa Luxemburg (1976, 135) famously decried how "the concept of 'the nation' as a homogenous social and political entity" was used as a "misty veil" to conceal the differing conditions and antagonistic interests of its purported members. To the extent that a country's citizens believe the myth of nationalism, they are unlikely to rec-

ognize their unequal circumstances and so are less likely to demand policies to ameliorate them.

Second, should some citizens recognize the inequality of their societies, nationalism provides a ready argument against any resulting pressure for redistributive policies. By definition, redistributive policies benefit some citizens at others' expense. However, according to nationalists, the state represents the nation *as a whole* and therefore cannot properly redress inequalities by these means. Such policies can therefore be cast as a matter inappropriate for political debate whose proponents are violating their foremost duty as citizens to place the 'national' interest before their own.

Recent research has found strong evidence that states with higher levels of income inequality do in fact instill more nationalism in their citizens. Examining a variety of indicators drawn from multiple cross-national surveys, Solt (2011) found that rising inequality in a country dramatically increases the probability that its citizens, regardless of their own incomes, will express more nationalist sentiments, a pattern that supported only the diversionary theory of nationalism. But when a state addresses economic inequality through diversionary nationalism rather than redistribution, it raises the chances of international conflict. Posen (1993, 123-124), for example, found that "nationalism is a cause of intense widespread public concern for national security, and a public predisposition to accept the judgments of civilian or military 'threat inflators' of military dangers from abroad," creating pressure for policies that cause conflict with other states. Further, to convince individuals to adhere to the mythical nation, states purvey histories that incorporate claims of special virtue and beneficence towards others and deny or minimize past wrongdoing. The resulting beliefs inflame interstate tensions. Other states' legitimate complaints are more likely to be considered baseless and rejected with righteous hostility, a hostility backed by overly optimistic calculations of victory should force be deemed necessary (Van Evera 1985, 107-108; 1994, 26-30).

There is good reason to expect that this effect of economic inequality on militarized conflict initiation should vary by domestic regime type. Nondemocratic regimes have an alternative to diversionary nationalism for dealing with the threat of unrest posed by economic inequality that is largely unavailable to democracies: they can simply employ repression (see, e.g., Van Evera 1994, 31). There is some evidence that they do so. Landman and Larizza (2009), for example, found that state violence against citizens increases sharply with rising income inequality. Unlike nationalism, domes-

tic repression is not thought to directly affect the probability of international conflict.[1] Moreover, regular competitive elections with broad suffrage render democratic officeholders particularly vulnerable to discontent, which suggests that those who are unwilling or unable to undertake redistribution to reduce high levels of inequality should be particularly likely to rely on nationalism as a diversion. In contrast, due to their smaller—and typically disproportionately prosperous—selectorates (see Bueno de Mesquita et al. 1999), nondemocratic leaders are able to a greater degree to retain office while simply ignoring any discontent regarding inequality that may arise rather than attempting to forestall it with nationalism. For these reasons, the effect of inequality on the probability of initiating conflict should decline with the size of the selectorate. In other words, the aggressiveness of democracies should be affected the most by domestic economic inequality; followed by that of anocracies, that is, regimes with a mix of democratic and autocratic characteristics; and pure autocracies should be the least sensitive to economic inequality.

There are four additional reasons why economic inequality might be expected to increase international conflict, but they are of comparatively little importance compared to diversionary nationalism for the purposes of this study. Discussing these alternate causal paths at this point, however, should help to clarify what mechanisms are *not* encompassed by the theory outlined above. The first is that failing to address economic inequality through either redistribution or diversionary nationalism can lead to an eruption of antigovernment unrest, and leaders facing such unrest may seize upon a foreign confrontation—that is, a diversionary 'war'—as their best means of gaining the support needed to maintain power (see Van Evera 1985, 90). States already suffering widespread unrest due to high levels of inequality may conclude that the methods of building diversionary nationalism described above are simply too slow to meet the immediacy of the redistributive threat. A confrontation with another state, on the other hand, can be presented as a potential solution that will quickly cause the disadvantaged to unite with their fellow citizens—regardless their differing conditions—against the foreign foe. The origins of the Russo-Japanese War are frequently traced to this source: beset by unrest among workers and peasants and a wave of strikes, the Rus-

