Unrecognized States: Theory and Cases

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**Abstract**

Unrecognized states destabilize the international system and impoverish their residents. Thus, unrecognized statehood is a profoundly undesirable outcome, and yet it is often a stable equilibrium. Game theoretic modeling has proven effective at clarifying the strategic logic that sustains unrecognized states, and offers insight into possible paths to resolution. In this chapter, we draw on these insights, and illustrate them with discussion individual cases. The game theory on which we draw analyzes not only the actions of unrecognized states and the home states from which they are attempting to secede, but also the patrons that support these unrecognized states and the actors in the international community who work to induce peaceful settlement. In this piece, we focus particularly on evaluating the policy options available to peace and development-seeking actors in the international community as they work to resolve these stalemated conflicts.

Unrecognized states destabilize the international system and impoverish their residents. Because the borders of these territories are contested, the threat of violent conflict is ever present. Unrecognized states are unable to sign trade agreements or receive most foreign aid, and most face economic sanctions, a combination that leaves their residents isolated and impoverished. Thus, unrecognized statehood is a profoundly undesirable outcome, and yet it is nonetheless often a stable equilibrium. In addition to the long-standing unrecognized states of Somaliland and the Turkish Republic of Northern Cyprus, many of the unrecognized states that emerged when the Soviet Union collapsed still enjoy *de facto* independence a quarter century later.

Because unrecognized statehood is such a clearly unfavorable outcome for the two primary parties involved – the unrecognized state itself and the home state from which it is attempting to secede – much of the existing work has treated unrecognized statehood as an aberration, a temporary phenomenon, or the result of irrationality on the part of one or more actors. We use game theoretic analysis to challenge this understanding. We argue that unrecognized statehood can, in fact, be a stable equilibrium outcome, and that it can be sustained even when all the players involved are perfectly informed and behaving rationally. Game theory provides value in this context by laying bare the mechanisms by which unrecognized statehood is sustained as a stable equilibrium outcome, and thus illuminating the ways in which these conflicts can be peacefully transformed.

This article draws on prior, more technical work, which models the behavior of four players: the *de facto* government of the unrecognized state, the home state government, the patron state that supports the unrecognized state, and a fourth player representing actors in the international community that prefer peaceful reunification (Buzard, Graham, and Horne 2017). Here, we present the core findings of this model and explore their policy implications. To do so, we apply the model to several current cases of unrecognized statehood: Abkhazia, Turkish Republic of Northern Cyprus, and XXX. Engagement with the details of actual cases informs us as to what paths to resolution look like in practice, and what roadblocks stand in the way.

**The Empirical Landscape**

Table 1 presents the full universe of unrecognized states that have existed since WWII and describes their current status. We define unrecognized states as territories in which a non-state actor controls territory, governs a population, and seeks but does not receive broad recognition as an independent state.

These cases represent the most successful cases of attempted secession in the post-WWII era, and yet eventual military defeat by the home state is still the modal form of resolution. Recognition by the home state is rare, occurring in only three cases and never except as a direct result of concessions won on the battlefield. In cases where recognition by the home state or the right to a referendum on independence is not secured as part of the initial peace agreement, it has not historically been forthcoming. Only four cases of negotiated reunification are observed: secessionists who are strong enough to secure and retain territorial control are rarely willing to surrender their independence at the bargaining table, even though the chances of eventual recognition are vanishingly slim. Thus, the number of long-running, costly stalemates has been substantial, most of them eventually ending in military reconquest by the home state. By analyzing the policy options available to the international community, we are able to point toward those strategies with the most promise for avoiding the violence that usually accompanies the resolution of disputes between home states and the territories that attempt to secede from them.

Table 1: Current Status of Militarily Successful Secessions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unrecognized States (Recognized by fewer than 10 UN members) | Partially recognized states (Recognized by more than 10 members, but not the home state) | Rejoined home state following military defeat of secessionists | Rejoined home state in negotiated settlement | Recognized by the home state |
| * Abkhazia * Nagorno-Karabakh * Somaliland * South Ossetia * Transnistria * Turkish Republic of Northern Cyprus | * Kosovo * Taiwan1 * Palestine2 | * Anjouan3 * Biafra * Chechnya * Croatian Republic of Herzeg-Bosnia * East Turkestan Republic * Hyderabad * Katanga * Republic of Mahabad * Tamil Eelam * Republika Srpska * Republika Srpska- Krajina * Western Bosnia * Western Sahara4 | * Ajara * Bouganville * Gagauzia * Moheli | * Bangladesh * Eritrea * South Sudan5 |

1 Taiwan does not officially seek independence and those states that recognized Taiwan recognize it as sovereign over all of China.

