Diplomatic Flexibility in the Shadow of an Audience: The Double-Edged Sword of Private Mediation

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Abstract

Since leaders will not sign peace agreements if they expect domestic backlash for painful concessions, political cover may be key in determining mediation success. To see how, I contrast two models: public negotiation and private mediation. The models clarify that *audience uncertainty* – the domestic public's uncertainty about the origins of offers – *grants leaders the diplomatic flexibility* to sign agreements and avoid punishment. With audience uncertainty mediation makes peace more likely, and the leader and his public gain a contingency plan – if mediation breaks down victory is more likely in any ensuing war – but enemies can receive greater concessions. Statistically, domestic accountability alongside audience uncertainty affect mediation occurrence, success, and leader fate. I highlight how diplomatic flexibility led to a mediated peace between Ecuador and Peru in 1998. My theory explains when leaders enter mediation, when agreements are publicly supported, and how public proposals can lead to mediation failure.

Keywords: mediation, audience costs, crisis bargaining, political cover

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1 Introduction

> *"This is bad for my President, but we will try to accept it. It will be very difficult for him to explain to his people."*[1]

How does war end? A critical step is for leaders to sign peace agreements, but since their publics are the ultimate arbiter, a key factor in obtaining these signatures is the threat of domestic accountability. Consider Norway's success in mediating the 1993 Oslo Accords in which secrecy shielded Israeli and Palestinian leaders from their domestic publics, Arafat's decision in 2000 to walk out of the Camp David II peace talks (which resulted in the Second Intifada) when his political legitimacy was threatened by rival domestic groups who believed he was too soft a bargainer, and in the above quote, when Bosnian President Izetbegovic weighed continuing a destructive and costly war against the acceptance of a name, Republicka Srpska, for a portion of Bosnia – a concession for which he knew the public would be dissatisfied. The success and failure of peace talks as well as the fates of political leaders hinge upon the threat of domestic accountability for peace agreements.

Mediation provides a diplomatic remedy that encourages peace through two of its universal aspects: *confidentiality* and third party *agenda-setting*. The uncountable shuttling of mediators, the turnover of mediating parties and negotiating representatives, and the many concessions offered during the back-and-forth of negotiations do not become part of public discourse.[2] The process of mediation therefore injects a level of discretion or confidentiality in which accountability can be dispersed. The secrecy that shrouds the mediation of the Olso Accords is as much a result of the me-

[1] Bosnian Foreign Minister Sacirbey regarding President Izetbegovic's acceptance of a Serbian name for the Serb portion of Bosnia during the mediation of the Dayton Accords. Holbrooke's *To End a War*, p. 131.

[2] One can further argue that even the terms of final agreements are unclear or seldom discussed.

diator's efforts as it is due to the fact that it encompassed the United States, Russia, and Norway among other third-party mediating countries, and multiple representatives for each warring party (Israeli Prime Minister Rabin and PLO chairman Arafat negotiated the agreement, but Foreign Minister Shimon Peres and PLO representative Mahmoud Abbas signed the accords). Confidentiality makes it plausible that the third-party mediator (or mediators) could be responsible for concessions, but only if that third party has the power to set the agenda.

Current mechanisms theorized to affect mediation such as a mediator's leverage, credible threat, ability to use carrots and sticks, and a mediator's bias revolve around the central understanding that mediators can and do exert power in shaping agreements (e.g., Beardsley 2010; Favretto 2009; Smith and Stam 2004; Kydd 2003). The historical record demonstrates further that mediators have and use agenda-setting powers. To end the 1905 Russo-Japanese War, former U.S. President Theodore Roosevelt aimed to ensure that Russia, who had lost dramatically, would be able to balance against Japan in the Pacific. Roosevelt's control of the agenda was essential to obtaining the terms necessary for the U.S. to secure a Pacific presence while of course also mitigating Russian losses. In light of these features, how does mediation work? Contrary to existing approaches, I argue that mediation fosters *audience uncertainty* – domestic uncertainty about the origins of offers – *which alongside domestic accountability grants leaders the diplomatic flexibility* to weave support for themselves and the settlement.

To see this, I compare two formal models: a public negotiation and private third-party mediation. In each, the leader will be held accountable by his public who will punish him if he increases concessions to the enemy, i.e., a leader faces 'audience

costs' for backing down to the enemy in peacemaking.[3] In negotiation, bargaining is public and the leader will be punished if he backs down. In mediation, *a mediator* makes the initial proposal (agenda-setting) *in private*, and if that offer is rejected, then the leader may increase concessions *in private* (confidentiality).[4] The domestic public chooses rationally whether to punish the leader: the public updates its beliefs and given the circumstances, if it was likely that the leader used the political cover of a mediation to back down, then the public punishes.

The logic that underlies the hypothesis that a mediation succeeds because at-risk leaders seek political cover is questionable.[5] The public should realize that the leader has incentives to use mediation to hide bad behavior, and thus, should punish the leader for mediated settlements. In anticipation, no leader should mediate. At best, audience costs cannot explain why a leader would sign a mediated settlement. At worst, audience costs explain why mediations should not occur. In removing the assumption that the public is naive, and making the audience rational, I provide a necessary inquiry into the microfoundations of domestic politics and peacemaking. In carefully accounting for the dynamics of what makes the domestic public uncertain (confidentiality and agenda-setting), the mediation model uncovers how audience uncertainty and the threat of accountability form countervailing pressures – the threat of accountability urges leaders to stand firm while audience uncertainty permits leaders to back down – only together do these generate the diplomatic flexibility that makes mediation work.

That mediation is not only widely utilized, but accepted as one of the most legitimate

[3]This is analogous to the theoretical usage of audience costs, but this is not the literal use of audience costs in which the leader who escalates a war will be punished by his domestic audience if he backs down from that escalation.

[4]There are four players in this game: the mediator, the enemy, the leader, and his audience.

[5]Beardsley (2010) finds empirical support that leaders use mediation for political cover from audience costs.

forms of peacemaking is surprising. Publics are wary of the dark side of secrecy, as leaders may sacrifice long-term public interests for short-sighted political gain. In mediation, a forum that guarantees confidentiality, the public loses its ability to reign in bad behavior and leaders gain political cover. To make matters worse, the mediator – against whom the domestic public has no leverage – often composes the formal contours of agreements. Since *confidentiality* and *agenda-setting* stand in the way of domestic accountability, and yet are internationally-accepted and standard procedures in mediating conflict, understanding their effects on the secret behaviors of leaders holds implications for the legitimacy of agreements and the prospects for peace.

The comparison of the two models reveals how mediation is a risky gamble, and therefore provides rationales for why mediation should occur but also why it does not always occur. In short, mediation makes peace more likely, and the leader and his public gain a contingency plan – if mediation fails, then they are more likely to win in any ensuing war – but enemies can receive greater concessions. The logic unfolds to show how these effects arise: the leader and enemy play mixed strategies in which the leader will sometimes back down with added concessions (which gives the enemy greater concessions), and the enemy sometimes accepts the mediator's initial offer – just often enough to suspend the beliefs of the audience, and permit the leader to back down on occasion and avoid punishment.[6] Thus, for mediators who prefer peace, mediation is beneficial. However, for the public, mediation involves a potential trade-off between higher chances for peace but pay greater concessions for a reduced

[6]The model shows that a leader who uses mediation may be willing to offer more concessions. The promise of concessions tempts enemies who are desperate to wait. Their desperation is driven by the fact that these enemies are more likely to lose the war. Importantly, the leader does not always come through with these concessions (sometimes he is bluffing): in doing so, peace is more likely, but sometimes talks break down. When talks fail, the leader and public fight the war against those desperate enemies, and thus the public is more likely to win.

