

**Borrowing Support for War:
The Effect of War Finance on Public Attitudes toward Conflict¹**

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Abstract:

How does the way states finance wars affect public support for conflict? Most existing research has focused on costs as casualties rather than financial burdens, and arguments that do speak to the cost in treasure either minimize potential differences between the two main forms of war finance—debt and taxes—or imply that war taxes do not dent support for war among a populace rallying around the fiscal flag. Using original experiments conducted in the United States and United Kingdom, we evaluate the relationship between war finance and support for war. We find that how states finance wars has important impacts on support for war, and that the gap in support resulting from different modes of war finance holds across the main democracies engaging in conflict, regardless of the type of war or individuals' party identification. The findings have important implications for theories of democratic accountability in wartime and the conduct of conflict, since borrowing shields the public from the direct costs of war and in turn reduces opposition to it, giving leaders greater latitude in how they carry out war.

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Theories of democratic accountability have long assumed that a public bearing the costs of war holds leaders accountable and constrains their actions. In the earliest incarnation of this literature, Kant famously noted (1795 [1957], 11-12) that

if the consent of the citizens is required in order to decide that war should be declared (and in this constitution it cannot but be the case), nothing is more natural than that they would be very cautious in commencing such a poor game, decreeing for themselves all the calamities of war. Among the latter would be: having to fight, having to pay the costs of war from their own resources.

The implication is not that democracies will not engage in wars but that, since individuals in a republic bear the burden of war, they should be more sensitive to those costs (Ray 1995; Valentino et al 2010). Coupled with the electoral checks embedded in a democracy, the costs of war would create, as Doyle labeled the Kantian claim (1986, 1160), “republican caution—Kant’s ‘hesitation’—in place of monarchical caprice.” Contemporary international relations scholars have built on this claim, suggesting, as Morgan and Campbell put it (1991, 187), that the populace of a democracy “must bear the costs of war in lives and resources, [and] will restrain the aggressive impulses of leaders.” The result of bearing the burden “in higher taxes and bloodshed” is a populace that is cost sensitive and will “sue for peace” when costs mount (Reiter and Stam 2002; 6, 167).

Although scholars frequently make reference to the cost sensitivity of democratic audiences, the discussion of how bearing the costs in “blood and treasure” affects decision-making constraints is typically limited to an evaluation of blood rather than treasure (e.g., Feaver et al 2009; Gartner and Segura 1998; Karol and Miguel 2007; Kriner and Shen 2010; Mueller 1973). In a representative treatment, Gartner (2008, 95) justifies this focus on the fact that casualties are “the most salient costs of war” and that “the relationship between casualties and approval represents a critical link in arguments about the democratic peace.” As Geys notes

(2010, 15), the near-exclusive study of casualties may be an effort not to minimize human suffering at the hands of war: “Given the human afflictions brought about by war, it may appear heartless to even consider these costs.”

Yet wars also involve great financial burdens. Indeed, the defining cost of recent wars has not only been the human costs, which are comparatively low by historical standards, but the financial costs, which are high.² The wars in Iraq and Afghanistan have cost between \$1.3 trillion and \$3 trillion, surpassed only by World War II, which was about \$4 trillion in current dollars (Bilmes 2013; Daggett 2010). Despite the financial cost, the recent wars have been financed entirely through borrowing, parting with a long historical precedent of war taxation (Rockoff 2012). The American experience tracks closely with that of the British (Steinmo 1993; 81), whose history of taxation maps onto the history of war, with major tax reforms—including the first income tax—arising from the need to generate revenues for the Napoleonic Wars, then later World Wars I and II (Cooley and Ohanian 1997; Daunton 2001; O’Brien 1988; Scheve and Stasavage 2010; Tilly 1992).³ The cost of these wars and decision to finance the wars through debt rather than taxes raises the central questions of this article: how does the method of war finance—whether through debt or taxes—affect public attitudes towards conflict, which are at the root of democratic accountability mechanisms? Does the relationship between the method of war finance and public attitudes vary across different types of wars, democracies, and political parties?

² Indeed, Caverley (2014) suggests that these tradeoffs may be by design, with the median voter more apt to support financial costs than human costs.

³ Although Bordo and White (1991) premise their study of Napoleonic War finance on how the UK borrowed far more heavily than France, it should nonetheless be noted that the first income tax, which was an enormous political achievement came about during that war (O’Brien 1963, 21). That the UK engaged in tax smoothing (Barro 1987) should not diminish the fact that most of its wars involved some form of war taxes, that World War II tax rates exceeded even those of the United States (Cooley and Ohanian 1997), and that recent conflicts have seen zero war taxes.

Existing accounts that have addressed sensitivity to the *financial* costs of war have either homogenized all types of treasure (Geys 2010; Kant 1795; Morgan and Campbell 1991), assumed that the costs are passed along through war taxes while not assessing the implications of alternatives (Reiter and Stam 2002), or suggested that the costs of war, reflected in taxes, should not dent support for war among a democratic populace that rallies around the fiscal flag during war (Bueno de Mesquita 2004; Goldsmith 2007). We argue instead that how individuals experience the financial costs of war affects their attitudes towards war and the set of constraints leaders face in their conduct of conflict. Taxation has a direct impact on individuals' purchasing power (Gilbert 1970, 4) and draws an explicit connection between the individual and the war, whereas the costs of borrowing are deferred. This important difference makes the prospect of a war financed through extraction less palatable than through borrowing, which in turn translates into greater support for war in the absence of taxation. Borrowing as a form of war finance is therefore tantamount to borrowing public support for war. Using original experiments conducted in the US and UK, we find strong support for the argument that the method of war finance is an important determinant of public support for war. Those effects hold when taking into account different types of conflict, democracies, and partisanship.

These results—which offer systematic analysis of a largely understudied issue—have important implications for understanding institutional accountability in wartime. Financing wars other than through taxation diminishes the burdens of the war and slackens public opposition. To the extent that public support for war acts as a set of constraints in how leaders conduct war (Holsti 2004), we speak to the accountability linkages that underlie theories of democratic conduct in war. As Larson and Savych note (2005, xvii), “an unfavorable public opinion environment ultimately constrains the range of politically acceptable policies for successfully

concluding a military operation.” Public opinion is not determinate but does establish political incentives for continuing or pausing military conflict; acting against these preferences comes at leaders’ political peril (Tomz and Weeks 2013, 850). Thus, in light of our findings, in the absence of taxation the costs of war are less apparent, public support is higher, and institutional constraints lower. Given the change in how most recent wars have been financed, and the likelihood that future wars will continue to be financed through debt, our findings suggest that one of the mechanisms through which citizens constrain leaders in democratic wars has become less operative.