2 Palestine is recognized by about 100 states, but has only permanent observer status at the UN, the same status accorded the Vatican.

3 Anjouan separated from the Comoros on two occasions: first in 1997 and again in 2007. The first separation ended in negotiated settlement. The latter separation lasted less than a year and ended in military defeat of the secessionists.

4 All but a tiny portion of the territory claimed by the Polisario Front is under the control of Morocco: nonetheless, some states still recognize the territory’s independence.

5 South Sudan was recognized by just over 120 countries, including Sudan, and admitted to the United Nations in its first year of independence but it remains well short of universal recognition.

**A Model of Unrecognized Statehood**

Buzard, Graham, and Horne (2017) model a dispute over a piece of territory that is controlled by a secessionist group and also claimed by a home state. Because the model incorporates the incentives and actions of international actors, it is able to both articulate the mechanisms that create these persistent stalemates and to assess the consequences, intended and otherwise, of outside actors' attempts to foster their desired outcome.

*The Players*

The model features four players: the secessionists, who seeks recognized independence; the central government of the home state, which seeks reunification; and two outside actors: the patron and the international community.

The international community prefers reunification to recognized independence—a preference that is common to most states, and especially among those that fear the prospect of secessionist movements within their own borders.[[1]](#endnote-1) We also assume that the international community prefers peace to war; this implies that the international community will not fund a military buildup that it expects will induce war.

In contrast, the patron most prefers recognized independence and opposes independence, aligning its interests with the secessionists. We refer to the patron as such because it contributes resources to the unrecognized state in the status quo equilibrium. Although there may exist patrons whose most-preferred outcome is the status quo, we focus on cases where the patron's most preferred outcome is independence because this is the condition under which the status quo is least likely. Even in this circumstance the status quo remains an equilibrium outcome.

The only assumption we make about the preferences and capabilities of the home state government and the secessionists is that the payoffs for the party that cedes the issue of status (independence vs. reunification) are consistently low. This reflects the fact that the issue of status is indivisible and highly valued by each side and that many of the payments that could be offered are not credible (Licklider, 1995; Walter 1997, 2002; Doyle and Sambanis, 2006; Fearon and Laitin, 2007; Schultz, 2010).

*Details of the Dynamic Game*

The game begins at a status quo in which the secessionists control at least some of the disputed territory but cannot gain international recognition unless the central government cedes its claim to the territory. This condition is archetypical of cases in which a militarily successful war of secession ends in a ceasefire.

There are an infinite number of discrete time periods in the game. Play proceeds in each period until an absorbing state is reached.

1. The patron chooses an investment level to influence the payoffs of the home state government and/or the secessionists.
2. The international community chooses an investment level to influence the payoffs of the home state government and/or the secessionists.
3. Conflict Stage Game: The secessionists and the home state government play a stage game in which each chooses simultaneously from the following actions: Fight, Status Quo, Cede.

The payoffs at the end of a period are determined by these actions and the values of state variables that keep track of the value of the status quo, losing and winning the issue of status for the secessionists and home state government. All the state variables except for the secessionists' status quo payoffs remain unchanged from period to period unless the patron and/or the international community makes an investment. The status quo payoffs for the secessionists are automatically reduced by a fixed amount each period, reflecting the costs of non-recognition.

If both the secessionists and the home state government play Status Quo, then the status quo persists. Likewise, if both simultaneously play Cede, we assume that both renege immediately and that the status quo is preserved for that period. Since neither player has demonstrated a willingness to give up more than the other. These are the only outcomes of the stage game that do not lead to absorbing states.

If either the secessionists or the home state government plays Cede while the other plays Fight or Status Quo, the game ends with payoffs in every subsequent period given by the corresponding payoffs in the stage game—i.e., the result is a negotiated settlement benefiting the player who did not cede. If either of the parties attacks unilaterally or both attack simultaneously, the result is war. We use a lottery to determine whether the secessionists or government wins the war. The victor is able to force recognition/reunification.