risk of losing in any potential war. The enemy also faces a risk: by rejecting the mediator's initial offer, the enemy takes a chance as to whether the leader will offer more or exit talks and fight a costly war. The leader also faces a gamble since he can only avoid domestic punishment for peaceful settlements when strong or weak enemies are very likely – leaders make large offers when the enemy is likely to be strong, and thus did not back down, and when the enemy is likely to be weak, the weak enemy likely accepted the initial offer, and thus the leader did not back down – but in between, the domestic audience also plays a mixed strategy in which the leader is sometimes punished. Even though domestic political cover may be a reason for mediation to succeed when the audience is uncertain, leaders are not necessarily guaranteed the protection of political cover. Therefore this work also adds to the literature that argues that domestic political cover increases the chances for peace through adjudication, arbitration, and mediation in clarifying how leaders are able to obtain political cover, and in adding nuance – if domestic political cover is a reason for peace, then why do these processes ever fail?[7]

This work also holds empirical implications for mediation success, occurrence, and the fates of political leaders. Statistically, I show that the threat of accountability affects mediation occurrence, that factors within mediation keep the audience uncertain and the threat of domestic accountability lead makes mediation more likely to succeed, and that mediation success can improve the fates of leaders. Further, the theory holds implications for practitioners of mediation. I trace the development of audience uncertainty in a case study of the longstanding conflict between Ecuador and Peru to show how the mediation fostered a diplomatically flexible environment that allowed for peace in 1998. I find that three factors are especially important: the Ecuadorian

[7]See Allee and Huth 2006; Huth, Croco, and Appel 2011; Gent and Shannon 2010; and Beardsley 2010.

President took a strong public stance to stand firm; the mediators played a strong agenda-setting role in designing and implementing the agreement; and finally that public officials took suggestions from the public that created a sense that the terms were derived from public ideas.

My work shows how the cover of a third-party mediator provides the leader with diplomatic flexibility to bargain privately: put simply, I show that the mediation *process* benefits the public even though the settlements may include significant losses. This highlights an inevitable trade-off – domestic punishment is a crude tool when leaders must be judged not only for outcomes, but also how they arrive at these outcomes – which sometimes yield worse settlements. Yet, the public benefits in two ways. First, peace is more likely. Second, if mediation breaks down, then the public is more likely to win in any ensuing war.[8] The legitimacy of a mediated agreement – public support for the leader and the agreement – is obtained, at times even if there are painful concessions.

To probe the plausibility of this mechanism, I use quantitative and qualitative methods. First, the mediation of conflict between and Peru and Ecuador shows how audience uncertainty arose and helped a leader sign an agreement, notably, with the same terms that were rejected repeatedly. Second, my statistical results show that settlement is likely when leaders are under pressure, and when aspects of the mediation may keep the public uncertain.

The remainder of this paper proceeds as follows. Section 2 reviews the literature

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on mechanisms for mediation. Section 3 presents the models. Section 4 is a discussion of the case study. Section 5 presents the quantitative evidence. Section 6 concludes.

2 Mechanisms for Mediation

The consensus within the literature on mediation is that two main mechanisms explain mediation: information provision and side payments. Both approaches examine how characteristics of the mediator, i.e., wealth, power, and bias, allow for success. However, both ignore the domestic political context in which mediation takes place. By focusing on the characteristics of the mediator these approaches are unable to answer questions central to mediation. First, why should mediators mediate: mediation is a costly time-consuming process, why should mediators with information or side payments become entangled in the costly time-consuming responsibilities of a mediator?[9] Second, these approaches answer the question of why a mediator *may* succeed, but not why mediators with these characteristics often fail to secure peace. What is missing is a mechanism that accounts for how the domestic political context in which mediation takes place, one that varies over time and across conflicts, explains the conditions under which mediation succeeds.

Fearon (1995) famously argued that one way in which parties might not reach agreements short of a costly war – why ex post inefficient wars are rational – is because warring parties have incentives to misrepresent their private information about their

[9]Melin, Gartner, and Bercovitch (2009) argues that mediators receive intangible benefits such as prestige and popularity, but it is not clear that these intangible benefits could not be gained without entering costly mediation. Any actor who shifts the Israeli-Palestinian conflict toward peace, with or without a formal role as a mediator, will gain prestige, popularity and possibly even a Nobel Prize. Moreover, the leverage that one can exert through public proposals, and public offers of information, and side payments, can give individuals incentive to avoid stepping in as a mediator.

resolve, capabilities, or true reservation values for war. Thus if information could be provided credibly in mediation then mediation can relieve this source of war. There are two problems faced by this research agenda. First, parties in conflict have the incentive to bluff to secure a better bargain – an incentive that does not change with the addition of a mediator as a third-party. Since incentives to misrepresent prevent parties from revealing private information credibly, all models that involve information provision assume that the mediator is omnipotent. Since warring parties misrepresent, the mediator is endowed with information through advanced intelligence or satellite imagery.[10] Further, Fey and Ramsay (2010) show that a *necessary condition* for mediation to succeed through information provision is that the mediator must have an *exogenous* source of information. In other words, omnipotence is required for mediation to reduce informational asymmetries and alleviate this potential source of war.

But even if the mediator has information, the next question becomes whether and how the mediator is able to credibly reveal that information – which has led to questions about how mediator bias affects peace. Kydd (2003) argues that when mediators are biased toward one party, the mediator is a credible source of information *for his ally*. Rauchhaus (2006) separates two potential sources of mediator bias – bias towards one party and bias towards peace – and finds that a bias towards peace makes mediators more truthful generally. Smith and Stam (2003) argue that only truly honest brokers are believable, and that *either* source of bias make the mediator's signal cheap talk. This literature debates which source of the mediator's preferences allow an omnipotent mediator to credibly reveal their information, but the literature

[10]There also exists inductive research that looks at whether specific attributes or strategies of the mediator enable the acquisition of private information from the disputant parties: for example, the mediator's ability to develop trust, gather information, or criticize one party's position (Wall, Stark and Standifer 2001).

has reached no consensus. Thus, because mediation is not bilateral there are two sources of private information – the mediator and the warring parties, who each have incentives to misrepresent – and thus far, no theory accounts for both sources simultaneously. In short, these models leave us with no answer as to how mediation resolves private information *and* incentives to misrepresent: the question as to who has that information and why they can reveal it credibly is not clear.[11]

The alternative mechanism to explain why mediations succeed is side payments: mediators alter the costs of war (or benefits of peace) by doling out carrots and sticks. This mechanism is useful to explain why powerful, resource-abundant countries such as the U.S. are able to mediate successfully. Maoz and Terris (2008) show that mediators like the U.S. are more likely to mediate, since powerful mediators seek to intervene where they can alter costs, and in response warring parties look for mediators that can improve the value of peace. Favretto (2009) argues that powerful biased mediators are more likely to secure peace, because bias makes the threat of intervention credible – again, by lowering the expected payoff for war, a side payment (the credible threat of intervention) makes mediation succeed. Smith and Stam (2003) find evidence that powerful mediators may even realize the value of their side payments:

> "Carter realized that his ability as mediator lay not in his impartiality or bias toward a particular side, but instead in his ability to exploit the two sides' preference to have a deal with the United States... Ultimately, Carter used his power as leader of the wealthiest country in the world to make side payments to both of the adversaries."[12]

However, this mechanism faces two difficulties. First, for practitioners the impli-

[11] One research question is whether omnipotent mediators can wrench information successfully from warring parties: can a mediation with information about party A either force party A to provide that information credibly, or encourage party B to provide information in exchange?

[12] Smith and Stam, p. 128.

cations of this mechanism are not clear. Benefits can be anything from financial or military incentives as in the Camp David Accords, to immaterial side payments: Wall and Callister (1999) find that Malaysian mediators succeed through side payments of prayer, moral guidance, and religious advice. By reducing mediation to simple costs and benefits, the work in developing the application of this mechanism stops short at helping us understand systematically what a cost is and what a benefit is in different cases. Second, this mechanism does not explain why less powerful mediators are often successful. Recent examples of this are numerous: Iran turned to Oman to mediate the release of prisoners from the United States, the Colombian government turned to Sweden to mediate with the FARC, Norway became a pivotal mediator for Israel and Palestine, and Qatar has emerged as one of the Middle East's strongest mediators.[13] In fact, neither the information provision, nor the side payments mechanisms can explain why weak resource-deficient countries without omnipotence are able to mediate successfully.