[1]Repression may have an indirect effect, however, if further unrest results or if affected groups arm themselves and a civil war erupts, given the effects of unrest and civil war on interstate conflict. As noted previously, however, the analyses presented below control for the presence of unrest and civil conflict.

sian minister of the interior at the time reportedly maintained that "What this country needs is a short victorious war to stem the tide of revolution" (Levy 1988, 668). Many have argued that Bismarck and subsequent German chancellors pursued aggressive foreign policies to help build support for nationalist right-wing parties and undermine the growing strength of socialism in Germany (see, e.g., Wehler 1970). But the diversionary theory of war has long been a topic of intense scholarly interest; the argument that economic inequality should be considered among the sources of the unrest that can spur a state to initiate a conflict in the hopes of rallying its citizens to the flag contributes relatively little to the ongoing study of this subject.

The second additional reason is that states are less likely to democratize when economic resources are distributed more unequally. The promise of political equality offered by democracy raises the prospect of redistribution, so its threat to wealthy elites is larger where inequality is greater—as are the resources these elites have available to resist democratic transitions (Rueschemeyer, Stephens, and Stephens 1992; Boix 2003). Relations among democratic states, of course, are well known to be more pacific than relations among nondemocratic states or between democracies and nondemocracies (e.g., Oneal, Russett, and Berbaum 2003). Therefore, by forestalling democratization, economic inequality increases the probability of conflict. However, like diversionary war, the democratic peace has been researched extensively, and noting that levels of economic inequality are a source of democracy does not add much at all to our understanding of the causes of interstate conflict.

The third additional reason is that economic inequality increases the potential for militarism independent of nationalism. Greater economic inequality may lead military officer corps to become isolated preserves of the upper class. Such social isolation in turn raises the incentives for militaries to exaggerate the hostility of potential enemies and spread other militarist myths "to advance the interest of military institutions, at the expense of wider societies with which they felt little identification; and to advance the interests of the upper class as a whole" (Van Evera 1990, 21). Although militaries propagate these myths simply to enhance their budgets and prestige rather than to provoke conflict, the unintended side effect is often to convince the rest of their societies that striking first is necessary or desirable. This reason is not much more important to scholars of conflict than the link between inequality and democratization. Civilian oversight of defense policy, the development of civilian expertise in military affairs, norms of free speech that allow the rebuttal of military propaganda, historical awareness among officers of the past

harm caused by militarist mythmaking, and great power status all plausibly shape the extent of militarism in a society to a greater degree than economic inequality, and most of these factors are rooted in democracy (Van Evera 1990, 21-22, 28).

The fourth and final additional reason that economic inequality may be associated with conflict initiation involves civil war. Civil war has been shown to increase interstate conflict (Gleditsch, Salehyan, and Schultz 2008), and economic inequality is frequently argued to increase the likelihood of civil war as unmet demands for redistribution provide a motive for the disaffected to take up arms against the unresponsive state. Of course, for this to occur, the state's efforts to defuse grievances through diversionary nationalism must fail. Further, additional conditions—including geography, state capacity, and organizational resources—must provide some opportunity or else even the most motivated will not revolt (Boix 2008, 391). Given the highly conditional nature of the hypothesized relationship and the acknowledged poor quality of the inequality data thus far brought to bear on the question, it is not surprising that the empirical findings have been mixed (compare, for example, Boix (2008) with Fearon and Laitin (2003)). In any event, like that of democracy, the effect of armed conflict within a country on relations between that country and others has already been convincingly established: whether economic inequality is a cause of civil conflicts does little to further illuminate when and why interstate conflicts occur.