Future payoffs are discounted to reflect the fact that players value present payoffs more than future payoffs. The payoff functions and all parameters, including probabilities in the war lottery, are common knowledge for all players.

**Explaining the “Status Quo” Equilibrium**

Unrecognized states are frequently viewed as temporary phenomena or as non-equilibrium outcomes attributable to players' misperceptions of the strategic situation, or their fundamental irrationality. Analysis of the game above shows that unrecognized statehood can be an equilibrium outcome capable of being sustained in perpetuity by fully rational, perfectly informed actors.

We begin by listing a set of restrictions on the preferences of the actors and their resources for which we can guarantee that unrecognized statehood is an equilibrium outcome.

1. For both the secessionists and the home state government, remaining in the status quo is better than ceding at the beginning of the game.
2. For both the secessionists and the home state government, the expected outcome under war is worse than the status quo at the beginning of the game.
3. Either the secessionists prefer ceding to war or the patron's disutility from war is greater than the per-period cost of offsetting the deterioration in the secessionists' status quo payoffs.
4. Reunification is more important for the patron to avoid than for the international community to achieve.
5. Recognition of the secessionist state is more important for the international community to avoid than for the patron to achieve.
6. The patron can afford to deter the international community from inducing reunification at the beginning of the game.
7. The patron can afford to pay to maintain the status quo.

We can show that at least one status quo equilibrium exists for any game satisfying the restrictions above.[[2]](#endnote-2) The international community dislikes war and so will never invest in either state variable associated with winning since they increase the likelihood that one of the inside actors chooses to fight. It would also not invest in enhancing the government's payoffs from ceding. The patron will never invest in enhancing the government's payoffs from winning or the secessionists' payoffs from ceding, and it will not invest in the government's status quo payoffs because the international community will not invest in the government's payoffs from war so there is no need to counter such an investment.

We next turn to describing the strategies that each player pursues that cause unrecognized statehood to emerge as a stable equilibrium outcome. Unless otherwise noted below, playing Status Quo is the best response for both the home state and the secessionists.

In the Status Quo equilibrium, the strategies for the patron and the international community in each period are:

* The patron invests enough in the secessionists’ Status Quo payoffs to deter the international community from investing in the secessionists' payoffs from ceding. Otherwise, the international community invests enough to induce the secessionists to play Cede and rejoin the home state peacefully.
* Potential investments by the international community in the home state government's status quo payoffs deter the patron from investing in the home state government's payoffs from ceding. If the patron were to make an investment larger than the international community’s willingness to pay, the international community would not counter and the home state government would play Cede, granting recognition to the unrecognized state.
* Potential investments by the international community in the secessionists' Status Quo payoffs deter the patron from investing in the secessionists' payoffs from winning the conflict via fighting. If the patron were to make an investment larger than the international community’s willingness to pay, the international community would not counter and the secessionists would initiate a war with the home state.

Equilibrium actions are for the patron to maintain the status quo by investing enough to overcome the deterioration in the secessionists' status quo payoffs; for the international community to not invest and for both the secessionists and the home state government to play Status Quo each period.

In order to establish that the Status Quo Equilibrium exists, we must show that each of three possible deviations will be deterred: (1) the secessionists being provoked to Cede by the international community, (2) the government being provoked to cede by the patron, or (3) the secessionists being provoked to fight by the patron.[[3]](#endnote-3)

Since the patron moves first, the only investment that takes place in the Status Quo Equilibrium is the patron's investment in the status quo payoffs of the secessionists to deter the international community from provoking the secessionists to cede the issue of sovereignty. This requires that Restrictions (3) and (4) above hold. The patron must also have sufficient resources as per Restrictions (6) and (7).

The international community's willingness to counteract investments by the patron toward the other two disturbances (i.e., Restriction (5)) implies that there will be no investments in equilibrium in cases (2) and (3). Case (3) also requires Restriction (4) and the implicit assumption that the patron is not able to skew the odds of the secessionists winning the conflict in a way that cannot be nullified by the international community.

If, however, off-path investments are ever made such that Status Quo does not yield the highest continuation value for one of the players, that player will play Cede or Fight and the game will end. The formal proof that Restrictions (1) through (7) ensure that a Status Quo equilibrium exists can be found in Buzard, Graham and Horne (2016).