Empirically the mechanisms of information provision and side payments explain why informed, rich and powerful mediators succeed, but to what extent can we rely on the microfoundations of these explanations? If the mediator is not omnipotent and extracts information from the warring parties, then it is not clear whether that information is credible since warring parties do best by bluffing. If the mediator has an outside source of information, then where is the information from and why is the mediator credible when he too has incentives to misrepresent? If side payments are a fairly robust means of securing peace, then why do small countries succeed where powerful and wealthy mediators have failed? Consider the United States' failure in

[13]See Kamrava (2011) on the use of mediation by Qatar; Tehran Times (2012) news article "Oman mediates release of Iranian woman from US prison"; and Bhaya's (2011) news article "Iran seeks Omani mediation in release of prisoners from US."

negotiating the Oslo Accords, but Norway's success – clearly, immaterial benefits of moral guidance were not responsible. As war lingers and becomes increasingly costly, side payments should bring peace more easily, yet the most costly conflicts remain as textbook cases for studies of mediation failure. The central problem with these mechanisms is that by focusing on the mediator we neglect systematic explanations of the conditions in which any mediator – rich or poor, biased or unbiased, informed or not – can succeed.

3 Conflict Resolution with an Audience

We can resolve this by considering the role of domestic audiences. The mechanism of audience costs within international relations literature develops conditions under which mediation *by any mediator* is likely to succeed. Specification of these conditions can allow for a better understanding of the how side payments and information provision affect success: if we can identify a conflict as *ripe for mediation* through audience costs, then we can account for the post-treatment effects of wealthy, powerful and biased or unbiased mediators. However, audience costs alone are not sufficient to explain mediation. The logic fails as leaders who are suspected of seeking political cover should be punished for any mediated settlement, and in anticipation of this these leaders should avoid mediation. Empirically, in every instance when mediation might succeed through the mechanism of audience costs, we should never see mediation occur. How can we evaluate the potential role for domestic audiences?

The literature on audience costs argues that leaders face domestic punishment (*audience costs*) for backing down in a crisis or war. As a conflict escalates, the leader risks greater and greater audience costs that he will suffer should he back down. This

logic gives audience costs two effects. First, there exists a point after which the leader becomes locked into war, refusing to back down for fear of domestic reprisal. Second, leaders who face audience costs can signal their resolve credibly by escalating conflict.[14] If leaders risk audience costs in peacemaking – domestic punishment for backing down from the conflict with increased concessions – then to the extent that leaders have diplomatic options, at-risk leaders may seek alternative paths to peace to avoid domestic punishment.[15]

Interestingly, *confidentiality* is a central tenet of mediation – a tenet that is consistent over time and across cultures. *Mediation: Approaches and Insights* (2003) lists confidentiality as one of the top principles in mediation ethics: "First, mediators must safeguard the privacy and confidentiality of the mediation process vis-a-vis third parties - i.e., those outside the mediation. Second, when a mediator meets separately with one of the parties, she must maintain the confidentiality of anything said in that private session which that party does not want the other party or parties to know." It is widely agreed that the Oslo Accords in which Norway mediated a peace agreement between Israel and Palestine succeeded largely because mediation was conducted behind closed doors: "Norway had a better chance to succeed in Middle East negotiations than the United States, whose negotiations were in stalemate... [because]... it was easier to keep the process in secret."[16] The article continues, Norwegian official "Egeland identified several lessons that he learned from Middle East conflict facilitation. They include (1) keeping the process in secret."[17] Further, the secrecy in a

[14]See Fearon 1994, 1997 in which leaders tie their hands by generating audience costs to signal resolve.

[15]For recent quantitative research on the use of mediation as political cover see Beardsley (2010), and for work on how leaders can use legal dispute resolution for political cover see Allee and Huth (2006).

[16]Yevsyukova, p. 1-11.

[17]ibid.

mediation process arises not only from the tenet of confidentiality, but also because there are often numerous mediators or mediating countries involved, as well as multiple representatives for the warring parties – this leaves it quite unclear as to whether the final agreement manifested from the positions of the warring parties or from any combination of mediators and disputants. Mediation gives leaders an internationally-recognized legitimate forum in which they can conceal their actions.[18]

Since most forums for international bargaining involve some degree of privacy, it is important to note that secrecy alone is not sufficient for domestic political cover – if mediators are simply a shuttle or a concealed room, the public should still realize that the leader must have backed down to the enemy. Importantly, mediation also offers significant opportunities to blame the mediator as the *agenda-setter*. This operates in at least two ways.[19] First, mediators are often charged with and charge themselves with the duty of composing agreements. For example, Holbrooke and his team drafted the "Joint Agreed Statement of Political Principles," a breakthrough agreement prior to Dayton that acknowledged Bosnia's legal existence.[20] In composing this draft, the mediators sought to ensure that the words "continue its legal existence," which were accepted by Milosevic (but denied throughout the war) would be included any final settlement. That the mediators drafted this agreement *before* seeking its support from the Bosnian President demonstrates the powers ceded to mediators by the Bosnian President over the future of his own country; the question of 'existence' was in the hands of the mediators. Although the Bosnian President did raise objection (to use of the name "Republika Srpska" for the Serbian portion of Bosnia), not a single change

[18]We should expect that this might also be critical in making an arbitration and adjudication succeed, in which similarly, leaders can blame the third party.

[19]The field work section of this paper leads one to suspect that there are *many more ways* that practitioners and policymakers implement.

[20]Holbrooke, p. 129.

to the document was made.[21]

Second, while the central issues in a conflict are often well-known, leaders limit their public statements to the status of talks such as whether talks are "at an impasse" or "are continuing." Instead, *mediators* make public announcements – often at the behest of leaders. For example, upon reaching an agreement regarding the Macedonian official name and national flag *and* ending the Greek embargo, Greek Prime Minister Andreas Papandreou insisted that the mediator announce the final agreement: "I [Holbrooke] told Papandreou that the deal was done, and suggested we announce it simultaneously in Washington, Athens, and Skopje. He agreed, asking only that the Americans make the announcements in all three capitals."[22] The chain of potential blame may even extend beyond the mediator: Norway may have mediated the Oslo Accords, but it was the U.S. who announced the peace agreement. There is also evidence that mediators use their power to announce to make non-compliance costly. For example, Holbrooke used his control to tie the hands of leaders: "I [Holbrooke] continued to follow a step-by-step approach: find areas of agreement, lock them in with a public announcement, and then return to the region for another round of negotiations that narrow the differences further."[23] Mediators therefore play a very powerful role. They are in charge of the direction of diplomacy (the sequence of talks between warring parties), the composition of agreements, and even public announcements to lock in terms.

This scenario is familiar, but puzzling: a strikingly different ideal is one in which a constituency ensures its best interest when its leader bargains publicly and directly against the enemy – in which a leader is able to use public pronouncements to tie his

[21]Holbrooke, p. 129-131.
[22]Holbrooke, p. 127.
[23]Holbrooke, p. 175

hands, thereby credibly committing to specific bargaining positions and improving (or at least proving) his bargaining advantage. After all, leaders who face audience costs are able to use rhetoric to tie their hands without costly mobilization (e.g., Fearon 1997; Slantchev 2005). It would seem that the option of public bargaining should be preferred by a leader who faces the threat of domestic accountability – in which the threat of accountability provides a vantage – rather than a mediation in which the leader cedes power unnecessarily to a mediator and in which a leader leaves himself open to accusations of wrongdoing. It would also seem that the leader's domestic public may be able to secure a better bargain if the leader bargains publicly and ties his hands to specific terms, rather than potentially lose more in a mediated agreement. In addition, the public would have no reason to worry about whether the leader backed down if the leader negotiates through public statements – it is cognitively easier to judge the leader after public negotiations, than to wonder whether the leader backed down in private mediations.