The rest of the article proceeds as follows. First, it engages the literatures on war finance, institutional constraints in wartime, and democratic sensitivity to the financial costs of war, exposing the competing positions about sensitivity to the fiscal costs of war. Second, it discusses how the relationship between war finance and public opinion might play out in the context of different countries, types of conflict, and partisanship. Third, it discusses the research design, which involves original survey experiments conducted in both the US and UK. These two countries provide relevant cases because both are democracies that have engaged in a number of armed conflicts, including recent engagements in Afghanistan and Iraq. Moreover, in both countries there is evidence of a historical relationship between taxation and conflict. Despite these commonalities establishing a common baseline for comparison, the US and UK vary in analytically useful ways; in particular, they have different tax propensities that could affect how each populace responds to bearing the financial burdens of war through taxes. That we observe similar financial cost sensitivity across countries with different approaches to fiscal policy implies some generalizability beyond these two countries. Fourth, we present evidence showing that irrespective of the type of conflict, country, and partisanship, individuals are less sensitive to

the costs of wars when those burdens are borne through debt. Lastly, we close with implications for theories of institutional constraints in wartime and the prospects for war and peace, namely that reducing the apparent cost of wars slackens institutional constraints in wartime, increasing the likelihood of longer, costlier wars.

The Costs of War and Democratic Accountability

Studies of government spending (e.g., Ramey 2011) invariably point to the role of wars in generating enormous demands for revenue. States have historically provided those revenues in a number of ways, including through impressment—conscripting men by force—expropriation, allying with other states that provide resources (e.g., the 1991 Gulf War), and printing money, but by far the two most common means of paying for wars have been through taxes or debt (Poast 2006; Rockoff 1998). While several scholars have suggested that states resort almost invariably to taxes (Levi 1988; Tilly 1992), others have pointed to variation between debt and taxes (Cappella 2012), with recent wars in Iraq and Afghanistan—financed entirely through borrowing—providing evidence that states do not instinctively turn to taxation (Bank et al 2008). Some scholars have pointed to the potential sources of that variation, whether the ability to borrow (Bordo and White 1991; Schultz and Weingast 2003) or partisan influences (Flores-Macias and Kreps 2013), but comparatively little scrutiny has been given to the *consequences* of that variation.

In particular, while the institutional constraints mechanism underlying democratic conduct of war hinges on the way individuals confront the burdens of war (Kant 1795; Reiter and Stam 2002, 4), scholars have nonetheless tended to group all forms of war finance under the heading of treasure. Indeed, they have tended to sidestep the question of whether different types

of war finance vary in terms of how they confront the public with the burdens of war, whether these differences bear on individuals' support for war and in turn the constraints individuals impose on leaders. For example, Owen (1994, 100) observes that "war costs blood and treasure, and these high costs are felt throughout society...those statesmen and elites who want war must persuade public opinion that war is necessary."

Scholars who have differentiated taxes from other sources of war finance—such as debt—hint that the unpopularity of taxation during wartime may be limited. Instead, they are sanguine about the public's ability to rally around the fiscal flag and support the war effort despite bearing the direct burden in war taxes. As Bueno de Mesquita et al put it (2004, 365), "In a large-coalition system, because of its emphasis on production of public goods, costs and rewards [of war] are spread across the entire population." Paying the costs of war through extraction is seen as worthwhile because it enhances the likelihood of victory; since the benefits of victory then percolate broadly throughout the populace, the increased taxes are seen as justifying the cost. Some strands of this argument go further and turn the unpopularity of taxes into a reason why financing wars through taxes might actually increase support for war. Goldsmith (2007, 197), for example, suggests that taxpayers are likely to believe that the unpopularity of taxes is such that leaders "will only levy greater taxes for legitimate reasons," signaling the importance of the war to the public. The Harvard economist, O.W. Sprague, made a related case for a World War I tax (1917, 9), suggesting that levying a war tax would communicate to the populace that "vital interests were at stake." These arguments take the introduction of taxes as a signal of the war's importance and prompt individuals to be more willing to support a war despite the levy of war taxes.

Not only might war taxes have the effect of “inculcating a sense of duty and emphasizing the tangible impact on the war effort,” imbuing people with a sense of shared sacrifice and increasing support for the war (Campbell, forthcoming), some historical experience suggests the main war finance alternative, debt, might be equally unpalatable to individuals. Animus towards taking on additional debt—motivated by concerns about intra- and intergenerational inequity as well as fiscal responsibility—has been a prominent feature of wartime debates. In discussion about the Crimean War, for example, political economists such as John Stuart Mill argued that the burden of loans fell disproportionately on the “laboring classes” and therefore advocated for taxes that could more evenly distribute the financial burdens between classes (Anderson 1963, 323-324). In the United States, in his case for World War I taxation, President Wilson remarked that “Borrowing money is short-sighted finance...we should pay as we go. The industry of this generation should pay the bills of this generation.” While Keynes (1940) made a similar inter-generational equity argument against Britain borrowing for World War II, President Truman focused his pro-tax argument for concerns about fiscal responsibility in the Korean War, appealing to “standards of sound government finance” to advocate for a pay-as-you-go approach to war finance, with the Senate Finance Committee chair seconding that the US should not “add any more to our national debt” (*Washington Post* 1950).⁴

Despite the plausibility of rallies around the fiscal flag during wartime and the public’s animosity toward adding to the national debt, it may also be the case that confronting the financial costs of war through debt only will translate into greater support for war than if those costs are passed along in the presence of a war tax. The reason, as Gilbert put it in his study of World War I finance (1970, 4), is that taxes represent “a permanent transfer of purchasing power by the taxpayer to the government” and individuals are loath to see their purchasing power

⁴ See also *Chicago Tribune* (1951).

decline. Even in wartime, individuals may take issue with the direct impact of taxation. In his study of war making and state formation, Tilly concluded (2009, xiii) that taxation “constitutes the largest intervention of governments in their subjects’ private life, so much so that the history of state expansion becomes a history of violent struggles over taxes.” Public agitation can easily spill over into support for war itself because of the direct linkage between the tax and war. As the *Washington Post* editorialized about World War I war tax proposals (1919), “the bill will bring daily, almost hourly, reminders to the people of the United States of the burdens” of war, implying the close connection between the tax and the war. While that link creates scrutiny that corresponds with individuals’ tendency to impose decision-making constraints in war (Reiter and Stam 2002, 6), it also raises the prospect that the negative sentiments towards the tax could ultimately carry over into support for the war.