*Discussion of the Status Quo Equilibrium*

The existence and durability of this status quo equilibrium is counterintuitive on two levels. First, the large, relatively rich international community is outspent by a relatively small, less-resourced patron; second, unrecognized statehood is a stable equilibrium in spite of being undesirable to all players. The key condition leading to this outcome is that each outside actor's willingness to pay to achieve its most preferred outcome is outweighed by the other's desire to avoid its least desired outcome. A persistent unresolved conflict results.

Despite its high costs, the Status Quo equilibrium we describe is quite robust. Because the international community and the patron can adjust contributions to reflect changing conditions on the ground, exogenous shocks that might otherwise have the potential to alter the equilibrium have their strategic impact nullified. For example, while a drought in the unrecognized state might decrease the secessionists’ payoffs from the status quo and increase their need for international trade and assistance, additional humanitarian and economic assistance from the patron can offset the effects of the shock and preserve the status quo.

*Alternative Outcomes*

The restrictions we give above do not provide for a unique equilibrium, or even a unique equilibrium outcome. Under all circumstances, war also exists as a potential equilibrium outcome. There are at least two takeaways from the multiplicity of equilibrium outcomes. First, it indicates that there may be an important role for external actors to play in coordinating expectations about which equilibrium will be played, and in the absence of such coordination, equilibrium switching from the status quo equilibrium to war is possible. Consistent with our model, Table 1 shows that war is the most common means through which unrecognized statehood ends. What our model suggests is that, while almost always possible, war is not inevitable as an outcome.

Second, most of the outcomes that we observe in the post-WWII era are consistent with the set of restrictions outlined above that support the status quo outcome. When unrecognized states survive, they do so because the patron’s willingness to pay to avoid reunification is greater than the international community’s willingness to pay to induce reunification. Only one of the unrecognized states currently in existence has survived without a patron: Somaliland. Somaliland has been able to avoid reconquest by the home state of Somalia only because Somalia is itself, a failed state. The economic and political situation in Somaliland is, unfortunately, consistent with our assumptions – isolated and in steady, horrifying decline. In 2012, per capita income in Somaliland was $347, the fourth lowest in the world and government revenues were too small to fund more than a tiny security apparatus (World Bank, 2014). If Somaliland were to regain even a minimal level of state capacity, history suggests that reconquest of Somaliland would likely follow shortly thereafter.

**How Unrecognized Statehood Ends**

Unrecognized Statehood exists as a halfway point between recognized independent statehood and reunification with the home state. Unrecognized statehood ends when either recognized statehood is achieved, or reunification occurs. In the following sections we discuss how these transitions occur, and what positive steps the international community can take to make peaceful reunification more likely.

*Reunification via Military Reconquest*

Most attempted secessions end in military defeat before territorial control is ever achieved (Fazal and Griffith 2008). Unrecognized states are thus a relatively elite set of secessionist movements, those that are unusually militarily powerful relative to the home state. However, even among secessionist movements that succeed in maintaining territorial control for a minimum of two years, the most common form of resolution remains military reconquest by the home state. When unrecognized states return to war with the home state, it is almost always the home state that initiates and the home state that is victorious.

In the case of most prolonged stalemates, a patron provides enough military assistance to the secessionists to make military reconquest by the patron prohibitively costly. The 11 cases of military reconquest in Table 1 occur in cases with no patron or cases in which the patron withdraws or reduces its support.

The cases with no patron are fairly straightforward. For example, Chechnya achieved its *de facto* independence immediately after the fall of the Soviet Union when Russia was very weak. As Russia strengthened, there was no patron support to offset the relative decline in the Chechens' military capabilities. Over time, Russia's military advantage grew and in 1999 the Russian government invaded and reconquered Chechnya.

Patrons choose to contribute resources to secessionists for a variety of reasons. Some of these motivations are less prone than others to vary over time, as when the patron hopes to annex the disputed territory (e.g. Armenia's support of Nagorno-Karabakh). The patron may also support secessionists to impose costs on the home state (Salehyan et al., 2012), e.g. as Russia does to Georgia via South Ossetia and Abkhazia; or for domestic political concerns. An example of the latter was the model level of Indian support for the Tamil Tigers in Sri Lanka 1983-1987, motivated primarily by ethnic solidarity with the secessionists. These domestic political concerns were eventually outweighed by broader strategic security concerns and a desire for regional stability. In 1987 the Indian government signed a peace accord with Sri Lanka (the home state) and largely withdrew their support from the Tamil secessionists, even sending in peacekeepers that later clashed with the secessionists militarily (Singer 1992).