By including measures of domestic unrest, regime type, and civil war in the analyses below, I am able to control for these four additional reasons that economic inequality is thought to influence conflict initiation and so focus on whether inequality within a state increases its probability of initiating an interstate conflict by causing it to spread diversionary nationalism. To review, the hypotheses tested are as follows:

> *H1: Higher levels of economic inequality in a country are associated with an increased likelihood of that country initiating a militarized interstate conflict.*

> *H2: The positive relationship between economic inequality and conflict initiation is strongest among democracies, intermediate among anocracies, and weakest among autocracies.*

Data and Method

To test whether domestic economic inequality makes states more likely to initiate interstate conflicts, I perform a series of probit analyses of militarized interstate disputes (MIDs) using time-series cross-sectional data of directed dyads from 1961 to 2001 and a model specification that builds on recent works examining the domestic sources of international conflict (see Gleditsch, Salehyan, and Schultz 2008; Salehyan 2008).[2] A MID occurs when one state threatens, displays, or uses military force against at least one other state. Directed dyads distinguish between the state that begins the dispute (the initiator) and the other state involved (the target), so each pair of states in the dataset is observed twice: for each dyad A-B, the dyad B-A also appears. Observations in which the potential initiator actually does begin a militarized dispute with the potential target are coded one and all others are coded zero; because the dynamics of an interstate conflict may be different from its original causes, subsequent years of a single MID are excluded from the analysis, as are additional states that join an existing dispute. I include in the dataset only politically relevant dyads, that is, those in which the states are contiguous or at least one is a major power (see Lemke and Reed 2001).

Economic inequality in the potential initiator is the independent variable of interest, but until recently broadly cross-national research on inequality's effects has been greatly hampered by a lack of comparable data (Neckerman and Torche 2007, 349). The much-used income inequality data collected by Deininger and Squire (1996), for example, rely on such differing income definitions and units of analysis that the authors themselves discouraged employing them in cross-national comparisons. The lack of suitable data is probably the most important reason that the link between economic inequality and interstate conflict has remained unexamined in the quantitative literature on international conflict. The recently released Standardized World Income Inequality Database (SWIID) was designed to overcome this problem. Based on inequality data from UNU-WIDER (2008), the Luxembourg Income Study (2009), and additional sources, the SWIID maximizes the comparability of observations for the largest possible sample of countries and years from 1960 to the present (Solt 2009). I therefore use the SWIID estimates of the Gini

[2]The time period encompassed reflects the availability of data on economic inequality in the Standardized World Income Inequality Database, described below.

index of inequality in net household income as the measure of economic inequality. The Gini index has a theoretical range of 0, which indicates that every household receives an equal share of income, to 100, which indicates that a single household receives all income.

Using the Gini index from the SWIID introduces two kinds of uncertainty that require special attention. First, the SWIID includes standard errors of its estimates, and, although many are quite small, the uncertainty can be considerable in parts of the developing world. Second, even the SWIID's coverage of countries and years is incomplete, creating additional uncertainty due to missing data. Ignoring these issues when analyzing the data would result in underestimated standard errors and so overconfidence in the coefficient estimates associated with this variable. The recommended solution for dealing with the first issue of uncertainty in the SWIID estimates is to generate multiple Monte Carlo simulations of the inequality variable from the point estimates and standard errors provided in the SWIID and then combine the results of analyses obtained with each of the simulations (see Solt 2009, 238).[3] I employed this approach to generate ten simulations of the SWIID series, but before performing the analyses and combining the results, I addressed the missing-data issue by imputing missing values in each simulation five times using the Amelia II software created by Honaker and King (2010), which allows the time-series cross-sectional nature of the data to be taken into account.[4] The variation in the resulting fifty inequality simulations captures the uncertainty in the values of the variable, both in observations for which the SWIID provides data and in those for which it does not. Combining the results of analyses conducted using each of these inequality simulations ensures that standard errors are not underestimated.