In contrast, the main alternative to war taxation is to accrue debt during the war and pay it off after the war by more gradual increases in tax rates (Ohanian 1997, 23-24). These increases are both less steep than those that must be levied during war to generate revenues—hence it is referred to as “tax smoothing” (Barro 1987, 237-238)—but also deferred to a populace with no electoral recourse over the leader or his conduct of the war, as the debt repayment through taxes takes place over decades rather than the immediate period of wartime (Brown 1990). Adam Smith suggested that the ability to defer the burden of taxes until after the war would provide enormous political appeal. Leaders, seeking to maintain support for a war, would be deterred from levying war taxes “for fear of offending the people who, by so great and so sudden an increase of taxes, would soon be disgusted with the war” (1776 [2008]). On the other hand, “the facility of borrowing delivers them [leaders] from the embarrassment which this fear and inability would otherwise occasion.” In so doing, it also delivers leaders from a key source of

accountability (Brautigam et al. 2008; Levi 1988; Shea 2013). Joseph Schumpeter suggested that the costs of war caused rulers to go “begging to the estates” for tax revenues, but in return for the unpopularity of extraction, those estates had earned more accountability in terms of how the princes undertook the wars (1954 [1918]).

Cross-National Differences

As the preceding section suggests, there are valid reasons to expect a populace to either rally around the fiscal flag during war or sour on a war financed in ways that expose them to direct fiscal burdens. However, effects observed among the population at large may obscure important heterogeneity across countries, types of conflict, and individual-level characteristics such as partisanship. A first area of heterogeneity that should be considered is that across democracies. Previous studies of public sensitivity to the costs of war have typically focused on the United States at least in the context of human costs (Gelpi et al 2009; Mueller 1973) or aggregated cross-national data, assuming that democracies generally respond relatively uniformly to the costs of war (Bueno de Mesquita 2004; Goldsmith 2007; Lake 1992; Siverson 1995; Valentino et al 2010). Studies that do consider potential cross-national differences in attitudes towards conflict in general (Johns and Davies 2012) have tended to sidestep the issue of cost sensitivity. While it may be that democratic populaces respond similarly to the financial burdens of war, it is also plausible that country-level differences would come into play.

To assess potential cross-national differences, we analyze the United States and the United Kingdom. Considering these two democracies helps control for a number of factors that might be relevant to institutional constraints in wartime, including regime type (liberal democracy), a country’s recent experience with war (Iraq and Afghanistan), and economic

development (advanced industrial economies). Yet the two countries differ in analytically useful ways. In particular, whereas the US has the third lowest levels of taxation among OECD countries, at rates of 27% of GDP (just above Mexico and Chile), the UK is in the top half, reaching about 37% (OECD 2013).

On the one hand, the higher tax burden could make British citizens more sensitive to additional taxes; on the other, the fact that tax levels are high could reflect tax tolerance that allows leaders to levy higher taxes without introducing negative political consequences. Although there are few cross-national studies on sensitivity to taxation (especially relative to debt burdens), one recent cross-national survey queried concerns about deficit reduction and respondents' willingness to pay higher taxes to reduce the debt, and indicated that despite having higher baseline tax levels, 36% Britons supported tax increases—higher than any of the 22 countries surveyed—as a way to bring down the debt, compared to just 23% of Americans (BBC 2010). Scandinavian countries might make for a valuable comparison by virtue of having tax traditions or tax levels that are appreciably different from those in the United States, but they have not had the same involvement in recent wars as either the US or UK, raising questions about the external validity of a hypothetical war tax.⁵ Taken together, we suggest that the UK and US offer a useful analytical comparison; the two countries control for a number of political and security factors but vary along dimensions—existing tax propensities—that would likely affect sensitivity to the way financial costs are passed along to the public. The extent to which the findings travel across the two countries may suggest some broader generalizability, at least to other democracies that have been involved in recent wars, share a liberal tradition, and record tax

⁵ The exception is Denmark, which was involved in Afghanistan between 2001-2013, and constitutes an interesting case for future research.

propensities similar to those of the UK or the US, including Canada, Australia, and New Zealand.

Differences in Types of Conflict

A second area of heterogeneity to be considered is the potential for variation across types of conflicts. A number of scholars have noted that a war's policy objective affects public attitudes (Davies and Johns 2013), whether due to the sense of legitimacy and likely efficacy and success of the operation (Gelpi et al 2009; Jentleson and Britton 1998) or the sense that the country's interests are at stake (Herrmann et al 1999). Thus, it may also be the case that the public's sensitivity to bearing the direct financial burden of war also hinges on the type of war.

We therefore consider whether sensitivity to the method of war finance depends on the type of war. If research on self-interest and public policy is any guide (Citrin and Green 1990; Horowitz and Levendusky 2011), individuals would be more willing to bear direct financial burdens for interventions directly on behalf of national self-interest compared to the promotion of values. If so, the effect of different forms of war finance on support for war would be present in conflicts where the stakes are low, as in a values-driven conflict, but be less salient when the stakes are high, as in a conflict over narrow security interests.

The Partisan Politics of War Finance

A third area of potential heterogeneity is partisanship, given its relevance across a number of policy issues (Levendusky and Horowitz 2012, 2). Indeed, the literature on fiscal policy has devoted considerable attention to the effects of partisanship, most prolifically in the context of how partisanship of those in government affects issues of taxation and spending

(Cameron 1978; Citrin 1979; Cusack 1999). While there is comparatively less research on the public's partisanship and attitudes about taxation, the conventional wisdom holds that individual party identification strongly influences attitudes about fiscal issues, such that the right is more hostile to the prospect of taxation than those on the left (Bartels 2008).⁶ Antagonism to the prospect of taxation would imply that conditional on the conflict being financed by higher taxes, support would be more adversely impacted among those on the right compared to those on the left.

While those on the right may generally be more averse to taxes than those on the left, the former are also generally more hawkish than the latter (Berinsky 2007; Johns and Davies 2013). Similarly, they have been found to support higher levels of defense spending, an indicator of support for a strong defense posture (Fordham 2007, 603-604). Partisan differences in terms of sensitivity to the costs of war would arise if support for defense issues were more or less dominant than those about fiscal issues; for example, the right's hostility to taxes might offset their hawkishness on defense, making them more sensitive to the costs of war when those costs are passed along through higher taxes. Given such partisan heterogeneity, leaders could be more confident in financing wars through taxes while still maintaining the support of their core constituencies, as research suggests has been the case in previous wars (Flores-Macias and Kreps 2013). However, if those on the right are both more sensitive to taxes but also more stalwart in their support for war, whereas those on the left are less sensitive to taxes and less robust in their support for war, the effect of a war tax on support for war might be similar across the political spectrum.