*Negotiated Reunification*

Negotiated agreements are struck when the patron does not contribute sufficiently to prevent the secessionists from preferring ceding to the status quo, and when a deal is available that both sides prefer to war. Negotiated reunification is rare because it is very difficult for the home state to offer the secessionists much of value. The home state can promise things like regional autonomy or income transfers, but once the secessionists lay down their arms and reunification occurs it is very easy for the home state to reneg on these promises. The secessionists know such promises are not credible, and hence agreements rarely are reached in the first place.

The difficulty of making credible payments in exchange for concessions on the issue of status is one clearly demonstrated in the civil war literature (e.g. Licklider 1995; Walter 1997, 2002; Fearon and Laitin 2007; Doyle and Sambanis 2006). Unrecognized states generally constitute “sons of the soil” conflicts in which the central government cannot credibly commit to preserving the local demographic and political dominance of the secessionist elite once the disputed territory reverts to central government control (Weimer 1978; Fearon 2004). While the central government might initially grant the secessionist elite a high level of autonomy in exchange for agreeing to reunification, the level of autonomy is likely to decrease over time, perhaps quite quickly. Reference to the cases of Abkhazia and Gagauzia are informative here.

When Abkhazia gained its *de facto* independence from Georgia in the early 1990s, ethnic Akbhaz made up a minority of the population of Abkhazia (Cornell 2001; Wooleh 2006). However, after secession, the Abkhaz gained control of almost all political posts in the *de facto* government of the region. In 2004, the basket of payments offered by the Georgian government in exchange for reunification included a provision guaranteeing that ethnic Abkhaz would retain a majority in the regional parliament, even if the return of internally displaced persons (IDPs) once again placed ethnic Abkhaz in a minority demographic position in the region. The promise, however, was not very meaningful. First, even if the promise were upheld, it would still mean a step back from the total dominance the ethnic Abkhaz currently enjoy in the region. Second, if Georgian IDPs returned, they may demand and receive a more equitable system of representation. These concerns are not abstract; this type of reneging has already occurred in cases that did reach settlement. Thus, a deal for negotiated reunification has not been reached in Abkhazia and the region remains an unrecognized state.

Gagauzia achieved de facto independence at the time of the Soviet Union's collapse, but agreed to a negotiated reunification with Moldova in 1994 with status as an autonomous region. While Gagauzia was granted substantial autonomy under the original Moldovan Law on the Special Legal Status of Gagauzia, when the governor of Gagauzia, Dmitrii Croiter, moved to assert these powers in 1999, the Moldovan government balked. By 2002, Croiter was forced to resign, effectively deposed by the Moldovan government. The Moldovan government jailed a number of other Gagauz politicians, and while Gagauz autonomy was enshrined in the Moldovan constitution in 2003, the de facto level of autonomy has been limited by continued central government meddling in less-than-free regional elections.[[4]](#endnote-4) The payoffs to Gagauzia for ceding have turned out to be quite low, and a similar fate can rationally be expected by other unrecognized states who choose to cede.[[5]](#endnote-5)

Gaugauzia is one of four negotiated reunifications that have occurred since WWII.[[6]](#endnote-6) Secessionists in Ajara, Bouganville, Moheli have also opted to rejoin the home state. In all four cases, the observed outcomes seem to match the model well. While in some cases the secessionist elites may have expected high payoffs from ceding, in practice the payoffs to the secessionist elite after reunification have been very low, and the payoffs to the central government high.

In Ajara, where the level of patron (Russian) support was quite low, the choice facing the secessionist elite was between agreeing to reunify with Georgia or facing military defeat. In Bouganville, which separated from Papua New Guinea, secessionists lacked not only a patron, but also a clear preference for secession -- demands for secession had emerged only late in a struggle that began as an effort to stop a mining operation (Ghai and Regan 2006). Here the value of status to the secessionists was actually quite low, and they were willing to surrender it in exchange for relatively small side payments.

