

# Unrecognized States: A Theory of Self-Determination and Foreign Influence

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# Unrecognized States

Unrecognized states (URS): control and govern territory, seek recognition

- ▶ Six current URS more than 20 yrs old (+ Eastern Ukraine)
- ▶ No explanation in the literature for how this can be a stable outcome

# What we do

We demonstrate unrecognized statehood can be a “status quo” outcome

- ▶ (SPN) Equilibrium in a repeated game
- ▶ Four players
  - ▶ Home government
  - ▶ Secessionist elite
  - ▶ Patron state
  - ▶ International community
- ▶ State variable: Status Quo (SQ) payoffs for secessionists

# The General Idea

In each period: secessionists and gov't each choose (simultaneously) among {Fight, Status Quo, Cede}

- We need Status Quo to be a stage game best response for both secessionists and gov't

We add some more realistic elements:

1. Unrecognized status reduces Status Quo payoffs of secessionists each period
2. Patron and int'l community can make investments in both actors' payoffs

# Outline of Talk

1. Model
2. Status quo equilibrium
3. What we can say about sanctions
4. Conclusion

# Timeline

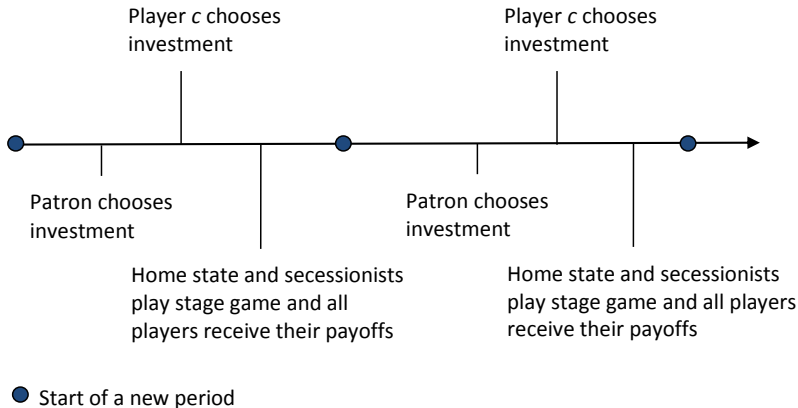


Figure: Timeline

## Outside Actors

International community ( $c$ ): desires reunification

Patron ( $p$ ): desires recognized independence

- ▶ Each has preferences that are aligned with one of the home state actors
- ▶ Patron may most prefer SQ; our assumption stacks the deck against us

$p$ 's per period payoffs:  $U_{pt} = -\alpha X + \lambda Y - R_{pt}$

$c$ 's per period payoffs:  $U_{ct} = \beta X - \nu Y - R_{ct}$

- ▶  $X = 1$  if the secessionists rejoin the home state
- ▶  $Y = 1$  if the home state recognizes the secessionists

# Home State Actors

Central Government of Home State ( $g$ ): desires reunification

Secessionists ( $s$ ): desire recognized independence

- ▶ Central issue of contention: recognized independence vs. reunification.

Assumptions:

- ▶ Issue of status is indivisible, highly valued by both sides
- ▶ Insufficient credible side payments for easy settlement



# Stage Game between Home Gov't & Secessionists

$g \downarrow, s \rightarrow$	Fight	Status Quo	Cede
Fight	$\omega_{gt}, \omega_{st}$	$\omega_{gt}, \omega_{st}$	$W_{gt}, L_{st}$
Status Quo	$\omega_{gt}, \omega_{st}$	$Q_{gt}, Q_{st}$	$W_{gt}, L_{st}$
Cede	$L_{gt}, W_{st}$	$L_{gt}, W_{st}$	$Q_{gt}, Q_{st}$

Stage Game Payoffs

where  $\omega_{it} \equiv p_1 (W_{it} - \zeta_i) + (1 - p_1) (L_{it} - \zeta_i)$

- ▶ fixed cost of war  $\zeta_i$
- ▶ probabilities  $p_1$  of victory,  $1 - p_1$  of loss
  - ▶ can also handle non-decisive war

and  $Q_{st} \equiv Q_{s,t-1} - \mu + R_{pt} - R_{ct}$

# Main Result

## Proposition 1

There exists an equilibrium in which the outcome is perpetual unrecognized statehood. The actions in this equilibrium are

1.  $p$  invests to create a buffer of  $\frac{\beta}{1-\delta}$  between the payoffs from ceding and the status quo in the first period;
2.  $p$  invests up to  $\mu$  each period thereafter to maintain the buffer;
3.  $c$  invests nothing;
4. both  $g$  and  $s$  play *Status Quo* each period.

## Proposition 1 Continued

The following are sufficient conditions for the equilibrium:

1. *For both  $g$  and  $s$ ,  $Q_{it} \geq L_{it} \forall t$ .*
2. *For both  $g$  and  $s$ ,  $\frac{Q_{it}}{1-\delta} \geq -\zeta_i + \frac{W_{it}(p_1) + L_{it}(1-p_1)}{1-\delta} \forall t$ .*
3.  $\alpha \geq \beta$ : *reunification is more important for  $p$  to avoid than for  $c$  to achieve.*
4.  $\nu \cdot p_{1s} \geq \lambda \cdot p_{1s} + \mu + \beta$ : *recognition of  $s$  is more important for  $c$  to avoid than for  $p$  to achieve.*
5.  $B_{p1} \geq \frac{\beta}{1-\delta} - (q_{s1} - l_{s1})$ : *the patron can afford to deter player  $c$  from inducing reunification at the beginning of the game.*
6.  $B_{pt} \geq \mu, \forall t > 1$ : *the patron can afford to pay to maintain the status quo.*

# Sanctions (I)

## Proposition 2

Assume the conditions of *Proposition 1* hold in the absence of sanctions and that sanctions affect only player *s*'s Status Quo payoffs. In order for sanctions to lead to ceding by the secessionists, the following are required:

1. The patron must be unable or find it not worthwhile to invest the additional amount now required to maintain the status quo.
2. The patron must be unable or find it not worthwhile to invest to instigate fighting by the secessionists.
3. The continuation value from SQ must fall below that from Cede before it falls below that from Fight.

## Sanctions (II)

### Proposition 3

Assume the conditions of *Proposition 1* hold in the absence of sanctions and that sanctions affect both player  $s$ 's status quo payoffs and its military capabilities.

The parameter space over which a war will be initiated by the home state is increasing in the magnitude of the sanctions' impact on the secessionists' military capabilities.

# Conclusion

- ▶ We present a unified four-player framework for analyzing unrecognized statehood and its alternatives
- ▶ We show unrecognized statehood can emerge in equilibrium even when it is a terrible outcome for all involved
  - ▶ Unfortunately, it is not difficult to imagine Eastern Ukraine on our list of URS in 20 years
- ▶ The model demonstrates why sanctions may be counterproductive and suggests that positive inducements may be more productive