Thus, how do confidentiality and agenda-setting affect mediation when leaders face the threat of domestic accountability? Do leaders at-risk of domestic punishment use mediation to back down behind closed doors? Do leaders gain domestic political cover or do audiences punish their leaders? How does mediation affect the prospects for peace, the settlements achieved, and leader behavior? Should leaders and their publics prefer to bargain in public negotiations, and if so, then why are mediations seen as legitimate forums for peace? To answer these questions and capture the microfoundations of domestic politics in peacemaking, I model mediation with these characteristics – agenda-setting and confidentiality – and contrast this to a model in which a leader bargains publicly.

4 The Models

4.1 Setup

In each model two countries represented by A and B that are involved in a crisis in a game of one-sided incomplete information. At the start of each model Nature draws B's type, $p \in \{p_L, p_H\}$, where: p gives the probability that B will win the war against A; B can be a weak or strong type, $p_L < p_H$; and B is a weak type, $p = p_L$, with probability $q \sim U[0, 1]$. B's type is his own private information, and B is modeled as a unitary actor.[24]

To capture domestic politics, country A consists of a leader and his domestic audience. The leader offers a settlement to B in negotiation or mediation (presented as two separate models with equivalent parameter spaces). If no settlement is reached, a war ensues, and both the leader and his domestic audience obtain A's war payoff. War is modeled as a costly over a prize $w > 0$ that A has and B may obtain if B wins the war. The costs of war are represented by $c_A > 0$ and $c_B > 0$, and the value of war is greater than the total cost, $w > c_A + c_B$ so that war is possible. If a settlement is reached, then A pays the settlement to B, and both the leader and the audience obtain A's settlement payoff. If the domestic audience imposes audience costs on the leader, then the leader pays an added penalty of α, where α. By assumption, audience costs encourage the leader to stand firm, i.e., these costs are larger than the bargaining gap that would prevent a war – high enough to prevent the leader from backing down automatically, $\alpha > c_A + c_B$, since if audience costs were cheap,

[24]Future research in which country B has its own audience as well could be useful, however since this paper describes what makes mediation work in general it is not wise at this time to include a second audience – increasing the complexity and potentially limiting the explanatory power to conflicts where both parties face audience costs – without knowing the effects of one audience alone.

$\alpha < c_A + c_B$, then the leader would prefer to pay audience costs and war would not be possible.

Public Negotiation

In public negotiation after B's type is drawn, the leader makes an initial offer of n to B that B can accept or reject. If B accepts the offer, A pays n to B. If B rejects, then the leader can either fight the war (exiting negotiations) *or* back down with increased concessions, $t > 0$. If the leader fights, then A and B fight the war. If the leader backs down, then B decides whether to accept or reject this increased offer, $n + t$. If B accepts, then B receives $n + t$. Since the leader backed down in public, the domestic audience observes this and punishes the leader: the audience receives a payoff of $-n - t$ for the settlement, and the leader receives $-n - t - \alpha$. Figure 1 presents the public negotiation in stylized form.

Mediation

As described previously, both models involve a leader threatened by domestic accountability (audience costs), and the mediation model differs from negotiation in two ways to focus on confidentiality and agenda-setting. First, the *mediator* is a strategic player who sets the agenda: the mediator makes the initial settlement proposal m. As the most minimal assumption that can be made about the mediator, I assume that the mediator prefers peace to war.[25] Second, bargaining is private. Once the mediator makes the initial proposal, B can accept or reject that offer. If B accepts the mediator's proposal, then the leader also gets a choice of whether to accept or reject where rejection leads to war and acceptance leads to settlement. If

[25] A preference for peace is the most minimal assumption that can be made about a mediator, and is widely used. A stronger assumption is to incorporate mediator bias toward one party, done usually to determine whether the mediator can credibly relay information. Since credible information provision is not the central question here, my assumption allows the equilibrium to result from audience costs – and not information provision.

B rejects the mediator's proposal, then the leader chooses whether to end talks (and fight the war) or to add concessions, $s > 0$, which B then can accept or reject. If rejection occurs, then the two countries fight a war, and if B accepts the higher offer, a settlement is reached.

Settlement can be reached in two ways: either both parties accepted the mediator's proposal, or the leader backed down with added concessions that were accepted. In either case, the domestic audience observes only that a settlement was reached, and is uncertain of the true origins of the settlement: was the settlement reached through the mediator's initial proposal or did the leader back down when faced with B's resistance? Since the audience is uncertain, the audience updates its beliefs using Bayes' Rule, and rationally decides whether to punish the leader. The audience's payoffs are such that it prefers to punish correctly: the audience receives an additional payoff of 1 if either it punishes a leader who did indeed back down, or if it does not punish a leader who did not back down. Figure 2 presents the mediation game in stylized form.

The solution concept is perfect Bayesian equilibrium in both models.

4.2 Analysis

Public Negotiation

Begin by noting that since B knows his own type, for any negotiated settlement, n, B will accept any offer that is at least as valuable as his expected payoff from war. The minimum offer that the strong type will accept $n_H = pHw - c_B$, his reservation value for war, and likewise the minimum offer that the weak type will accept is $n_L = p_L w - c_B$. Since the leader prefers to offer only the minimum necessary to secure peace, in any equilibrium in which peace is secured it would be inefficient to

offer anything greater than B's reservation value for war. Therefore, there are only two potential settlement offers in any equilibrium: a *high offer* that ensures peace against both types, n_H , and a *low offer* that ensures peace against only the weak type, n_L.

Since bargaining is public the leader knows that in any equilibrium where peaceful settlement is the outcome, it is better for the leader to make that settlement offer immediately, rather than back down with that offer later and pay audience costs. Thus, the leader can always avoid audience costs in public negotiation by making the initial offer one that balances the risk of war against the enemy who will reject (since the leader does not back down) with the settlement lost to enemy who will accept. Since acceptance depends on the type of B, the question becomes: when does the leader prefer to make the low offer that accepts a risk of war against the strong type? This depends on his prior beliefs q about the type of enemy he faces: the leader makes the high offer that guarantees peace, n_H, rather than the low offer that risks war with a strong type, n_L, when his expected utility is greater:

$$\begin{aligned} -n_H &> q(-n_L) + (1-q)(W_H) \\ q &< \frac{-W_H - n_H}{-W_H - n_L} \equiv q_1^* \end{aligned}$$

where $W_H = -p_H w - c_A$ represents the leader's war payoff against the strong type, and q_1^* represents the threshold below which a strong type is sufficiently likely so that the leader prefers to make the high offer.[26] Since settlement offers are better for the leader than the losses that will occur from war, this is the equilibrium to the public negotiation model.

[26]Expansion of q_1^* gives $\frac{c_A+c_B}{w(p_H-p_L)+c_A+c_B}$.

Figure 3 depicts this result: the solid line shows the optimal offers in the public negotiation model, where the horizontal axis gives the leader's prior beliefs that the enemy is weak and the vertical axis marks the losses from high and low settlements as well as the losses from war. When it is sufficiently likely that B is strong, $q < q_1^*$, the leader makes a high offer to secure peace immediately (against both types) rather than risk war against the likely strong type. The outcome in this region is peace. When it is likely that B is weak, $q \geq q_1^*$, the leader stands firm with a low offer which secures peace against the weak type and risks war against the *less likely* strong type. The probability of war in this region is the probability that the leader faces a strong type, which is $1 - q$. These dynamics within the public negotiation model are in line with audience cost theories in which leaders who are less resolved (not resolved enough to fight strong enemies) will back down, whereas leaders who are more resolved (to fight weak enemies) will stand firm and accept some risk of war rather than back down to face their domestic audience. However, notice that this expands on the understanding of what backing down may entail: in crisis bargaining models, backing down is equivalent to capitulating to the enemy, whereas here backing down is finding a nonmilitary resolution that prevents a crisis from escalating to war. Proposition 3.1 states this unique equilibrium to the public negotiation game.