A number of control variables must also be taken into account. First is the extent of economic inequality in the potential *target* country. How a country's economic inequality affects its probability of being threatened or attacked is the subject of conflicting lines of argument. On the one hand, the higher levels of nationalism concomitant with greater inequality might be ex-

[3]The coefficient estimates are combined simply by averaging across all of the analyses; the standard errors of the coefficient estimates, as in analyses of multiply-imputed datasets, are adjusted to incorporate the variability of the coefficients across the analyses as well as the uncertainty in the coefficients within each analysis.

[4]To ensure that a given country and year was assigned the same value across all directed dyads, the imputations were performed on monadic, country-year versions of all variables and then re-merged with the directed-dyad dataset.

pected to touch off "international 'spirals' of insecurity" that should increase the likelihood of becoming a target (Posen 1993, 124). On the other, there is some evidence that potential rivals take pains to avoid controversy with a country when circumstances in that country indicate that a diversion would be welcomed (e.g., Leeds and Davis 1997); this suggests that economic inequality in a potential target might reduce the probability that another state will instigate a militarized dispute. Either way, regional patterns in economic inequality—neighboring countries often exhibit similar levels of inequality—suggest that failing to include the inequality of potential targets could result in biased estimates of inequality's effect on a country's probability of initiating a MID.[5] The simulated SWIID income inequality data was therefore used to take this into account.

That leaders facing restive publics at home tend to engage in military adventures abroad in the hopes of regaining popular support, the diversionary theory of war, has been the subject of voluminous research. Although economic inequality is a plausible source of such unrest, the focus of this study is whether inequality affects international conflict through its effect on the spread of nationalism rather than whether it motivates diversionary war. I therefore control for the presence of domestic unrest, both in potential initiators and potential targets. Following recent works on the diversionary theory of war (e.g., Tir 2010), domestic unrest is measured as the total number of antigovernment protests, general strikes, and riots in the country that year, using data from the Cross-National Time-Series Data Archive (Banks 2008).[6]

Democracies are well known to be less likely to engage in militarized disputes with other democracies, and the relationship between democracy and economic inequality makes controlling for this phenomenon particularly important here. To capture this and other effects of the domestic regime, a series of dummy variables are included that indicate whether the potential initiator or the potential target were democratic or anocratic. The principal

[5]Although not presented here, additional analyses excluding this variable yield substantively similar results to those provided below.

[6]Another potential measure of government unpopularity sometimes employed in studies of diversionary war, growth rates in gross domestic product per capita, were found in additional, unreported analyses to have only minuscule effects that failed to approach statistical significance, and their inclusion did not influence the estimates for the other variables in this study. For the sake of parsimony, they were excluded from the analyses reported below.

source for these determinations is the Polity IV dataset, and countries that scored of 6 or higher on the −10 to 10 polity index were considered democratic. Also consistent with convention, anocracies were identified as those with polity scores between −6 and 5, inclusive. Rather than discarding dyads that include countries with missing Polity data due to transitions or interregnums, these countries were coded based on a linear interpolation of the previous and next available Polity scores (see Plümper and Neumayer 2010); other imputation strategies yielded nearly identical results, as did including separate dummy variables identifying these cases (see Gleditsch, Salehyan, and Schultz 2008). The Polity data also exclude all states with populations smaller than 500,000 people. Because small states tend to have particularly low levels of economic inequality, excluding them from the analysis risks misestimating the effect of inequality on conflict initiation (cf. Rueschemeyer, Stephens, and Stephens 1992, 80-84). For this reason, I used the Polity IV coding rules provided by Marshall and Jaggers (2009) to classify these very small states as democracies, anocracies, or (the residual category) autocracies.

As noted above, Mansfield and Snyder (2002) argue that the initial steps towards democracy tend to prompt elites to use nationalist appeals to attract mass support while remaining free of full democratic accountability, and the resulting nationalism increases the probability that the state will initiate a militarized conflict. To take this hypothesis into account, I adopt their operationalization of such early and incomplete transitions toward democracy, which identifies countries that experienced a transition from autocracy to anocracy within the past five years. Because these transitions may also attract hostilities, I control for recent anocratization in potential targets as well as potential initiators.

