

# Diplomatic Relations and Conflict Management: A Dynamic Analysis

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# Do Diplomatic Relations Matter?



“If you don’t fund the State Department fully, then I’m going to need to buy more ammunition ultimately.”

—Gen. James Mattis, 2013, to the Senate Armed Services Committee

# Competing Explanations

Do diplomatic relations matter for conflict management, and if so, why?

- **Spuriousness:** Countries prefer diplomatic ties with the kinds of partners they wouldn't fight anyway
- **Symbolism:** Short-run incentive to express displeasure by cutting off ties in dispute
- **Clever diplomats:** Professional diplomats help countries find attractive alternatives to conflict
- **Commitment device:** Tie hands by stationing diplomats — incentive not to jeopardize their safety by starting crisis

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## Approach

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- Set up formal model of diplomacy and conflict that allows for each class of explanations
- Derive statistical method to estimate formal model parameters
  - Which explanation(s) best fit observed data?
  - Dynamic discrete choice methods from Rust (1987, 1988)
- Collect new data on US diplomatic relations to estimate

# Structural Model Basics

Basic ingredients:

- Independent sequences of interactions between US and each other country  $m = 1, \dots, M$
- Infinite horizon  $t = 0, 1, \dots, \infty$ , observed up to  $T_m$
- Constant discount factor  $\delta$
- Each country has associated covariates  $x^m$
- Goal is to estimate parameters  $\theta$  of US's utility (and transition probabilities)

Only modeling the US's decision-making. Treating other countries in reduced form.

# States and Actions

- State of the world  $S_t = (R_t, D_t)$ 
  - $R_t$ : diplomatic Relations (binary)
  - $D_t$ : military Dispute (binary)
- US's actions  $a_t = (r_t, d_t)$ , each also binary
  - Determine (probabilistically) next period's state,  $S_{t+1}$
- Each period, US receives immediate payoff  $u(S_t, a_t | x^m, \theta)$ 
  - Function of other country's attributes  $x^m$
  - Parameters  $\theta$  control shape of that function
- US objective each period:

$$\max_a \left[ \underbrace{u(S_t, a)}_{\text{now}} + \delta \underbrace{EV(S_t, a)}_{\text{later}} \right]$$

## Static Utility Parameters

**Long run** payoff to US for being in state  $S = (R, D)$

$\alpha_R \cdot x^m$  Net benefit of Relations

$\alpha_D \cdot x^m$  Net benefit of Dispute

$\alpha_{rel \times disp}$  Addl. benefit/cost of diplomatic ties in dispute

**Short run** payoff to US for taking action  $a = (r, d)$

$\beta_{cutoff}, \beta_{disp \times cutoff}$  Net benefit of ending relations  
+ effect of ongoing dispute

$\beta_{init}, \beta_{rel \times init}$  Net benefit of starting dispute  
+ effect of diplomatic relations

$\beta_{backdown}, \beta_{rel \times backdown}$  Net benefit of ending dispute  
+ effect of diplomatic relations

## Data

- Unit of observation: country-month
- US interactions with  $M = 205$  other countries
- Time frame 1816–2007
- 154,768 country-month observations
  - Relations: legation/embassy-level representation, coded from U.S. Dept. of State narratives
  - Disputes: Militarized Interstate Disputes from Correlates of War Project
- Country-level covariates
  - S-score, democracy, distance, major power status, relative military power
  - Averaged across time period
  - Robustness check: refit within temporal subsamples

## Results: Overall Effects

Average estimated effect of state variables on US choices.

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Effect	Absolute	Relative
Relations $\Rightarrow$ Initiation	-0.002 [-0.009, -0.001]	-0.7 [-0.8, -0.3]

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Dispute $\Rightarrow$ Sever relations	0.006 [0.003, 0.014]	21.8 [3.9, 55.7]

## Results: Static Utility Components

Parameter	Estimate	Std. Error	$p < 0.05?$
<i>Long-run state payoff (covariates omitted)</i>			
$\alpha_{rel \times disp}$	-0.4	0.2	✓
<i>Immediate diplomatic action payoff</i>			
$\beta_{cutoff}$	-13.0	0.2	✓
$\beta_{disp \times cutoff}$	0.4	2.6	
<i>Immediate dispute action payoff</i>			
$\beta_{init}$	-12.1	4.7	✓
$\beta_{rel \times init}$	1.8	2.7	
$\beta_{backdown}$	3.8	4.7	
$\beta_{rel \times backdown}$	-2.2	2.7	

# Results: Interpretation

How do diplomatic relations influence the chances of peace?

