



# POLI 150: The Bargaining Model of War: Incomplete Information & Incentives to Misrepresent

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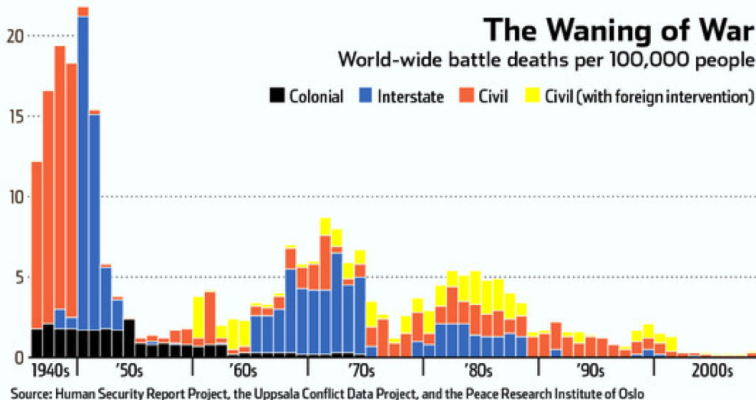


## Today's Class

- Finishing up the Democratic Peace
- The Bargaining Model of War
- Problems of Incomplete Information



# The Decline in Conflict





# Accountability in Democracies & Autocracies

- Accountability: the ability to punish or reward leaders for their decisions
- Leaders do not bear the costs of war and are more likely to initiate wars if they are not held accountable
- Democratic systems have institutions that allow leaders to be punished for making decisions that society does not agree with
- Autocratic leaders can also be punished, but are held accountable by different groups of individuals



## Accountability & the Democratic Peace

- Democratic leaders have systematically higher costs for war
- War is less attractive, meaning that they will challenge fewer status quo situations
- Democratic leaders should only start wars that they are very likely to win
- These things make war between democracies especially unlikely
- Does not affect autocracies challenging democracies (e.g. Persian Gulf War and Pearl Harbor)



# Alternative Explanations & the Democratic Peace

- Democratic institutions can better signal their intentions
- Transparency allows for more complete information
- Democratic leaders have high costs for backing down, so their threats are more credible
- Additionally, there are explanations about norms of mutual respect and diplomacy that cause democratic states not to fight one another

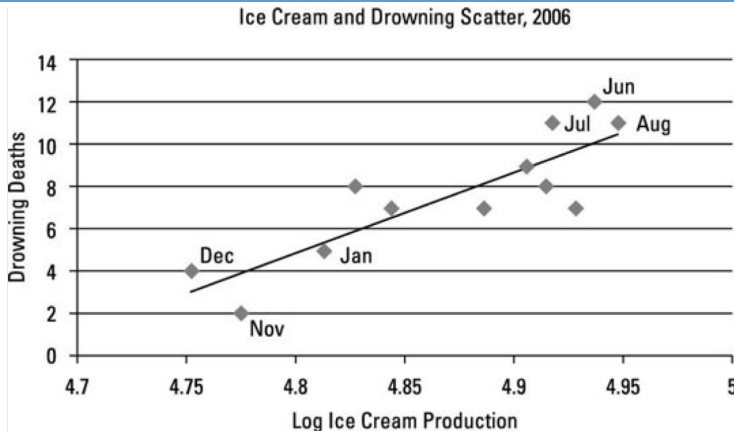


# Democracy & Peace: Causal Claims

- Does democracy cause peace?
- Maybe, but there are a few reasons why this might not be the case
- The result could be spurious or the product of reverse causality



# Does Ice Cream Cause Drowning?







## Spuriousness

- Spuriousness occurs when one factor explains two others, and that's the true explanation for the relationship
- In particular, perhaps economic development causes both democracy to exist and peace to occur
- Extended deterrence could allow for democracy to flourish and countries to not risk nuclear war



## Reverse Causality

- Could the opposite be true: does peace cause democracy?
- Dangerous international systems tend to lead citizens to empower the central government and military
- Democracy may only be possible in low-threat worlds



## To Think About:

- Should democratic leaders prefer friendly autocracies or hostile democracies?
- A question that the United States has puzzled over from Cold War (e.g. Iran, Chile) to recently (e.g. Egypt)
- Trade-off between national security interests and moral arguments about self-determination



# Puzzles of Interstate War

- Given the immense costs to belligerents, why do states fight wars?
  - What are they fighting over?
  - Why are they fighting rather than negotiating?
- What role does private information play, and how can states overcome this barrier to peaceful conflict settlement?