If negotiated reunification is to become plausible in any of the six unrecognized states still in existence in 2017, the key issue is the ability of the home state to make a credible commitment to long-term autonomy or other payoffs valued by the secessionists. As discussed in the policy implications section below, this is one area where the international community can potentially be of use – a committed international community could plausible agree to enforce a negotiated reunification agreement, providing the secessionists with confidence that whatever they are promised at the negotiating table will indeed be forthcoming in the years and decades after reunification occurs.

*Recognition via Secessionist Military Victory*

While the path to independent statehood via secession is an extremely narrow one, recognition does sometimes occur. It has occurred primarily in cases where the secessionists (often supported by a patron) are so strong militarily that they not only achieve territorial control in the initial conflict, but also threaten the home state government outside the unrecognized state. As part of the peace agreements that ended their wars of secession, Bangladesh achieved recognition by the home state and Eritrea and South Sudan received promises of a referendum on independence, though in South Sudan’s case this referendum was to occur only after six years of interim status.

In Eritrea, secessionists forced a referendum by collaborating with other rebel groups to achieve the complete overthrow of the Mengistu regime in Ethiopia. When the Mengistu regime fell, the triumphant rebels formed a transitional government and this transitional government granted Eritrea the right to a referendum on independence. Pakistan was forced to recognize the independence of Bangladesh not because the regime was overthrown but because Bangladesh’s patron, India, demanded recognition of Bangladesh in exchange for the release of 90,000 prisoners of war captured in Bangladesh’s war for independence.

In the case of South Sudan, international pressure on Sudan, which was accused of genocide in its war against the Southern rebels, contributed to the inclusion of a referendum in the terms of a 2001 peace agreement, and the international community was critical in the enforcement of that referendum six years later. The international community’s ability to enforce the referendum agreement was bolstered by Sudan’s extreme poverty and aid dependence. Decades earlier, a similar promise of a future referendum on independence was made to secessionists in Western Sahara in 1988, but the United Nations has never been willing to force the home state of Morocco to comply; Morocco has instead slowly and steadily moved to regain control over almost all the territory the secessionists once controlled. In the case of Morocco, threats to withhold aid were not a sufficient coercive tool, and the UN was never willing to deploy military force over the issue.

*Negotiated Recognition*

Since WWII, no unrecognized state has ever gained recognition from the home state when the home state was not forced to agree to independence or a referendum as part of a military settlement. However, some hope for the prospects of negotiated recognition is offered by the case of Kosovo, where the home state of Serbia continues to refuse recognition but has moved to normalize relations with Kosovo.

Kosovo is an unusual case in that the preferences we generally ascribe to the international community are reversed – in this case most of the international community – particular the U.S. and its NATO allies – have strongly supported Kosovo’s push for independence. The international community has taken the unusual position of supporting independence for a seceding entity primarily because of the genocide perpetrated by Serbian forces during Kosovo’s war for independence. Because the United States and European Union both support Kosovo’s independence, Serbia has been under tremendous pressure to either grant recognition or at least engage with Kosovo diplomatically. The steps that Serbia has taken in this direction suggest that international pressure is capable of coercing the home state effectively toward something resembling recognition.

**Policy Implications: Options for The International Community**

In general, the international community has preferences for reunification over independence, for resolution over the status quo, and for peace instead of war. In this section we consider three means through which the international community might pursue these ends: sanctions against the secessionist region, coercing the patron to end its support of the secessionists, and enforcing and/or augmenting the concessions offered by the home state. The international community can of course also provide direct incentives to the secessionists in exchange for ceding; this is analogous to making investments in the payoffs from ceding and is addressed in the section on the Status Quo Equilibrium.

*Sanctions*

The international community often joins the home state in enforcing economic sanctions against the unrecognized state. This *reduces* the secessionists' payoffs from the status quo and may be particularly effective if a broad coalition of states is acting together in concert.

Let us begin with the simplest case, in which the sanctions affect only the secessionists' status quo payoffs, as when the imposition of sanctions has a negative impact on the economy of the unrecognized state. In this case, the effect of sanctions on the unrecognized state's choice is ambiguous.

*Assume the Restrictions (1) through (7) hold in the absence of sanctions and that sanctions affect only the secessionists’ payoffs to maintaining the Status Quo. In order for sanctions to lead to ceding by the secessionists, the following are required:*

1. The patron must either be unable or find that it is not worthwhile to invest the additional amount now required to maintain the status quo.
2. The patron must either be unable or find that it is not worthwhile to invest to instigate fighting by the secessionists.
3. The secessionists' continuation value from playing Cede must be higher than their continuation value from playing Fight.