Evaluating the Relationship between War Finance and Support for War

⁶ Others, it should be noted, have found fewer partisan differences (Hawthorne and Jackson 1987).

To date, empirical studies of the relationship between financial costs of war and public opinion have relied either on aggregated costs or aggregate public opinion data, and have not been able to evaluate the main claim about how the public responds to different forms of war finance. Berinsky (2007, 984), for example, probes individual attitudes in response to overall costs but does not assess whether the way individuals experience those costs—whether through taxes or debt—impacts public opinion. Geys (2010) also studies the effect of financial burdens of war on public opinion but focuses on whether military expenditures affect presidential approval. However, given that a number of factors other than financial costs could also affect presidential approval, in his conclusion Geys (2010, 15) therefore urges “individual-level or experimental studies” that can better assess the effect of costs on public attitudes towards war, ideally studies that disaggregate the source of war spending into taxes and alternatives to taxes such as debt finance.

Beyond responding to this call for individual-level responses to the method of war finance, experimental studies also help address the potential endogeneity in historical experiences with war finance, in which leaders only propose war taxes in cases where they perceive support to be inelastic and shy away from them when they see that support is more feeble. Indeed, leaders across a number of wars have acted as though the adoption of a war tax would dent support for the war. In the Mexican-American War (1846-1848), the anti-war Whigs sought a war tax despite the US going into the conflict with a budget surplus, their logic being that the tax would “render the war detested as it is detestable” (*Alexandria Gazette* 1848). The President’s party demurred, however, anticipating the adverse effect that the war tax would have on a war whose popularity was already in question. President Johnson also recognized that levying a war tax might require political capital and was reluctant to introduce a Vietnam War

tax despite his economic advisers making the case for higher taxes as a way to finance the war while tamping down inflation (*Washington Post* 1968). His particular reticence stemmed from an anticipated backlash against both the war but also his domestic programs because of spillover from hostility towards a war tax (Zelizer 2005).

Given the problems with using aggregate data and the potentially endogenous relationship between war finance choices and public opinion about the war, we turn to a survey experiment. The experiment allows us to randomize assignment to treatment and control groups so that the public reaction is not a function of particular circumstances in which leaders introduced a war tax. In our case, an experiment can help evaluate whether the method of war finance affects support for war, independent of leaders' expectations about public reactions.

Experimental Design

To assess how different forms of war finance affect attitudes towards conflict across countries, we fielded original survey experiments in the United States and United Kingdom. Yougov, a well-established polling firm, administered the surveys to 2,500 adults in the US and 2,122 in the UK in June 2013. Respondents were given a scenario in which the government launched a military operation in another country, and then told about how the government would finance the war.

To make the scenarios as realistic as possible and minimize external validity concerns, we set the prevailing form of war finance in recent wars—i.e., through the existing budget and debt—as our baseline, and compare it to a treatment that incorporates war taxes to pay for part of the war—as was the historical norm of war finance. Since there is no such thing as a “no cost” war we do not ask about support for war in the abstract without mentioning debt or taxes.

Similarly, we do not compare a debt-only scenario with a tax-only scenario for external validity reasons: conflicts financed entirely through taxes have been a historical anomaly and are extremely unlikely in the contemporary period.⁷ Nonetheless, we do conduct robustness checks through follow-up experiments—discussed below—that evaluate separate treatments for both debt and taxes, and our findings remain unchanged.

For the first experiment, the control group was told that the war would be financed in part through the existing budget and in part through debt—the way the recent wars have been financed—while the treatment was told that the war would be financed in part through the existing budget, in part through debt, and in part through a war tax—which has been more the historical norm. Thus, the baseline and cost treatments represent plausible scenarios consistent with historical practice and allow us to test whether a difference in support exists and if so, with what magnitude.

To assess whether the relationship between war finance and support for war is contingent on the type of the conflict, we also divided the sample into three types of missions. Following Herrmann et al (1999, 556-557), we crafted a scenario regarding the attack of a “key ally,” where national interests were clearly at stake. Our second type of scenario was situated towards the values end of a self-interest-values continuum,⁸ framed as a mission for “humanitarian assistance.” The last scenario was a hybrid of the two; interests insofar as the intervention targeted a country exporting weapons of mass destruction but values insofar as it would instate a democratic regime. The resulting experiment was a 2x3 factorial design—two forms of war finance and three types of mission—in which respondents were randomly assigned to one of six experimental conditions. Lastly, to evaluate whether the relationship between war finance and

⁷ An exception is the Korean War.

⁸ For this typology of interests, values, and hybrid, we draw on Drezner (2008, 54) and Gelpi et al (2009, 100).

support for war is contingent on partisanship, we collected socio-demographic information from respondents including party identification.⁹

An important concern about experimental research is the degree to which findings are externally valid, both whether the scenarios themselves resemble behavior outside the study setting and whether the same study run on a different sample would generate similar findings (Druckman and Kam 2011, 43-44). Our experimental design addresses these concerns in two main ways. First, while we ask about hypothetical conflicts and forms of war finance, the prospective nature of these questions is consistent with several historical cases in which either country debated or levied war taxes before involvement in war: for example, the United States before the Spanish-American War, World War I, and World War II (Ratner 1942) and UK's first-ever income tax, which it levied for the War of the Second Coalition in the Napoleonic Wars (National Archives 1999). Given these precedents, we deem our scenarios to be consistent with historical practice. Second, to overcome any generalizability problems associated with convenience samples—whose findings may only apply to those groups participating in the experiment (Sears 1986)—we use Yougov, which as Davies and Johns note (2013, 728), has “an impressive track record of sampling and weighting to achieve representative samples.” Therefore, the experiments' findings are well suited to inform our theoretical understanding of the relationship between war finance and support for war—and the resulting constraints on democratic leaders—in general, and given differences in types of wars, democracies, and partisan identification, in particular.

Experimental Results

⁹ See the Appendix for experimental conditions and text.

Figure 1 points to the ways in which individuals' cost sensitivity varies depending on how the war is financed, with the absence of war taxes generating far greater support for war than in their presence. Figure 1 shows that mean support for the war declined on average by 10 percentage points in the presence of war taxes for the typical American respondent and 12 for the UK. The findings show remarkable regularity in how the method of war finance shapes public opinion in both countries. Although slightly larger in magnitude, the difference in support for war based on the method of war finance is not statistically different in the UK compared to the US.