Proposition 3.1. (Negotiation) *Where* $q_1^* = \frac{c_A + c_B}{w(p_H - p_L) + c_A + c_B}$, *if* $q < q_1^*$ *then the leader offers* n_H, *both types of B accept. If* $q \geq q_1^*$, *the leader offers* n_L, *the weak type accepts, the strong type rejects. The leader fights if B rejects.*

Mediation

In the mediation model, begin by considering what occurs when the strong type is likely. When the strong type is most likely, the mediator knows that the leader will be willing to accept a settlement that includes a high offer to the enemy. This is

because the leader will prefer to accept certain losses in a high offer settlement rather than fight a costly war against the likely strong type, as long as he can avoid audience costs (as in the public negotiation model). The complement of this logic indicates that when the leader believes he faces a weak type, the leader will reject the mediator's high proposal in favor of fighting a war against the likely weak type. Thus, as long as a strong type is sufficiently likely, the mediator can propose a settlement that is high enough for both types of enemy to accept and low enough that the leader prefers this to his expected payoff in war – the mediator's proposal will be accepted by all.

Given the strategies of the enemy and the leader to accept the mediator's proposal when a strong type is sufficiently likely, the leader does not back down in forming the final settlement. The audience updates its beliefs and does not punish the leader. Even though bargaining is private, once we consider the circumstances – the enemy is likely to be strong – there is no reason for the audience to believe the leader would have needed to back down; the leader likely agreed to a settlement that seemed sensible given the circumstances.

Since the mediator obtains his greatest prize (peace) with any offer that both parties will accept, in this range the mediator – with agenda control – proposes a high offer that both types of B and A will accept. Thus, *a "sensible settlement" for which the leader will not be punished can include settlement offers that are higher than those the leader would offer publicly* due to the mediator's ability to set the agenda. Agenda-setting allows the mediator to issue a settlement proposal that will be acceptable to all parties relative to their reservation values for war. Since war is ex-post inefficient due to its costs, and therefore a non-military resolution exists, the mediator can take advantage of her agenda-setting power to propose any value in the bargaining gap between the expected war payoffs of the strong type and country A. This variety

of settlements possible in mediation are not possible in a negotiation, because here the mediator has agenda setting powers and can propose settlements that the leader would deem inefficient (higher than B's minimum reservation value).[27] These values are seen in the dashed-outlined portion of Figure 3. Notice that the range in which these high settlements bring peace in mediation is larger than that range in public negotiation.

The threat of domestic accountability and the process of mediation allow warring parties to escape the rationality of going to war, without alleviating informational asymmetries or obtaining a credible commitment – much like other findings within the audience cost literature, the threat of domestic accountability means that the leader's hands are tied to this mediated agreement. The enemy is also tied since settlement is preferred to war; the enemy has no reason to back away from a high settlement. Since the leader avoids domestic punishment and the mediator proposed the settlement, it would appear to the public that the leader is silently able to blame the mediator for larger concessions than what would have arose from public negotiations.

Now consider what must occur when a weak type is more likely. When a weak type is likely, there is a mixed strategy equilibrium set off by a chain of reactions driven by the mediator: the mediator makes an initial proposal along the dashed line in Figure 3 that the weak type accepts only sometimes, and the leader backs down sometimes with a high offer but other times stands firm.

Why must the weak enemy mix strategies? In contrast to negotiation, there is no equilibrium in which the weak type always accepts the first offer and the leader stands

[27]There are not assumptions in this model that would make the mediator prefer any of these settlements, however, we might expect biased mediators to propose certain settlements, or at least that warring parties may suspect biased parties of preferring to offer certain settlements. Further theoretical inquiry would be useful in understanding this strategic relationship.

firm (which in turn induces the weak type to accept the first offer). To understand why, suppose that this is an equilibrium: the mediator as agenda-setter proposes the low offer and the leader will stand firm. Given these strategies, the enemy's best response is for the weak type to accept the low offer and for the strong type to reject. Upon observing settlement, the domestic audience updates its beliefs and does not punish the leader since the leader did not back down. But given that the leader can avoid punishment, the leader updates its beliefs upon observing the enemy reject – the leader believes he faces a strong type – and now the leader has a profitable deviation to back down since settlement is preferred to a costly war as long as audience costs can be avoided. In mediation, there is no pure strategy equilibrium in which the weak enemy always accepts the low offer and the leader stands firm. Confidentiality, by shielding the leader from domestic accountability, gives the leader the incentive to back down. Importantly, since the weak enemy must mix strategies, this strategy helps to generate audience uncertainty – uncertainty about the origins of a final settlement – since the audience will not punish as long as it believes that the final settlement was more likely to have originated with the mediator than with the leader backing down. In addition, the weak enemy's strategy allows the leader to back down and avoid war with the strong enemy at least sometimes: the weak enemy prefers the high offer, but the leader will not issue the high offer unless the leader is sufficiently certain that the enemy is indeed strong. The weak enemy therefore takes a risk in sometimes rejecting the mediator's proposal.

Given this strategy, the leader is unsure of whether he faces a strong or weak enemy after the initial offer is rejected. The leader in turn mixes between backing down and standing firm: the leader takes a risk that he is offering more than he would like to a potentially weak opponent, but is willing to do so to avoid a costlier war with a

strong enemy.

Why is the mixed strategy when a weak type is most likely different from the mixed strategy when a weak type only somewhat likely, or why is the extreme range different from the intermediate range? When enemy is most likely weak, the leader is unlikely to back down – after all, if one is fairly certain that the enemy is weak, why give extra concessions? As a result, the weak enemy is more likely to accept the mediator's proposal, and of course, the audience has no reason to punish the leader. The mediator therefore offers the highest value that country A will deem acceptable against the weak enemy (A's reservation value for war against the weak enemy). This keeps the leader indifferent between fighting the likely weak enemy and accepting this offer. Should the enemy reject, the leader has incentive to back down since the marginal difference between the mediator's proposal and the settlement that would keep the strong type from fighting in war is not as large, and the leader knows that he will avoid punishment.

When the weak type is less likely, the leader backs down more often since the leader believes he faces a strong type. Given this, the audience punishes sometimes. To compensate the leader for being punished, the mediator's initial offer is lower.[28] As the chances of facing a strong type decrease, in moving to the right of Figure 3, the leader is only tempted to back down if the marginal difference between the initial offer and the added concessions are small: the mediator's initial proposal increases as we move to the right in the figure. Importantly, the mediator selects the offer that reduces the probability of war, which turns out to be country A's reservation value

[28]From this we might expect that mediation between balanced warring parties should break down more often, and holding all else constant, that mediators propose fewer concessions. Whereas, mediation between unbalanced warring parties should succeed more often, and that mediators will propose that greater concessions be given from the party with audience costs to a party without audience costs.

for war against the weak type when the weak type is most likely.

These mixed strategies allow the leader to avoid audience costs when weak types are most likely, between q_3^* and 1, since it is easier for the audience to believe that a weak type accepted the mediator's initial offer when the enemy was more likely a weak type. However, the audience sometimes punishes the leader in the intermediate region, between q_2^* and q_3^*, since strong types are more likely and here it is easier for the audience to believe that the leader would have incentive to back down to what was likely a strong enemy. Thus, mediation is also double-edged for the leader: the leader sometimes will face punishment, but unlike in public negotiations where peace was only secured against weak enemies in this region, here the leader can reach peaceful settlements with the strong type as well.

The mediator plays a critical role in facilitating this compromise, which is evidenced by the shifting size of the mediator's initial proposal. As seen by the rising dashed line in Figure 3, the mediator raises the initial proposal – *thereby sinking some of the settlement costs – so that the marginal cost of backing down to the leader is minimized.* This marginal cost decreases, the gap between the high offer and the mediator's initial proposal shrinks, as a weak type becomes more likely. When weak types are most likely, between q_3^* and 1, the leader has less incentive to back down to what is likely a weak enemy. The mediator, in raising his initial proposal, encourages the leader to raise his offer only just a bit more to the high offer to secure peace with the strong enemy. In the intermediate region (between q_2^* and q_3^*), weak types are only somewhat more likely, and the mediator does not need to sink as many costs to get the leader to make a high offer and avoid war with the more likely strong type. This action of sinking the costs of the final offer, by raising the initial offer, could not occur if the leader simply bargained secretly without a mediator because it is never in equilibrium

for the leader to offer more than the weak type's reservation value (the leader always has a profitable deviation to decrease this initial offer). *Therefore the mediator's agenda-setting power is as necessary as confidentiality in enabling the leader to settle peacefully with both types of enemies by the mechanism of audience uncertainty.*

How is this all possible? Consider the incentives of each player. The weak enemy prefers to obtain concessions. The leader prefers to back down to the strong enemy (rather than fight), and preferably if he can avoid audience costs. Simultaneously, the leader does not want to back down to the weak enemy; the leader prefers that the weak enemy accept the initial offer without concessions. Audience uncertainty about the origins of offers gives the leader the diplomatic flexibility to bluff: the leader may back down with concessions that secures peace against both types (mediation succeeds), and other times the leader stands firm to fight a war (mediation fails). Thus, the audience's beliefs that the settlement originated with the mediator, or the ability to blame the mediator, gives the leader diplomatic flexibility to back down and potentially avoid domestic punishment.