If Condition 1 fails, the patron will continue to invest to prevent reunification as in the Status Quo Equilibrium. If Conditions 2 or 3 fail, sanctions will lead to fighting initiated by the secessionists—either supported by the patron, or without its support in the case of Condition 3. Note here from Condition 2 that sanctions can induce investment behavior by the patron that was ruled out under the Status Quo Equilibrium. The goal of sanctions is to destabilize the Status Quo Equilibrium and they certainly can achieve that goal but there may be unintended consequences, most notably the initiation of war by the secessionists.

We can add realism by allowing sanctions to have a negative effect not only on the economy (the status quo payoffs) but also on the military capabilities of the secessionists (the expected payoffs from war). This is an important extension because one motivation for sanctions is precisely to weaken the military capability of the secessionists.

In the model, this is represented as reducing the secessionists' probability of victory in the war lottery. This should serve to increase the range of parameters over which these conditions hold. However, at the same time, the home government experiences changes of the same magnitude and opposite sign in its war lottery, increasing its payoffs from playing Fight. Thus, in this case too, an unintended consequence of sanctions can be to make war more likely.

States that impose sanctions often attempt to implement “smart” sanctions that damage the target’s military capabilities without harming the civilian economy. This analysis suggests that, in the case of sanctions seeking to induce peaceful reunification by unrecognized states, this difference is moot. Regardless of whether sanctions function primarily to damage the economy of the secessionist region or to degrade the secessionsists’ military capabilities, they increase the range of conditions under which war is likely. If sanctions damage the economy of the secessionist region, they lower the secessionists' payoffs from the status quo. If the degradation of status quo payoffs are not offset by the patron and if the secessionists' continuation value from fighting exceeds that from the status quo before the continuation value from ceding does, the secessionists will initiate war. Conversely, if the sanctions degrade the secessionists military capabilities sufficiently, it induces the home state to initiate war to reconquer the disputed territory. In either case, sanctions intended to force peaceful reunification can easily lead to violence.

*Coercion of the Patron*

It is also possible for the international community to affect the payoffs of the patron through interactions in other games outside of our model. Such actions would manifest themselves within the model as reductions in the patron's willingness to pay to sustain the status quo. Coercing or bribing the patron into withdrawing support has much the same effect as sanctions. The removal of patron support harms the economy (i.e., reduces the secessionists’ payoffs from the status quo) and it weakens the secessionist military, increasing the home state’s expected payoffs from war. In both cases, war may become more likely.

In an extreme example involving both sanctions and direct military confrontation, the United States and other members of the North Atlantic Treaty Organization (NATO) coerced Serbia into withdrawing its support from Republika Srpska and Republika Srpska Krajina, both of which had secured *de facto* independence after the collapse of Yugoslavia.[[7]](#endnote-7) While both Republika Sprska and Republika Srpska Krajina did reunify with their respective home states, this resolution was not peaceful. A loss of patron support results in economic decline as well as a loss of military capabilities and a related increase in the home state’s expected probability of victory. Thus, a loss of patron support can easily lead to war, and the international community must account for these risks when deciding whether coercing the patron to withdraw support is likely to be an effective means of inducing peaceful reunification.

*Supplement the Payoffs from Unification*

There is a better way. If the international community tries to promote settlement by supplementing the payoffs from unification, they are able to induce negotiated settlement without simultaneously increasing the risk of war. This can be done either through promises of benefits to the unrecognized state provided directly by the international community, like aid, or by a commitment from the international community to serve as a third-party guarantor of side payments promised by the ceding side. In the case of contingent promises of aid, the calculation is relatively straightforward: 1) the promise of aid must be credibly contingent on negotiated settlement, and 2) the aid offered must be valued more highly than the concessions required to reach an agreement. It is the second condition that is most problematic. Because both sides place such a high value on status (independence vs. reunification), even large amounts of aid are likely to be valued less than the concessions necessary to reach an agreement.