[Figure 1 about here]

Differences in support conditional on the method of war finance remain when disaggregating support by type of war (Figure 2). Contrary to the expectation that the mode of war finance would not affect support when interests are at stake, there is a gap in support for the war based on differences in the method of finance regardless of the objective of the conflict—whether interests, values, or a hybrid. In the US, the difference amounted to 8 percentage points in the interest scenario, 9 in the hybrid scenario, and 12 in the values scenario. The difference in support as a function of the method of war finance occurs even for direct security threats, such as the defense of a key ally, in which direct fiscal sacrifice might have become secondary to security benefits. In this case, the introduction of war taxes results in a swing from a slight majority of respondents supporting the war (51.7%) to a minority (43.6%).¹⁰ The difference between the three types of conflicts' decline in support appears to increase as conflicts move away from interests and closer toward values, but this difference is not large enough to be statistically significant.

¹⁰ See the Appendix for levels of support by treatment for all figures.

[Figure 2 about here]

Indeed, we cannot rule out that these differences across wars are due to chance. In the US, whereas the difference in treatment effects between interest and values (-8.1 vs. -11.5) could be due to lack of statistical power, the difference between wars involving some form of interest-based mission—whether narrowly defined or a hybrid of interests and values—appears negligible (-8.1 vs. -8.9). In any case, the magnitudes of the effects on support for all wars are generally comparable in substantive terms, and the effect of the method of war finance holds even when interests are at stake.

As in the case of the US, the difference in support across the three types of war in the UK is smallest for conflicts with interest-based objectives—whether pure (9) or hybrid (11.5)—and greatest for conflict with a values-based objective (16.1). However, although these results are suggestive that the gap in support might be somewhat greater when values are at stakes compared to interests, the three conflicts' differences in support are not statistically different from each other. Instead, consistent with the US pattern, the gaps in support across conflicts are generally comparable.

Lastly, to assess whether the effect of war finance on support for war is contingent on partisan views, we estimated treatment effects by party ID. Figure 3 shows that war taxes dampen support irrespective of party in both the US and UK. Further, a logit model (shown in Appendix) suggests that, whereas party ID is a significant predictor of support for war—as expected—the interaction between partisanship and the mode of war finance is not significant.

[Figure 3 about here]

This finding shows that the effect of war finance on support for war is not contingent on partisanship. As discussed earlier, this might suggest that partisan views associated with taxes

and war might be neutralizing each other: Republicans might be less amenable to taxes but are also more hawkish than Democrats, and vice versa. In the UK, the differences among Labor, Conservatives and Liberal Democrats also appear not to play a role in shaping the relationship between war finance and support for war.

That differences in support for war are contingent on the method of war finance, across countries, types of conflict, and party identification is notable since our scenarios intended to create a difficult test for war finance. Thinking about the *prospect* of a tax should have a less adverse psychological impact than actually paying one, as it represents the difference in individuals' attachment to future income, which is less salient than the attachment one feels to income already earned (Kahneman and Tversky 1979). Moreover, if the historical record is any guide, political debates about war taxes would be quite acrimonious and controversial, which would also affect the salience of an actual war tax (Brownlee 1996, 37-106; O'Brien 1963, 22).

Further Testing the Effect of War Taxes

While this analysis suggests greater sensitivity to the financial costs of war when individuals experience those costs through debt than taxes, two questions may arise, one about the effect of question wording and the other about comparability with other costs. First, while we sought to generate realistic scenarios reflecting the actual mix of methods of war finance and a difficult test for the tax treatment, is the effect of war finance on support for war due to the wording of the tax treatment, which might convey a greater burden because it adds a third item (taxes) to the existing two items (budget and debt) in the baseline scenario? Second, are declines in support comparable to other factors that might dampen support, such as casualties, which have been cited as the most “visible and systematic measure of a war’s cost” (Gartner 2008, 97)?

To rule out the possibility that the effect of differences in the mode of war finance is due to different perceptions of the cost of the conflict in the debt and tax treatments, and to put the magnitude of the effect into broader perspective, we conducted a follow-up experiment as a robustness check, an experiment using an online sample of 411 individuals in the United States.¹¹ Based on the national interest intervention scenario (defense of an ally, which is the toughest test), we replicated the original experiment above with two modifications. First, in addition to the baseline (budget and debt) and tax treatment (budget, debt, and taxes), we included a treatment mentioning costs in the form of casualties (see Appendix for experimental conditions) to put the effect of war finance in perspective. This scenario made reference to “significant casualties” to bias in favor of a more consequential effect for casualties compared to taxes.

Results show that both the war taxes and casualties treatments had a negative, significant effect on support for war with respect to the debt treatment (Figure 4). This magnitude of the effect was 12 percentage points for taxes—which is comparable to those from the nationally representative experiments in the US and UK—and 20 for casualties. When comparing the financial and human costs, the effect of significant casualties is substantively greater than that of taxes, although distinguishing statistically between the two would require more statistical power. These results lend support to the earlier findings in the US and UK experiments showing that support for war is contingent on the method of war finance. They also suggest that the effect of taxes on support may not be quite as large as that of casualties, but it is still a considerable one.

[Figure 4 about here]

¹¹ Subjects were recruited via Amazon’s Mechanical Turk service between in November 2014. As Berinsky et al (2012) have shown, using convenience samples recruited through Amazon Turk yields comparable treatment effects as those employing nationally representative surveys. Since we were more interested in treatment effects for this part of the analysis—as a follow-up to the main experiment where we were better able to generalize about the population at large—we deemed the use of a convenience sample warranted.

Second, to evaluate whether question wording influences the perceived cost of the war—with the different treatments potentially signaling different burdens—we asked all respondents how costly they thought the war would be and presented them with five choices: 1) \$100 billion (not costly); 2) \$300 billion (a little costly); 3) \$500 billion (somewhat costly); 4) \$700 billion (very costly); and 5) \$900 billion (extremely costly). Given that large amounts of money tend to be hard to comprehend, each choice had both a dollar amount and a phrase in parenthesis alluding to the cost in relative terms. As Figure 5 shows, the mean estimated cost is similar across treatments, and almost indistinguishable between taxes and debt.

[Figure 5 about here]

Although the mean cost in the casualty treatment is slightly greater than the rest, the difference is not statistically significant. Tests of differences in means as well as non-parametric Mann-Whitney U tests¹² (shown in the Appendix) for each pair of treatments suggests that results are not driven by different perceptions of the war's costs. While the robustness check only probed the United States, it is at least suggestive that the original findings were not a function of wording that biased in favor of the tax treatment. It also offers a step in the direction of comparing the way financial costs of war weigh on support for war relative to casualties, which, to our knowledge, has no antecedent, though we would urge follow-up studies to further probe other types of costs and burdens, such as conscription, and thresholds other than “significant casualties.”¹³

¹² Mann-Whitney U or Wilcoxon-Mann-Whitney tests evaluate differences in the rank of individuals' estimates (rather than their actual estimate) across groups and are therefore less influenced by outliers and large standard deviations across responses. We are grateful to an anonymous reviewer for bringing this test to our attention.