The following propositions characterize the mixed strategy equilibrium.

Proposition 3.4. *When* $q \in [q_3^*, 1]$ *where* $q_3^* = \frac{2(c_A+c_B)}{p_H w - p_L w + c_A + c_B}$ *the mediator offers* $m_1 = p_L w + c_A$. *The strong type rejects* m_1, *the weak type accepts* m_1 *with probability* $x = \frac{q(p_H w - p_L w) - c_A - c_B}{q(p_H w - p_L w - c_A - c_B)}$. *A accepts* m_1 *if B accepts, and if B rejects, then A mixes between backing down to offer* $s(m_1) = p_H w - p_L w - c_A - c_B$ *and fighting where A fights with probability* $f = \frac{p_H w - p_L w - c_A - c_B}{p_H w - p_L w}$. *The audience does not punish the leader.*

Proposition 3.5. *When* $q \in [q_2^*, q_3^*]$ *the mediator offers* $m_3 = \frac{q(p_H w - p_L w)}{2-q} + p_L w - c_B$, *the strong type rejects, the weak type accepts with probability* $x = \frac{1}{2}$. *A accepts if B accepts, and if B rejects, then A mixes between backing down to offer* $s(m_3) =$

$\frac{2(1-q)(p_H w - p_L w)}{2-q}$ *and fighting with probability* $f = \frac{2(1-q)}{2-q}$. *The audience does not punish the leader with probability* $e = \frac{q(p_H w - p_L w + c_A + c_B - \alpha) + 2(\alpha - c_A - c_B)}{\alpha(2-q)}$.

4.3 The Double-Edged Sword of Private Mediation

What are the effects of mediation? To understand what makes a mediation work, and how the mechanism operates, one needs only to examine the mediation model in isolation. However to understand the effects of mediation, one must compare mediation to an alternative: here I ask how a mediation improves or does not improve over public bargaining, where public bargaining provides one of the most straightforward options for crisis diplomacy.

How does mediation affect the probability of peace? When a strong type is most likely, for $q \in [0, q_1^*]$, both mediation and negotiation secure peace. In mediation, the mediator makes the high offer, and in negotiation the leader makes the high offer, and in either process the leader and both types of enemy accept that high offer.

When neither weak nor strong types are very likely, for $q \in [q_1^*, q_2^*]$, mediation secures peace but a public negotiation results in war with probability $1 - q$. In mediation, the mediator who prefers peace proposes the high offer, which is acceptable to both the leader and both parties, however, the leader would not make this offer publicly. The leader, in this range, is willing to take a risk on war with a strong type, and stands firm with a low offer. If the leader faces the weak type, the no war occurs, but if the enemy turns out to be strong then a war occurs: the probability of war is the probability of facing a strong type, $1 - q$.

When weak types are more likely, in both the intermediate range and in the more extreme range when weak types are most likely, for $q \in [q_2^*, 1]$, the probability of war

is the same, $1-q$, for both mediation and negotiation. That the probability of war in mediation under the mixed strategy equilibrium was also $1-q$ was surprising; the strategic play between the leader and the enemy changed remarkably in this range, but this new strategic play does not alter the probability of war.[29] Overall, since a high offer that secures peace against both types of enemy is made across a wider range of the parameter space in mediation than in negotiation, the ex-ante probability of peace, before types are drawn, is higher in a mediation. This result is stated in the following corollary.

Corollary 3.6. *The ex-ante probability of war from mediation is lower than the ex-ante probability of war from negotiation. The probability of war for* $q \in [q_1^*, q_2^*]$ *is lower from mediation than from negotiation. The probability of war when* $q > q_2^*$ *is* $1-q$ *for both mediation and negotiation.*

This finding supports the importance within the literature that a mutually hurting stalemate helps to explains mediation success (e.g., Zartman and Berman 1982; Touval & Zartman, eds. 1985; Zartman, 1989). In conflict situations where neither side can win, *stalemate*, and both sides stand to lose from continued conflict, a *lose-lose stalemate*, a mediation is more likely to succeed. According the Zartman (1995), "[r]ipe moments are composed of a structural element, a party element and a potential alternative outcome - that is, a mutually hurting stalemate, the presence of valid spokespersons, and a formula for a way out."[30] In the model, a mediation makes the largest difference in being able to secure peace where negotiations may fail when the balance of power between the adversaries is more similar, when $q \in [q_1^*, q_2^*]$.

The model suggests that a key component of a conflict's "ripeness" for mediation is

[29] It would be interesting for future research to understand the theoretical reasons why the probability of war remains $1-q$.

[30] p. 18.

for leaders to high audience costs and for mediation to generate audience uncertainty. When there are audience costs and audience uncertainty, then leaders faced with a mutually hurting stalemate – the rising costs of conflict, or psychological perceptions of lose-lose or painful situations in war – are more likely to use mediation to potentially back down. It is in these situations that mediation may make peace more likely, where public negotiations break down. The consideration of domestic politics as contributing to a conflict's ripeness has yet to be explored more thoroughly.

Interestingly, note that although the probability of peace is the same when weak types are more likely, the likelihood of war is $1-q$ when $q > q_2^*$ for mediation and negotiation, the way those ensuing wars look are quite different. A negotiation that breaks down in this region, only does so if the type of the enemy is strong: ensuing wars are fought against strong enemies. In contrast, when a mediation breaks down, this is because the leader stood firm against whichever type rejected the initial proposal: ensuring wars are fought against strong types and weak types who took a gamble in rejecting the initial offer. Thus, the probability that the leader and his domestic audience will win the ensuing war – *the contingency plan if peace talks should fail – is better from mediation, since mediation allows for wars against weaker types on average.*[31] This result is stated in the following corollary.

Corollary 3.7. *The leader and his audience are more likely to win in any ensuing war that results from the breakdown of a mediation rather than the breakdown of a public negotiation.*

What is most clear from this is that *there is no clear benefit of mediation.* In fact,

[31]The probability that country A wins in a war if negotiation breaks down is $1 - p_H$. The probability that country A wins in a war if mediation breaks down is $(1 - q)(1 - p_H) + q(1 - p_L)$. For all values of $q > 0$, country A is more likely to win in a war as a result of a mediation breaking down.

there are lots of reasons not to mediate. As with any mixed strategy equilibrium, the reason players mix is because there is no clear dominant strategy that allows a player to win all the time. Mediation involves trade-offs for each participant, even when the domestic circumstances and attributes of a mediation may allow leaders to back down and help a mediation succeed. In terms of the benefits for the public, the public gains a way out of war with strong enemies, and hedges their best against losing in war if talks should break down. However, in terms of the negative effect for the public, the public loses greater concessions as a result of mediation.

Given these benefits for the public, we might expect that weaker countries or countries stricken with economic hardship may prefer mediation, since mediation reduces the probability of losing an ensuing war. In addition, if the public imposes audience costs because they are concerned with their country's international reputation or national honor, one might expect that countries that are concerned for its reputation, such as enduring rivals might be more interested in the face-saving offered by mediation.[32]

The leader cedes some power over the size of the settlement to the mediator, and in doing so the leader does not always evade domestic punishment. The leader is sometimes punished by his domestic audience even with mediation's confidentiality and the mediator's agenda-setting, but the leader too gains a way out of wars against strong enemies while sometimes avoiding domestic punishment.