Another domestic influence on international conflict is civil war. Civil wars have been demonstrated to increase the probability of interstate conflict as states attempt to influence the outcome of the war and unintentional international spillovers of domestic fighting occur (Gleditsch, Salehyan, and Schultz 2008). As noted above, because economic inequality may fuel civil wars (see, e.g., Boix 2008), it is especially important to control for this variable to limit the focus of inquiry to the more direct effect of inequality through diversionary nationalism. I include two dummy variables that indicate whether the potential target or potential initiator had a domestic armed conflict using data from the UCDP/PRIO Armed Conflicts Dataset (Gleditsch 2002). Analyses substituting the Correlates of War Intrastate

War Dataset (Sarkees 2000) or the Fearon and Laitin (2003) civil war data provided results substantively identical to those presented below.

Trade interdependence and common membership in international organizations (IGOs) are also important to include as control variables (e.g., Oneal, Russett, and Berbaum 2003). Trade dependence for each state in a dyad is calculated as the sum of exports and imports from the other, divided by the state's GDP. Following Gleditsch2008, the trade data are provided by Gleditsch (2002) and the data on GDP are drawn from Goldstein, Rivers, and Tomz (2007). Common membership in IGOs is measured as the count of such organizations to which both members of the dyad belong; these data come from Pevehouse, Nordstrom, and Warnke (2004). Contiguous states have been repeatedly shown to be more likely to engage in conflicts with each other. Territorial contiguity is measured here with a dichotomous variable coded one if the states of the dyad share a land border or are separated by no more than 400 miles of water (Stinnett et al. 2002). Colonial contiguity is similarly measured with a dichotomous variable coded one if the two states are contiguous through colonial territories or dependencies according to Correlates of War data. The relative capabilities of the two states are another important control; this variable is measured as the potential initiator's score on the Composite Index of National Capabilities over the total of the scores of both states (see Singer 1988). To control for the similarity of the two states' portfolios of alliance memberships, the weighted S-score developed by Signorino and Ritter (1999) was included. With the exception of the variables on income inequality, regime type, trade dependence, and IGOs, the dataset was created using version 3.204 of the EUGene software (see Bennett and Stam 2000).

To account for temporal dependence in the data, the models include the number of years since the most recent MID in the dyad (or, if no such conflict had yet occurred, since the entry into the international system of the younger of the two states) as well as a cubic spline of this variable (see Beck, Katz, and Tucker 1998). To save space, however, these variables are omitted from the table. All independent variables are lagged one year to minimize the potential for endogeneity bias due to reverse causation. Finally, because observations within a given dyad are not independent of each other, robust standard errors clustered on the dyads were calculated.

Results

The results of the probit regression of all potential initiators are reported in Table 1. Model 1 indicates that, while the results regarding control variables were consistent with the findings of previous studies (e.g., Gleditsch, Salehyan, and Schultz 2008), the domestic income inequality of a potential initiator has a statistically significant positive effect on the probability that it actually begins a militarized interstate dispute. To ascertain the substantive effect of inequality, I computed predicted probabilities for a hypothetical dyad of two contiguous, autocratic countries, neither of which recently anocratized or is undergoing a civil war, with otherwise median characteristics. For the initiator in such a dyad, the estimates of Model 1 suggest that moving from the 10th percentile of income inequality in this sample ($Gini = 26$, like that of the Netherlands in 2001) to the 90th percentile ($Gini = 51$, like that of Colombia that same year) increases the probability the potential initiator starts a MID by 65%. This difference is similar to that estimated for joint democracy or a civil war in either country.[7] Higher levels of economic inequality make a country considerably more likely to initiate a militarized conflict.

[Table 1 about here.]