¹³ More systematic analysis of these costs should be considered, as well as in relation to other burdens, such as conscription (Horowitz and Levendusky 2011). Scholars might also consider varying the nature of the tax, including the size, excise versus income, progressive versus flat (Scheve and Stasavage 2010) and comparing with democracies with different political or fiscal traditions other than the US and UK to explore further the generalizability of these findings.

Implications for Domestic Constraints in Wartime

Our findings point to the independent effect of war finance on support for conflict. Individuals are more sensitive to the costs of war when they come into contact with those burdens through taxes rather than debt, a relationship that holds across democracies, types of conflicts, and partisanship. These findings offer several contributions to the existing literature on the source of domestic constraints in wartime.

First, to the extent that previous work has analyzed financial cost sensitivity in wartime, it has been through aggregate data, analyzing how spending on the Vietnam War affected Presidential approval rather than individual-level preferences that provide the institutional constraints in terms of leaders' conduct of war (Geys 2010). Our study responds to the call for individual-level data and finds that conflicts where war taxes are absent experience greater levels of support by as much as 16% compared to the baseline scenario with debt.¹⁴

Second, our analysis suggests that the dampening effect of taxes on support does not appear to be contingent on the type of war. Rather, there was evidence of a gap in support in all three types of policy objectives, with individuals sensitive to the financial costs of war associated with narrow national interest operations as well as those that would fall under the heading of values (or a hybrid thereof). Although the magnitude of the effect becomes larger as wars become more values-oriented, we cannot rule out that differences are due to chance. To the extent that we do not see meaningful differences in how mission type affects sensitivity to the financial costs of war, our findings run counter to, or at least offer scope conditions for, previous studies such as Herrmann et al (1999) who conclude operations where interests are at stake narrow the gap between isolationists and internationalists, and Gelpi et al (2009, 64, 107), who

¹⁴ As in the values-related conflict in the UK.

find that the type of mission becomes an important, differentiating lens through which individuals anticipate the likelihood of success for a mission.

Third, regardless of different baseline propensities for taxation, the two countries investigated here—the US and UK—show comparable sensitivity to the method of war finance. This finding not only exhibits remarkable stability across countries with different tax levels and attitudes, but also goes beyond the existing literature on public opinion and the use of force, which has tended to focus only on the United States (Eichenberg 2005; Gelpi et al 2009; Jentleson and Britton 1998; Mueller 1973) or the UK (Lai and Reiter 2005) but not both in a systematic way. Several studies that focus on cross-national attitudes in the context of military force (Johns and Davies 2012; Tomz and Weeks 2013) have not evaluated these attitudes in the context of cost sensitivity or varying political objectives.

Fourth, whereas support for war is a function of partisanship, we find that the gap in support that results from the method of war finance holds regardless of party identification and indeed across a different political landscape such as in the UK. The implication of this finding is that all partisan positions are prone to experiencing the gap in attitudes toward conflict when one mode of finance is chosen over another, a challenge to previous research that has shown strong partisan differences when it comes to policies involving both fiscal matters and conflict (Bartels 2008; Fordham 2007).

Fifth, and most importantly, beyond the contribution of evaluating empirically the relationship between war finance and support for war, our findings have implications for understandings of democratic accountability in wartime. By reducing public opposition to war, borrowing in turn grants leaders greater latitude in wartime, as the deferred nature of debt means that the public has fewer incentives to check the costs of war. Borrowing, then, has political

advantages beyond allowing a state to outspend its rival (Schultz and Weingast 1998; Slantchev 2012); it also enables leaders to sustain public support—or at least minimize opposition—by shielding the public from the direct costs of war. Thus, much as the design of conscription institutions can reduce opposition to war and release leaders from institutional checks (Gowa 2000), so too can the structure of war finance, with debt more likely to anticipate opposition and loosen decision-making constraints compared to war taxes. Given that the cost of borrowing for both the United States and United Kingdom is among the lowest in the world, there are—and will likely continue to be—few constraints in terms of their ability to shield the public from the direct costs of war. By comparison, states that have greater constraints on the ability to borrow face the choice between more limited military engagements or passing along the costs in the form of taxes, both of which imply constraints on their conduct of war. This may explain why Colombia, whose cost of borrowing is considerably higher than either the US or UK, has levied a series of security taxes to fund its guerrilla war (Flores-Macias 2014). By looking at democracies that have been involved in a number of recent conflicts, however, we provide a valuable first step in assessing the effect of war finance on public support for war.