Meanwhile, weak enemies are faced with an easy choice in negotiation, but in mediation, the weak enemy will sometimes turn down a better initial offer, one that is larger than his reservation value for war, only to face a leader who sometimes stands firm. *Mediation is a double-edged sword for all parties involved.*

[32]See Fearon 1994; Smith and Guisinger 2002 for work on audience costs and honor.

Why are leaders willing to cede such powers to mediators? Why are mediated agreements legitimate if mediators can lock leaders into offering in added concessions? Might leaders be willing to cede power, because aspects such as confidentiality and agenda-setting provide leaders with political cover?[33] The answer here is: not exactly.

This relates to a growing literature with significant empirical support that domestic political cover encourages peace in a variety of diplomatic forums: mediation, arbitration, and adjudication (e.g., Allee and Huth 2006; Huth, Croco, and Appel 2011; Gent and Shannon 2010; and Beardsley 2010). One might ask, if domestic political cover is so effective at securing peace, then why do these diplomatic options fail? The work here reveals that even when domestic political cover can be obtained by the leader and peace is encouraged through domestic political cover, *domestic political cover does not always increase the probability of peace.* When weak enemies are more likely, a mediation that provides domestic political cover results in the same probability of war as a public negotiation – that is, mediation offers no better prospects for peace than two states using rhetoric to battle things out in the public media and potentially escalating their conflict.

In addition, even though there may be an opportunity for domestic political cover in mediation, that political cover is not always granted – the leader is sometimes punished. Since domestic audiences suspect leaders for wrongdoing under circumstances in which those leaders would be most tempted, leaders are only able to escape domestic punishment some of the time, which depends on whether the circumstances

[33]Note that even though this paper focuses on only two aspects – confidentiality and agenda-setting – many other aspects may contribute to the diplomatic flexibility obtained when the origins of offers are obscured. The empirical sections of this paper show that the presence of multiple mediators, a neutral third-party mediation environment, a foreign minister's public actions, and even avoiding the announcement of mediation "goals" can contribute to a mediation's success.

would lead an audience to believe the leader did indeed back down. Future research to uncover the strategic results of domestic political cover within arbitration and adjudication processes can develop more understanding of how domestic publics affect peace across a variety of diplomatic options.

The model shows that the key to mediation's success is not domestic political cover alone, but audience uncertainty that forms the microfoundations of how mediation works. Mediation success relies on a tenuous trust between the public and its leader. In accepting mediation as a legitimate means of resolving a crisis, the public inherently grants the leader flexibility to bargain privately while maintaining only the threat of post-settlement domestic accountability as a crude tool to ensure its best interest. This trust embodies a trade-off for the public, since as seen in the model, mediated settlements involve greater concessions than negotiated ones. Future research may want to ask when the public would be willing to lose extra concessions to enemies in favor of obtaining a more likely peace and hedging against wars with strong enemies.[34]

Given these trade-offs, why mediate? The models show that mediation can result in settlements that are more likely to be accepted by enemies, and that are supported domestically – in other words, mediation can provide a peaceful resolution with domestic legitimacy that would not be acceptable through negotiation. Why are mediations so widely accepted as legitimate forums to resolve conflict? Leaders may need diplomatic flexibility to end conflicts in ways that may provide benefits to the public, but that may also involve some costs. Ceding agenda-setting power to a

[34]In this model, the audience's utility function includes the settlement, however, the value of the settlement cancels out. One way to capture the audience's value of the settlement is to parameterize the leader's initial public demand, given before the bargaining begins, and then to include the difference between that demand and the final settlement in the audience's utility function. There is no straightforward way to assess the results of this without proving the results, since the audience's decision to punish would affect each player's equilibrium strategy.

third party and sacrificing transparency can be beneficial, and give leaders the opportunity to "screen" his enemy and select into war some weak enemies that negotiations do not. All leaders must make tough choices: the ability to use mediation means that a leader reduces his ex-ante probability of war, whereas a leader who only bargains publicly must accept two things – a greater risk of war and a war against a strong enemy – two risks mitigated by mediation.

Finally, what does this suggest about audience costs. Audience costs are a way that the public brings the preferences of the leader in line with its own preferences whether these preferences are about preventing risky wars, preventing escalation without resolve, or to maintain the national honor. However, there is an unintended effect of audience costs – that leaders may tie their hands to very costly wars. The public negotiation game shows that in public forums, sometimes the threat of audience costs forces leaders to accept a risk of war against strong types. Mediation, by allowing leaders to back down from their threats and potentially avoid audience costs, might provide outcomes that are closer to the preferences of the audience by giving the audience a means of avoiding these wars they prefer not to risk. In other words, in contrast to common consensus, *obscured accountability* gives the public a means of reigning in the leader to provide policy outcomes closer to its preferences of avoiding war, albeit in a more nuanced manner.

Further, audience costs are argued to be a mechanism that allows leaders to send credible signals of resolve. The results of the negotiation game are in line with this aspect of audience costs: the leader stands firm even after realizing that the enemy is strong, rather than back down to face domestic punishment. However, in mediation leaders can back down and escape their audience costs. These results suggest that to the extent that leaders have diplomatic options, audience costs may not provide

for credible signals of resolve. This is not to suggest that leaders can simply call upon mediation processes at anytime, however, since mediations are often initiated by leaders, one might expect that as a mediation looms – while who the mediator is, or where mediations will take place are being decided – perhaps then, leaders might prefer to signal their resolve through sunk cost signals such as violence and attacks, rather than rhetoric. Thus, the results here suggest that one should expect more violence as a mediation approaches.

How generalizable are these results? We know that mediation is not part of a single-shot game, thus there are at least three critiques of this model. First, often adversaries issue offers to the mediator who shuttles back and forth as part of a mediated process. Second, often parties are already at war when mediation takes place. Third, often both parties have to accept mediation, in which mediation could have been requested by a warring party or even by third parties and then accepted by warring parties.

The first critique does not pose too difficult a problem. Fey and Ramsay (2010) find that shuttle diplomacy does not alter the final settlement in mediation, regardless of repeated opportunities for making offers. Thus, by their result, the model here is quite generalizable. If we were to expand the model so that after the leader's added concessions offer is rejected, the leader gets to make an additional offer, and then iterate between the enemy's decision and the leader's decision to offer more, the equilibrium would remain the same. The iteration of opportunities for parties A and B to announce new offers does not change the optimal offers nor the best response strategies of A and B. Therefore, even though this is a one-shot game, one can argue that these results hold for many naturally-occurring bargaining scenarios.

However, if one were to switch the order of players, such that the enemy made an offer first – the certain player could potentially reveal or risk revealing his type – then

shuttle diplomacy might have an effect. This depends on whether the enemy types pool, that is, if they do not reveal their type to the leader, then the leader operates with the same uncertainty that occurs in this model (and the same uncertainty in Fey and Ramsay's model). If types separate, and reveal their type under specific circumstances, then the act of shuttling from a more certain player to an uncertain player may reveal information that changes the equilibrium of the game.

The second critique also does not pose too much difficulty, since one might assume that the costs of an ongoing war are sunk costs, and therefore these costs shift the status quo at the start of the game, but this would not alter the equilibrium results. The leader is presumably still uncertain of the type of the enemy, and the mediator can proceed accordingly. There would also be little difference if a war were ongoing during the mediation process, and the act of shuttling back and forth occurs as battles are being waged. In that case, although one could argue that there is an interaction between battles and offers made in mediation, the model results here are adaptable to this sort of change. Consider the NATO bombing which contributed to Serbia's acceptance of the Dayton Accords: these attacks shifted expectations of whether the enemy was strong, and we can imagine that the model is simply being played again and again at different points in time with shifting expectations of where along q players are.

The third critique poses difficulty since nothing in this model asks whether the enemy can signal its type in agreeing to mediation. If parties propose mediation, or must accept mediation when offered by third parties, then the enemy (who knows his own type) risks revealing, or may even prefers to reveal, that information to obtain a better bargain. This larger signaling game may be quite complex, and future research might want to ask what occurs and how this affects bargaining within the mediation.