The analyses presented in Table 2 test the second hypothesis—that sensitivity to economic inequality declines as the selectorate narrows—by splitting the sample by domestic regime type. These analyses provide some interesting nuances to the results obtained for Model 1. Supporting the arguments of Mansfield and Snyder (e.g., 2005, 95), recent anocratization increases the risk that a state will initiate a militarized conflict only when the regime remains anocratic; states that recently anocratized but then either continued the process of political liberalization to become fully democratic or slid back to autocracy are not unusually belligerent. Democracies are distinctly less likely to initiate conflicts not only with other democracies, as is well known, but also with anocracies, albeit to a lesser degree. On the other hand, it seems the tendency to respond to domestic unrest with diversionary conflict is more consistent among democracies than among nondemocratic regimes;

[7] According to Model 1, under these assumptions, joint democracy reduces the probability of MID initiation by 68%, while a state that is undergoing a civil war is estimated to be 84% more likely to initiate a MID and 58% more likely to be the target of one.

the estimates for anocracies ($p = .080$ in a one-tailed test, appropriate given the directional hypothesis) and autocracies (one-tailed $p = .051$) do not reach statistical significance at the conventional 5% level. Higher levels of income inequality in the target country appear to deter autocratic initiators from commencing an armed conflict (one-tailed $p = .026$), but not anocratic or democratic initiators.

[Table 2 about here.]

Most importantly for present purposes, the results of the split-sample analyses provide some support to the hypothesis that sensitivity to economic inequality declines as the selectorate becomes narrower. When only those directed dyads with democratic initiators are analyzed, as in Model 2, the coefficient of income inequality in the initiator is considerably larger than when the sample is restricted to directed dyads with anocratic potential initiators, as in Model 3. Higher levels of economic inequality are estimated to increase the probability of initiating a MID even for autocratic countries according to Model 4, but this effect is weaker still and is no longer significant at the 5% level (one-tailed $p = .095$). Although Monte Carlo simulations indicate that the estimated coefficient of income inequality for anocratic initiators is not statistically significantly different from that for democratic initiators ($p = .164$) or from that for autocratic initiators ($p = .180$), the coefficient for democratic initiators is statistically significantly larger than the coefficient for autocratic initiators ($p = .018$).

[Figure 1 about here.]

Figure 1 depicts graphically the estimated magnitude of the effect of income inequality for each regime type. It shows how the predicted probability that a country initiates a militarized dispute changes over the observed range of domestic income inequality; the predictions for democracies are based on Model 2, those for anocracies are based on Model 3, and those for autocracies are based on Model 4. As above, the predictions are calculated for a hypothetical directed dyad: two contiguous countries with an autocratic potential target, no recent transitions to anocracy or ongoing civil wars, and otherwise median characteristics. The probability of initiating a MID increases much more steeply for democracies than for nondemocratic regimes. Moving from the 10th to the 90th percentile of income inequality—that is, from a Gini

index of 26 to one of 51—increases the probability of initiating a militarized dispute by about 30% for autocracies, about 85% for anocracies, and more than 170% for democracies. As the theory linking income inequality to international conflict through diversionary nationalism suggests, inequality has a much larger effect on the propensity to initiate conflicts of democracies than it does on that of autocracies.

Conclusions

Economic inequality is often central to historical accounts of the origins of wars but has been neglected in quantitative research of interstate conflict. This article has taken advantage of newly available data and demonstrated that domestic economic inequality exerts a powerful influence on states' propensity to initiate militarized conflict. As this influence is net of the effects of domestic unrest, civil conflict, and democracy, it appears to be the result of diversionary nationalism: states that are unwilling to address economic inequality through redistribution instead inculcate their citizens with more nationalism to mask the extent of differences and delegitimate calls to redress them. Nationalism, however, exacerbates tensions with other states in ways that often lead to militarized conflict. The effects of economic inequality are particularly strong for democracies, consistent with the argument that because democratic governments are the most vulnerable to the discontent inequality can cause and generally have the least ability to repress it, they are especially reliant on diversionary nationalism.

Recent studies of the causes of interstate conflict have begun to illuminate how issues that are commonly considered strictly domestic can give rise to international conflict (see, e.g., Gleditsch, Salehyan, and Schultz 2008). This work demonstrates how this growing literature can benefit from testing and incorporating hypotheses from historical and case-oriented research, where domestic political factors such as economic inequality have long been asserted to be crucial to a complete understanding of the sources of conflict (see Levy 1988).