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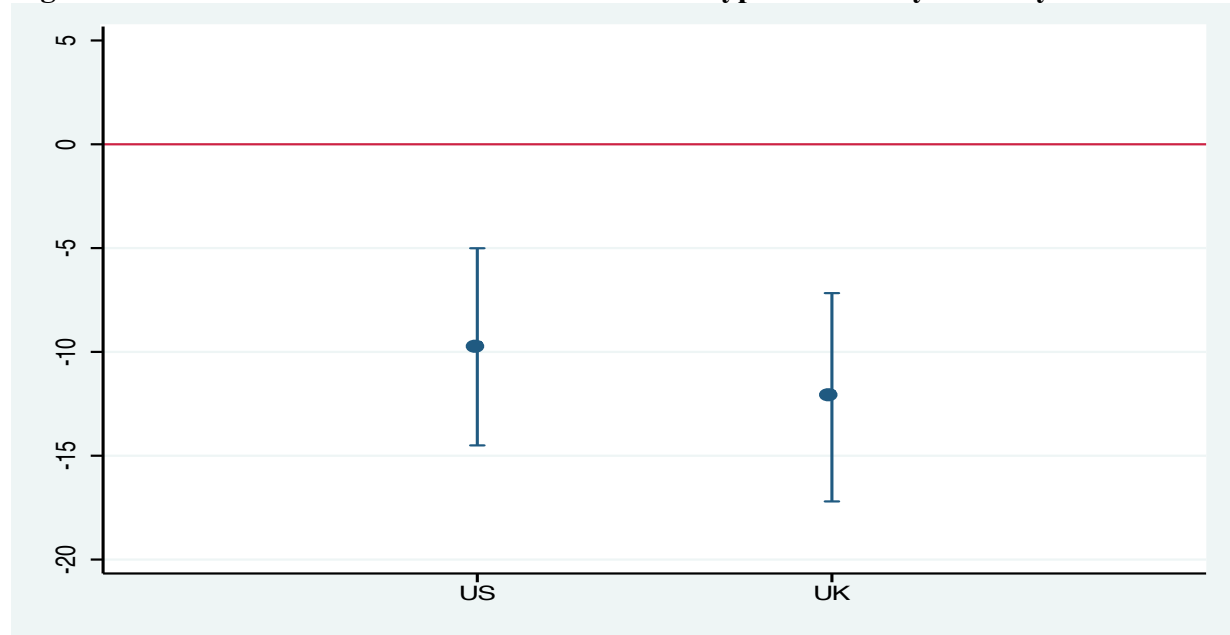
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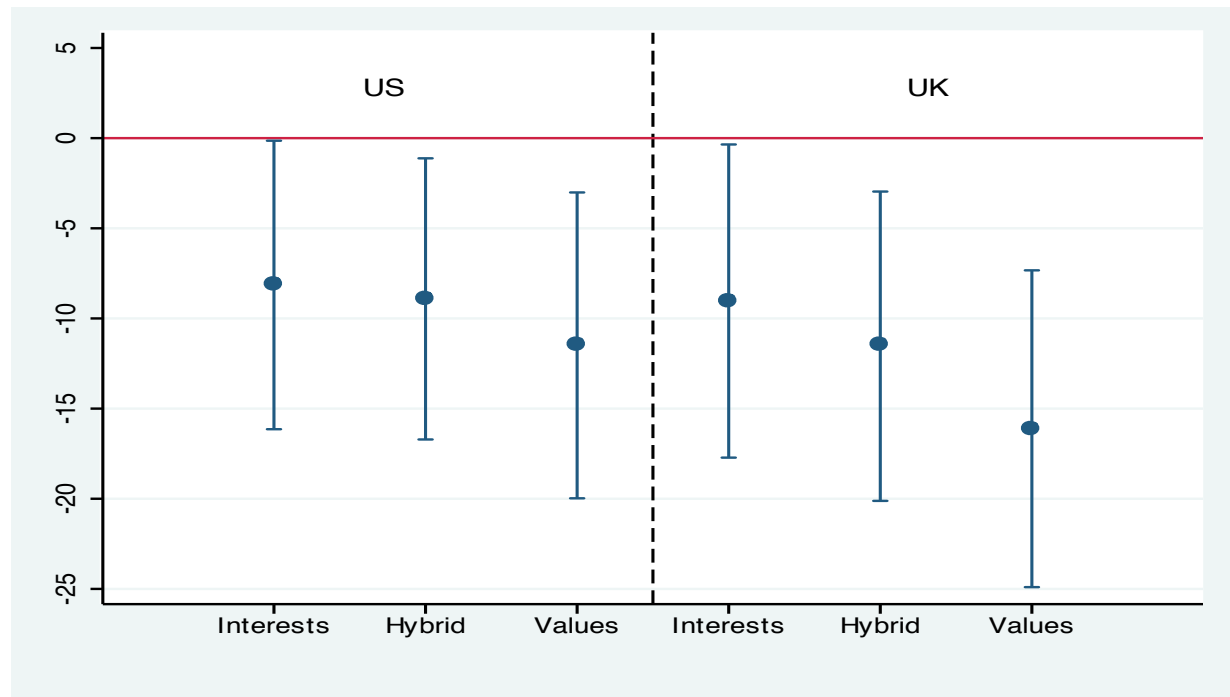
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Figure 1. Effect of Method of War Finance for All Types of War by Country



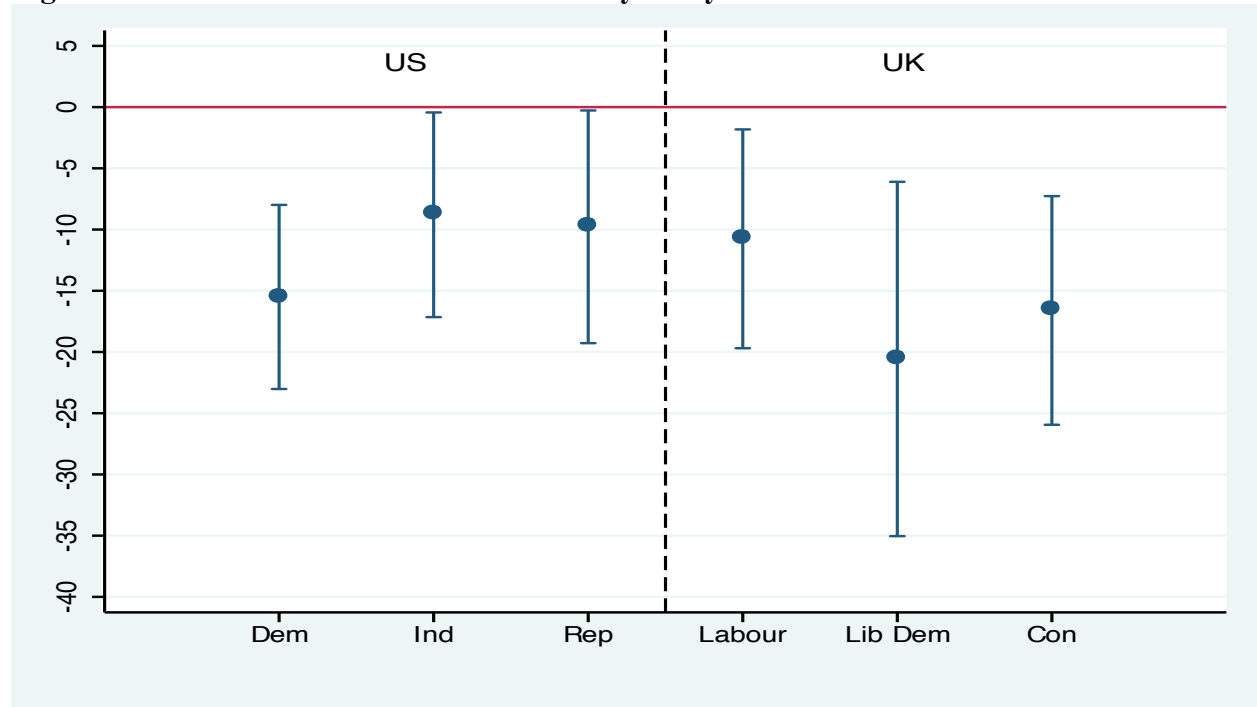
NB: Point estimates represent change in support for war compared to the baseline treatment. Vertical lines represent 95% confidence intervals and do not cross zero. All tests are two-tailed.