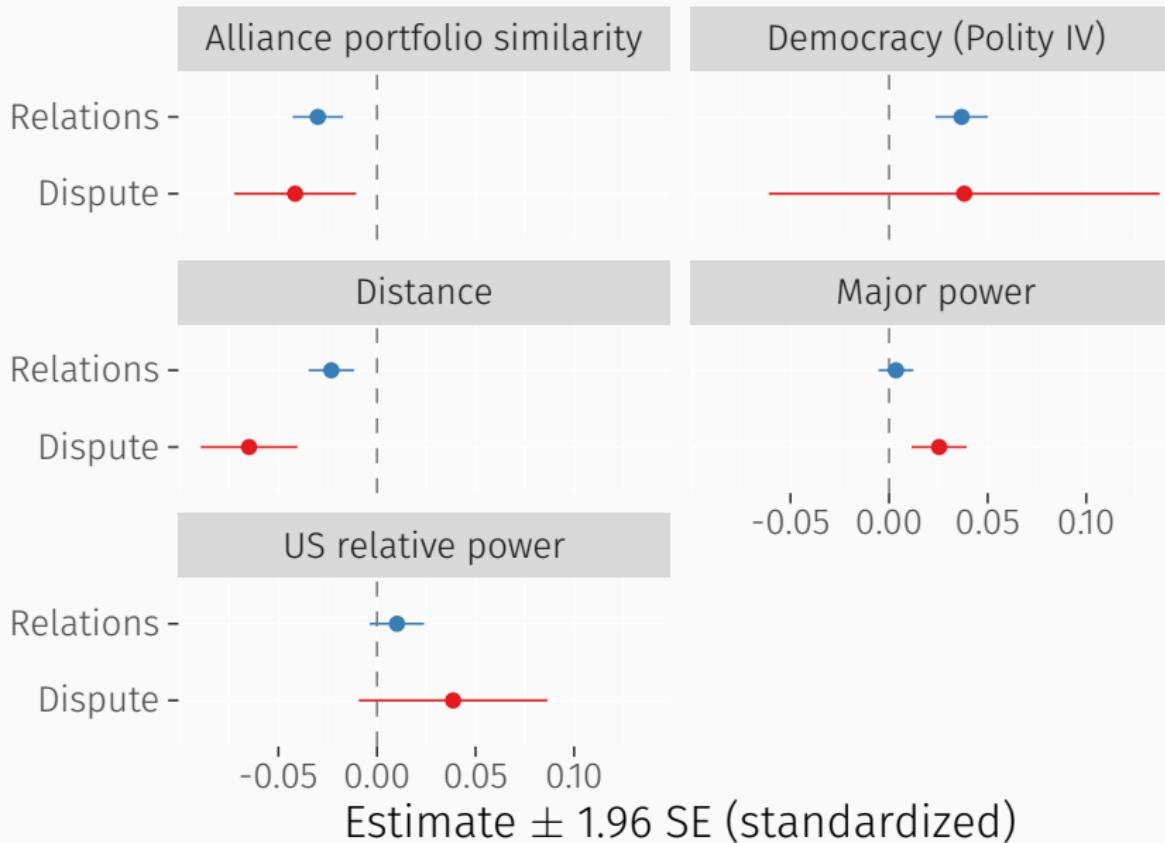
## 1. Commitment effect

- Relations make it costlier for US to initiate or prolong disputes
- Short-run cost of withdrawing diplomats
- Long-run cost of maintaining them during dispute

## 2. ...induces a selection effect

- US will be more hesitant to establish relations when exogenous chance of dispute is higher
- Autocracies
- Powerful states

# Results: Covariate Effects on State Payoffs



# Conclusions

Best explanation for diplomacy–peace link is diplomacy as a commitment device.

Insufficient evidence for spuriousness or short-run incentives.

Directions for future work:

- Extend scope of analysis – how much does US case generalize?
- Incorporate strategic interdependence