This work also has important policy implications. For international development efforts, it underscores the importance of taking distributional issues into serious consideration. Although economic growth and development are valuable in themselves, it would appear that whether the benefits of development are broadly shared or instead concentrated in the hands of a few

has a sizable impact on the temptation for governments to adopt policies that will lead them into conflict with other states. Economic policies that pursue 'growth now and equity later' tend to compound reliance by states on nationalism to preempt civil unrest. Such diversionary nationalism does not dispel conflict but rather works only to displace it from the domestic to the international sphere, with potentially catastrophic consequences for economic development. Similarly, the findings presented here provide insight into how to better protect human rights. Those working to promote human rights would be well advised to strive for economic rights alongside civil and political rights and liberties. If states involved in international conflicts are more likely to disregard the right to personal integrity (e.g., Poe, Tate, and Keith 1999), then attention to distributional issues will help remove an indirect cause of repression. The implications for efforts to establish peace and stability are perhaps most clear: they should promote the adoption of policies that reduce economic inequality. Otherwise, high and rising economic inequality will make for a more dangerous world.

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Table 1: Economic Inequality and Militarized Interstate Disputes, 1961-2001

	Model 1 All Initiators		
	Estimate	Std. Err.	$p > \|z\|$
Income Inequality in Initiator	.007	.002	<.001
Income Inequality in Target	−.003	.002	.120
Unrest in Initiator	.006	.002	.001
Unrest in Target	.004	.002	.038
Recently Anocratized Initiator	.140	.057	.014
Recently Anocratized Target	.122	.055	.027
Civil War in Initiator	.231	.039	<.001
Civil War in Target	.171	.044	<.001
Anocratic Initiator	−.080	.043	.062
Anocratic Target	−.083	.050	.094
Democratic Initiator	−.116	.050	.022
Democratic Target	.052	.052	.322
Both Democratic	−.324	.075	<.001
Contiguity	.750	.062	<.001
Colonial Contiguity	.274	.069	<.001
Capacity Share	.313	.055	<.001
Alliance S-Score	−.419	.089	<.001
Initiator's Trade Dep	−.121	.234	.605
Target's Trade Dep	−.367	.320	.252
Shared IGO Membership	.009	.002	<.001
Constant	−2.222	.135	<.001
N		96,110	
Pseudo-R^2		.256	
Log Pseudolikelihood		−4454.1	

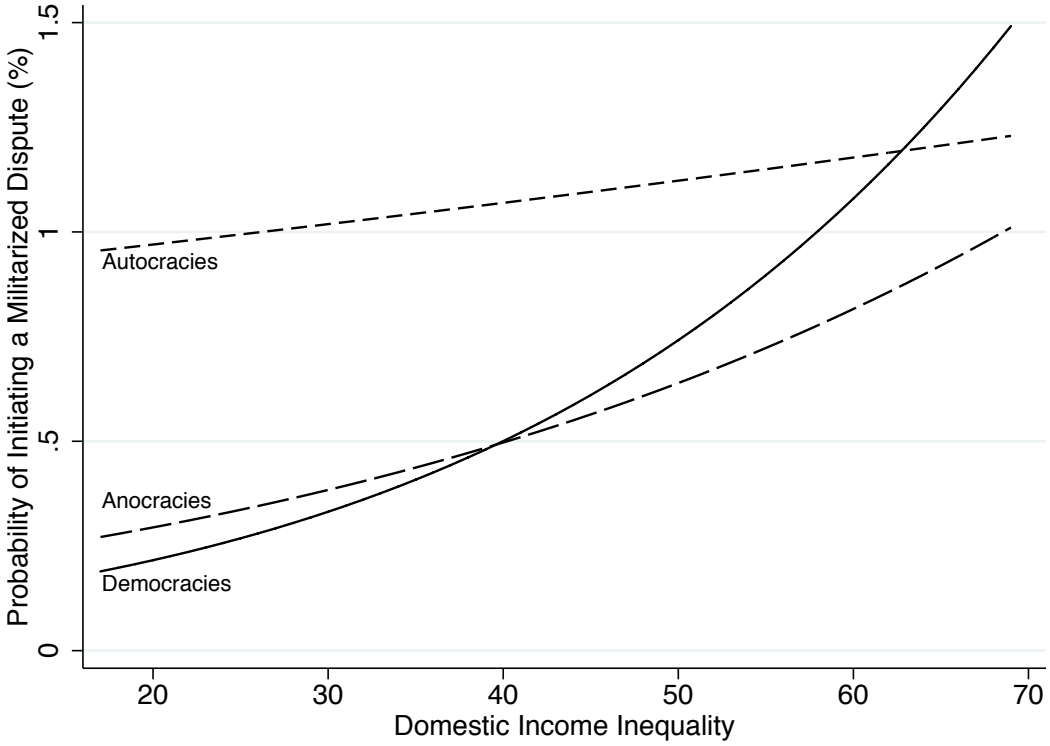
Probit regression results; robust standard errors. Reported p-values refer to two-tailed tests. Statistics correcting for the binary time-series cross-sectional nature of the data (see Beck, Katz, and Tucker 1998) are omitted from the table.