Figure 2. Effect of Method of War Finance by Type of War



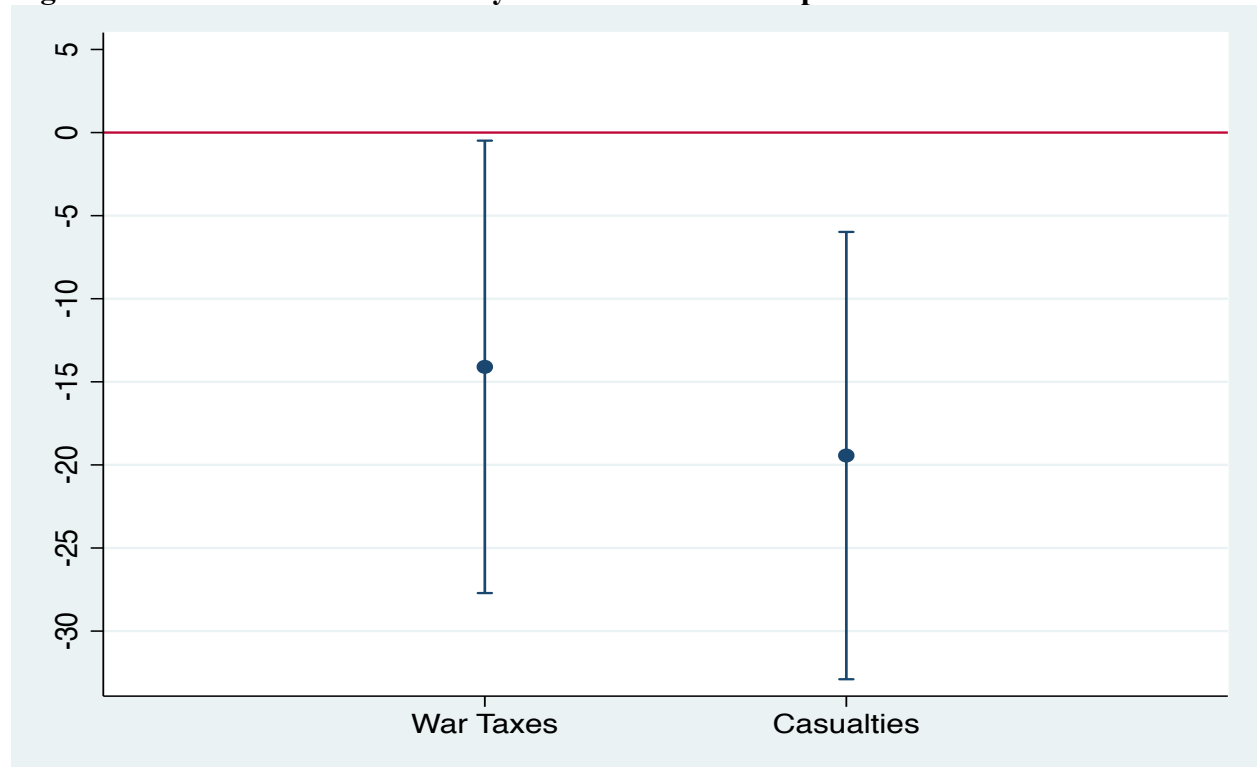
NB: Point estimates represent change in support for war compared to the baseline treatment. Vertical lines represent 95% confidence intervals and do not cross zero. All tests are two-tailed.

Figure 3. Effect of Method of War Finance by Party Identification



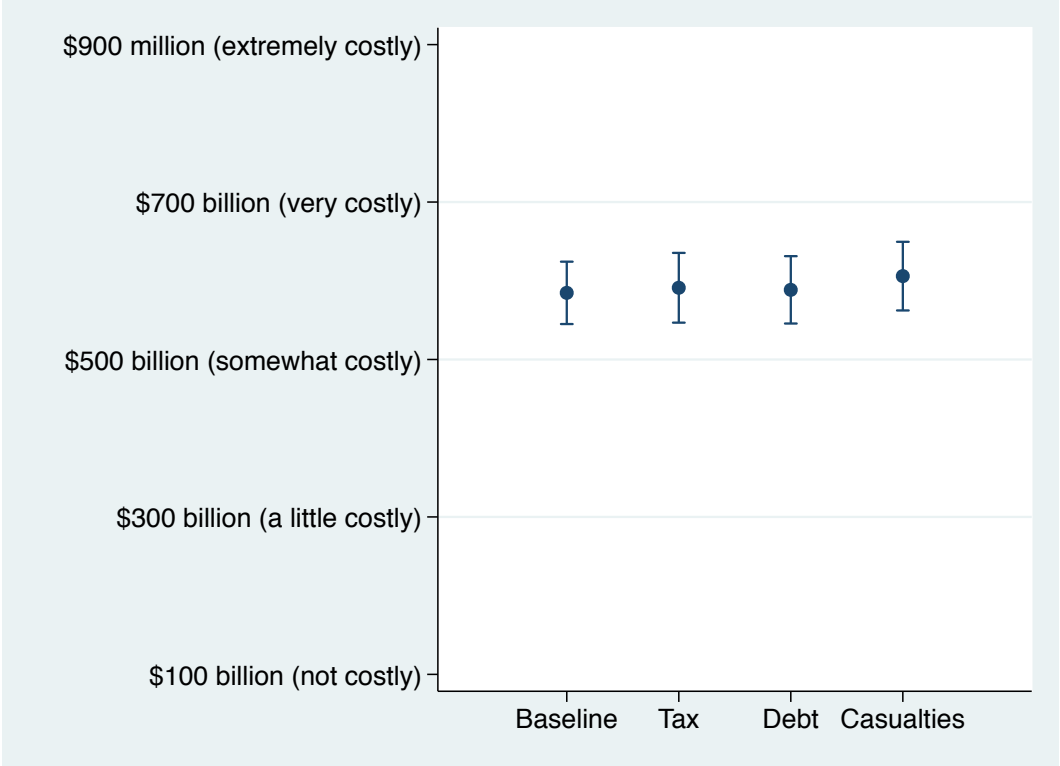
NB: Point estimates represent change in support for war compared to the baseline treatment. Vertical lines represent 95% confidence intervals and do not cross zero. All tests are two-tailed.

Figure 4. Effect of Tax and Casualty Treatments with Respect to Debt Baseline



NB: Point estimates represent change in support for war compared to Debt treatment. Vertical lines represent 95% confidence intervals. Confidence intervals for tax and casualties do not cross zero. All tests are two-tailed.

Figure 5. Mean Estimate of the Cost of the War by Treatment Condition



NB: Point estimates represent mean estimated cost of the war for each treatment. Vertical lines represent 95% confidence intervals.