# Why do States Fight Wars?

- War: organized, consisting of at least two parties, and reaching some threshold of violence
- Popular arguments: realist competition, mistakes, and powerful domestic interest groups
- The dominant explanations for why wars occur emerge from the bargaining model of war (Fearon 1995)
- The three main factors are **information problems**, inability to make credible commitments, and issue indivisibility



# Interests, Interactions, and Institutions

- Conflicting *interests* are necessary, but not sufficient to explain war
- International system lacks reliable *institutions* for settling disputes, unlike well-functioning states
- Therefore, the dominant *interaction* is bargaining
- Two states try to divide some arbitrary good (e.g. territory, policy, regime) in a zero-sum interaction

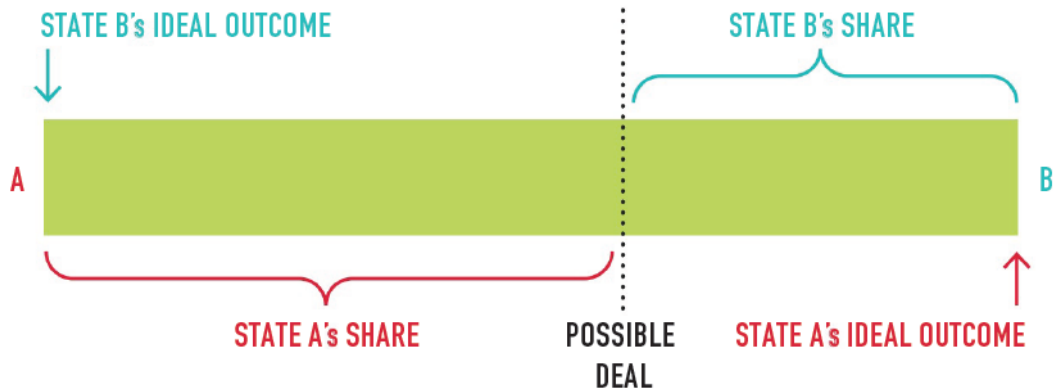


# Crisis Bargaining

- A crisis occurs when at least one state seeks to influence bargaining by using or threatening force
- Two things determine which deals are acceptable to belligerents during crisis bargaining: the **costs** and **likely outcome** of war
- Because war is costly, there is almost always a settlement that all sides prefer over war