Table 2: Economic Inequality and Militarized Interstate Disputes by Domestic Regime Type, 1961-2001

	Model 2 Democratic Initiators			Model 3 Anocratic Initiators			Model 4 Autocratic Initiators		
	Estimate	Std. Err.	$p > \|z\|$	Estimate	Std. Err.	$p > \|z\|$	Estimate	Std. Err.	$p > \|z\|$
Income Inequality in Initiator	.014	.004	<.001	.008	.004	.030	.004	.003	.189
Income Inequality in Target	> −.001	.004	.907	−.006	.004	.127	−.007	.003	.052
Unrest in Initiator	.006	.002	.007	.008	.006	.159	.010	.006	.102
Unrest in Target	−.001	.005	.866	> −.001	.005	.974	.007	.003	.012
Recently Anocratized Initiator	−.156	.204	.443	.216	.072	.003	−.185	.219	.399
Recently Anocratized Target	.164	.096	.088	.051	.108	.639	.145	.090	.108
Civil War in Initiator	.211	.065	.001	.301	.065	<.001	.206	.064	.001
Civil War in Target	.320	.072	<.001	.165	.077	.031	.065	.066	.329
Anocratic Target	−.206	.081	.011	−.003	.091	.973	−.085	.075	.255
Democratic Target	−.320	.073	<.001	.058	.087	.507	.077	.080	.336
Contiguity	.624	.086	<.001	.544	.120	<.001	.993	.086	<.001
Colonial Contiguity	.328	.078	<.001	.273	.185	.140	.129	.146	.378
Capacity Share	.339	.101	.001	.292	.109	.007	.221	.084	.009
Alliance S-Score	−.365	.130	.005	−.051	.133	.700	−.544	.117	<.001
Initiator's Trade Dependence	−.201	.535	.707	−.356	.761	.640	.011	.107	.916
Target's Trade Dependence	−.691	.615	.261	.198	.635	.755	−.159	.603	.793
Shared IGO Membership	.010	.002	<.001	.008	.003	.003	.010	.003	<.001
Constant	−2.656	.196	<.001	−2.364	.216	<.001	−2.072	.197	<.001
N	43,486			17,536			35,088		
Pseudo-R^2	.258			.249			.257		
Log Pseudolikelihood	−1391.0			−1109.7			−1909.7		

Probit regression results; robust standard errors. Reported p-values refer to two-tailed tests. Statistics correcting for the binary time-series cross-sectional nature of the data (see Beck, Katz, and Tucker 1998) are omitted from the table.

Figure 1: Economic Inequality and the Probability of MID Initiation by Domestic Regime Type



Source: Estimates presented in Table 2, Models 2-4.