Serving as a third-party guarantor of autonomy rights is a way for the international community to potentially overcome problems of indivisibility and commitment and help the parties reach a credible compromise on status (Walter 2002). However, this strategy is only tenable when the only impediment to settlement is the unenforcability of a bargain, and when the international community is credible as an enforcer of that bargain.[[8]](#footnote-1)

In Southern Sudan, the international community invested substantial resources to help negotiate a settlement and to ensure that the Sudanese government both allowed the promised a referendum and respected its results. While the international community acted in Southern Sudan to enforce independence, not autonomy, it has shown itself capable of enforcing difficult concessions by the home state government. This bodes well for the future credibility of the international community as a third-party enforcer. However, the role of the international community in enforcing other past agreements might give secessionists pause. For example, a referendum on independence in Western Sahara, which the UN ruled to be necessary more than thirty years ago, has never come to pass.[[9]](#endnote-8) Nonetheless, it is possible for the international community to invest resources to enforce agreements, allowing for negotiated settlements that would otherwise be impossible to reach.

To show that it is possible for the international community to enforce the terms of negotiated agreements at a reasonable cost is not sufficient to imply that such an outcome is likely. The political will necessary to achieve success in Southern Sudan was motivated largely by the magnitude of the atrocities that accompanied the war of secession, and enforcement was made credible, in part, due to the weakness of Sudan relative to the international community.

In this section we have argued that successful intervention by the international community is possible. The key, however, is motivation: the international community is capable of inducing peaceful settlement when it is willing to invest the resources necessary. However, strong preferences of secessionists against reunification and the opposing intervention of the patron make the costs of such interventions prohibitively high in most cases. Unrecognized statehood is a stable equilibrium because the international community is unwilling to invest sufficient resources to outspend the patron and induce its preferred outcome.

**The Crisis in Nagorno-Karabakh**

As of July 2017, the unrecognized state at greatest risk of violence is Ngorno-Karabahk. What insights does our model offer there?

In April 2016, violence flared up at the border between Karabakh and the home state of Azerbaijan. More than 200 people were killed over four days, and sporadic violence has continued since. As of June 2017, the International Crisis Group (ICC) deemed the risk of war to be greater than at any time since the 1994 ceasefire (ICC 2017); any such war would likely involve Karabakh’s patron, Armenia.

Given the military strength of Azerbaijan and Armenia, the task of enforcing any potential negotiated agreement between Karabakh and Azerbaijan is likely to be substantially more difficult for the international community than it was in South Sudan. Simply threatening to cut off foreign aid is unlikely to force either side to adhere to any agreement it sees an advantage in breaking.[[10]](#footnote-2) However, the international community may still be able to shift the payoffs of Karabakh and Azerbaijan enough to, at a minimum, prevent a return to war.

[EXPLAIN HOW THIS WOULD GO]

[[11]](#footnote-3)

**Conclusion**

1. In practice we often observe groups of states like the OECD or the UN acting in this capacity. [↑](#endnote-ref-1)
2. Our concept of equilibrium is stationary Markov equilibrium in which strategies ignore all details of the history aside from the current state. [↑](#endnote-ref-2)
3. The international community might also provoke the government to fight, but it is assumed to avoid conflict. [↑](#endnote-ref-3)
4. Protsyk (2010) provides an account of the "salami tactics" by which Moldovan authorities have gradually reclaimed powers originally granted to the regional government. [↑](#endnote-ref-4)
5. Roper (2002) argues that secessionists in Transnistria are wary of negotiated reunification precisely because of the creeping re-centralization they have observed in Gagauzia. [↑](#endnote-ref-5)
6. We limit our discussion here to entities that had existed in a period of stalemate prior to reaching a settlement -- i.e. those that had maintained territorial control for at least two years. [↑](#endnote-ref-6)
7. For an excellent discussion of the case of Republika Srpska, see Zahar 2004. [↑](#endnote-ref-7)
8. Credible enforcement of future autonomy rights can be viewed either as increasing the value of available side payments or as making the central issue of contention divisible. In either view, a range of previously untenable agreements are made possible. [↑](#footnote-ref-1)
9. For a thorough analysis of the Western Sahara case, see Zunes and Mundy (2010). [↑](#endnote-ref-8)
10. Mediation of the Ngorno-Karabakh conflict is primarily undertaken by the Minsk Group of the Organization for Security and Co-Operation in Europe (OSCE), which is co-chaired by the U.S., Russia, and France. [↑](#footnote-ref-2)
11. Armenia is a member of two Russian-led security pacts while Azerbaijan purchases 85% of their military equipment from Russia (Grono 2016) [↑](#footnote-ref-3)