# Bargaining Model

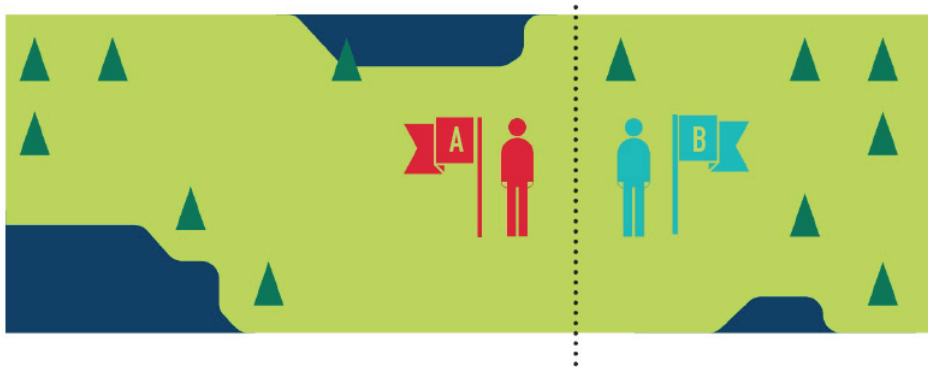






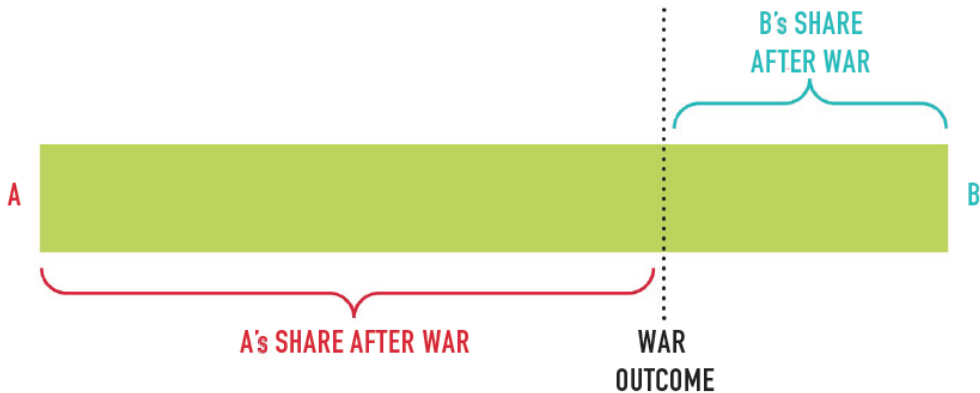
# Bargaining Model

POSSIBLE DEAL





# Expected Outcome





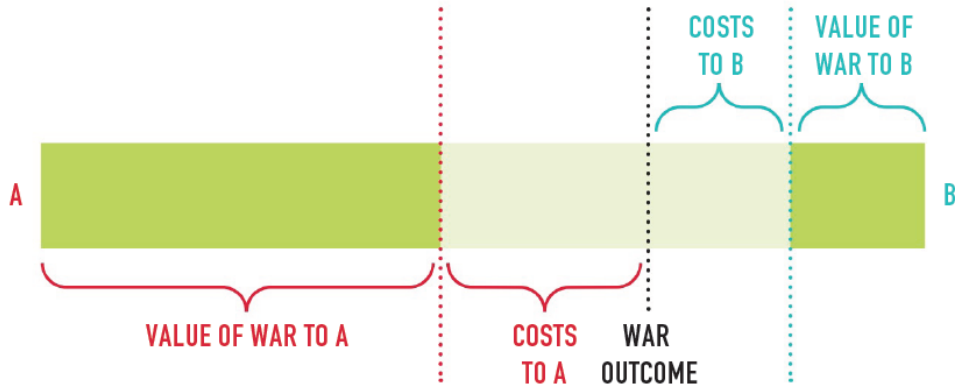
# Expected Outcome

WAR OUTCOME



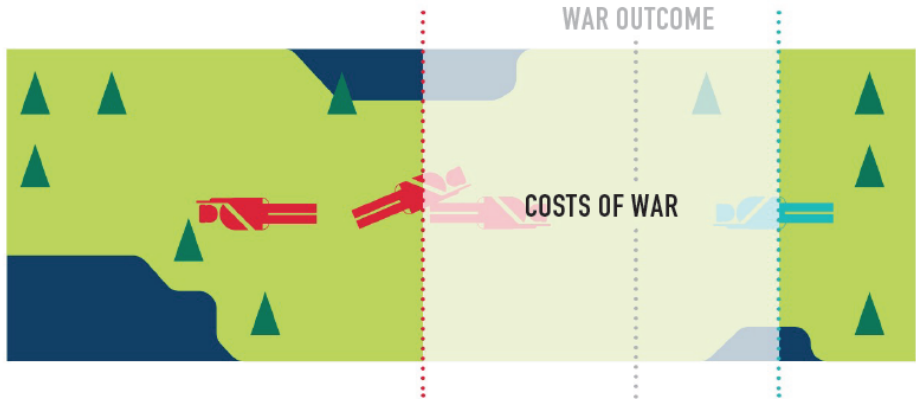


# War is Costly!





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# Bargaining Range





# Bargaining Range





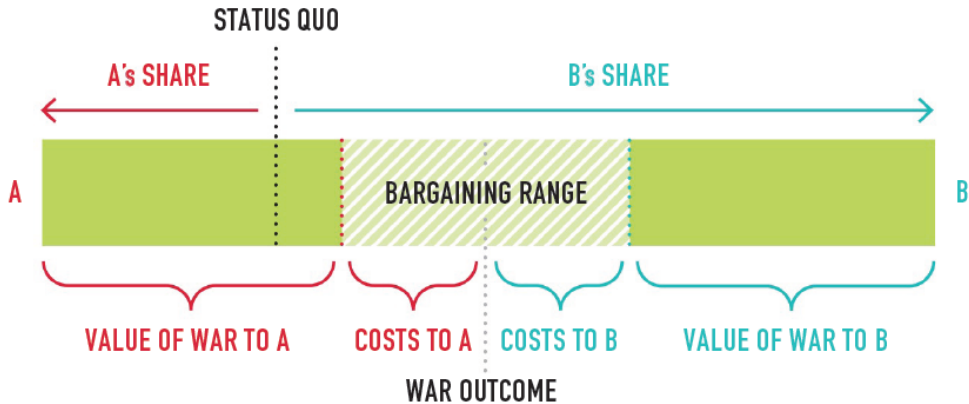
## Takeaways from Bargaining Model

- States participate in zero-sum bargaining
- The expected outcome and costs of war determine each side's value of war
- The bargaining range exists where the deals that each side prefers to war overlap
- States will threaten war when the status quo is less than what they can get from war



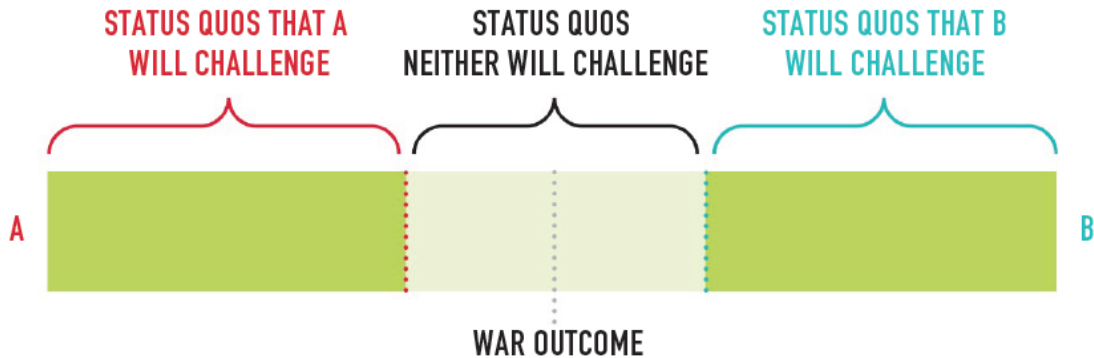


# The Effect of the Status Quo





# Varieties of the Status Quo





## Gulf War

- In 1990, Iraq threatened to invade Kuwait
- The buildup for war had two potential causes: actual invasion or intimidation
- Iraq did invade Kuwait after its demands were not met
- Why did Kuwait and the US not believe in Iraq's threat?  
Was conflict avoidable?



# Information Problems

- Conflict becomes more likely when states have poor information about their opponent's **capabilities** and/or **resolve**
- Capabilities: physical ability to prevail in war (e.g. troops, arms, economic resources)
- Resolve: a state's willingness to endure the costs of war to acquire a good
- A state's **private information** about its own capabilities and resolve can lead to complications in bargaining



## Incomplete Information

- Uncertainty over a state's ability and/or willingness to wage war may cause a state to yield too little or demand too much
- There may be a settlement that both sides preferred to war, but the actors might not be able to recognize it
- If incomplete information leads to war, why can't states just communicate to each other their capabilities and resolve?



## Credibility and Misrepresentation

- States have a hard time making credible threats because they are costly to carry out
- Actors have incentives to hide or misrepresent their capabilities and/or resolve to secure a better deal
- Given these challenges, how can states effectively signal their intentions? By making *costly signals*



## Costly Signalling

- Given states' incentives to bluff, they must do something to make themselves seem credible
- Cheap talk won't do, as in the case of China during the Korean War
- States must send a costly signal: something that only a truly resolved type of state would do



## Examples of Costly Signals

- **Brinksmanship:** increasing the risk of accidental war to make the threat credible
- **Tying hands:** taking actions that make backing down more difficult (e.g. audience costs)
- **Paying for power:** taking costly steps to increase capabilities
- These strategies might actually increase the risk of conflict!