What are the implications of these results for mediation practitioners? The results suggest that when adversaries are unbalanced (when one type of enemy is likely to be strong) and leaders face the threat of domestic punishment, then a wide range of peaceful settlements may be possible; agreements the offer concessions beyond the minimum that each country would accept in favor of war. Further, unlike in an international court, a mediated agreement need not be based on precedent or law, therefore, if leaders gain diplomatic flexibility in mediation, a much larger set of possibilities that are not rooted in prior agreements, laws, or precedents exist for peace. Where does this leave mediation? Far from the common critique that mediation is an unreliable means to resolve conflict with little to no costly enforcement, this theory finds that domestic politics gives mediation the teeth to secure the legitimacy for a wide range of self-enforcing agreements, without the need to resolve commitment problems or alleviate private information problems.

This research also indicates that domestic conditions make a conflict ripe for peace, and argues that aspects of a mediation that create audience uncertainty may be important in obtaining a publicly-supported settlement that leaders are willing to sign. Theoretically we can take this further: if leaders can conceal backing down from their domestic audiences through mediation, these leaders might be inclined to use mediation to avoid becoming "locked in" to war in the first place. Mediators, international organizations with strong agenda-setting powers, and confidential third-party back channels may give leaders the safe diplomatic retreat needed to calm an escalating crisis.

On a less hopeful note, perhaps the ability to escape audience costs by invoking mediation dampens the abilities for leaders to tie their hands with public threats and signal resolve credibly. If mediation becomes an expected part of a continuing conflict,

then sunk costs through mobilization or violence may be a more credible means of signaling resolve. In either case, understanding the role of domestic audiences in mediation success is critical to making progress on the deeper implications of how mediations affect war and peacemaking.

5 Ecuador and Peru: Audience Uncertainty in Practice

While the formal model details the inner workings of mediation, the unobservable nature of the strategic dynamic is what gives rise to mediation's success – if audience uncertainty is at work, then one should not be able to figure out who made which offer to whom and who backed down to whom. Thus, there can be no ideal evidence in which one can observe the exact logic of the model at work. At best, one may be able to observe whether audience costs plus audience uncertainty is what led to peace between two countries; and further, that having one without the other, audience costs without audience uncertainty for example, should not lead to peace. Ecuador and Peru is a unique case in which the exact terms of a final agreement were the same terms in the dispute for over 50 years, and that those exact terms were rejected at one time, but accepted later on. In fact, in this case, we not only get two opportunities to observe relevant factors, but four: the terms on the table in 1941 which were nullified, again were on the table in 1996, 1997, and 1998 under three different presidents in Ecuador (all negotiating with Peru's President Fujimori). The support of the theory here lies not as much in understanding why the agreement lacked public support in 1941, but why Ecuador's presidents in 1996 and 1997 failed to gain public support for the terms that were ultimately applauded by Ecuador in 1998 – those same terms

that were previously unacceptable since 1941.

Thus, I turn to the longest territorial dispute in Latin America – the border conflict between Ecuador and Peru. The conflict extends back to roughly 1830 with two mediations occurring in 1942 and 1998. These mediations followed the outbreak of two wars, in 1941 and 1995, respectively, and resulted in two settlements that were interestingly mediated by the same group of countries: the United States, Chile, Argentina and Brazil. This case therefore provides some ability to hold the potential for side payments and information provision constant, while varying the nature of domestic politics.[35] It is surprising that the 1998 accords, in which Ecuador was given only one-square kilometer of the original 500,000 in dispute, was received with far greater popular approval, than the highly unpopular 1942 Rio Protocol in which Ecuador renounced only 200,000 square kilometers of territory.Ecuador presents a unique case because the war issues remain the same over time, the mediators are the same, the settlements are the same, yet the domestic political environments differ, and not simply for the two cases (one might argue that the 1940s and the 1990s represent vastly different time periods), but for the three presidents – Bucaram, Alarcon, and Mahuad – who all attempted to mediate for peace between 1996 and 1998. In this brief period, one must ask why mediation continued to fail for so long, and as we shall see, suddenly was endorsed by so much of the public.

While the 1942 protocol became a symbol of national discontent and was ratified by a bare plurality, the 1998 agreement, which returned to strikingly similar terms as the 1942 agreement, is seen a symbol of national pride – creating brotherhood between

[35] Although the U.S. has emerged as the world's only superpower since the end of the Cold War, the potential for side payments and information provision were at least as great during the 1942 agreement when the U.S. had a desire to present a united American front upon entry into World War II.

the warring countries – and was approved by a Congressional majority.[36] I argue that the 1942 agreement was nullified and led to 50 more years of conflict due to a lack of audience costs, which made it rational for the audience to believe that any settlement is the result of a leader who backs down. Further, while audience costs were a credible threat to presidents from 1995 to 1998, I argue that only in 1998 was there audience uncertainty to make peace legitimate.

Since colonial independence, Ecuador and Peru fought to establish a definitive border between their countries. A common understanding is that the dispute was about Ecuador's claim to the Rio Cenepa, which connected to the Rio Marañon, a tributary of the Amazon River, which then connected Ecuador to the Amazon and to the Atlantic Ocean. But this geographical anomaly was discovered only after 1942, and the conflicts dates back to the 1800s. The real issue was not the border, but territorial sovereignty over a vast land: a map dated 1989 in Figure 4 is from Ecuador's Ministry of Tourism and outlines the way that Ecuador saw its country when it entered the 1995 war.[37]

Tensions escalated and Peru launched an invasion on July 5, 1941. The war was disastrous for Ecuador and by the 31st of July, Peru occupied most of the territory. The U.S. at the time was preparing to enter into World War II, and in seeking not to revisit the Zimmerman Telegram in which Germany attempted to get Mexico to start a war with the U.S., the U.S. was determined to have peace in the Americas. Thus, the U.S., Brazil, Argentina and Chile stepped in to mediate the war between Ecuador and Peru.

On January 29, 1942 Ecuadorian President Arroyo signed the Rio Protocol in which

[36]The remaining territory was under dispute until Ecuador ceded it to Peru in 1998.

[37]The author thanks the Ecuador's Ministry of Tourism and Joseph Bongiovi for the use of this map.

Ecuador agreed to a border that reflected the post-treaty possessions of each state in exchange for Peruvian withdrawal of troops to at least the Maynas, a region in the southeast. The 1420-kilometer border outlined in the treaty included a 78-kilometer stretch of land called the *Cordillera del Condor*, or Condor mountain range, over which the conflict resumed. During the border demarcation period, a geographical anomaly was discovered around the Cordillera del Condor, since just beyond the mountain range was the Rio Cenepa. Ecuador, whose schoolchildren were taught that Ecuador was "an Amazon country and always will be," refused to give up its sovereign rights to the Cenepa Valley region.[38] Interestingly, the 1942 treaty included a means to resolve the geographical anomaly: Article IX of the treaty states "The parties may, however, when the line is being laid out on the ground, grant such reciprocal concessions as they may consider advisable in order to adjust the aforesaid line to geographical realities." Yet, Ecuador, whose citizens were already upset at the treaty, declared the agreement to be null and void, and both countries continued to fortify the Cenepa region militarily. Note that even though 1942 protocol declared the mountain range to be the definitive border, the issue of sovereignty was left open. Therefore, even though Ecuador ceded this territory, Ecuador had not relinquished its sovereign claim over access to the Amazon with this agreement.

When peace was achieved in 1998, Ecuador renounced all but one square kilometer of the 500,000 kilometers in dispute, as well as an even more important issue – its sovereign claim over the territory – and yet the settlement received an 82% public approval rating.[39] According to the agreement, citizens of Ecuador are allowed free

[38]Simmons notes that Ecuadorian schoolchildren were brought up using maps that showed the pre-1942 borders. Simmons, Beth. p. 17.

[39]In signing the 1998 Brasilia Accords, Ecuador renounced its sovereign claim over the Cenepa Valley region, and received one-square-kilometer within Peru located at a battlefield outpost called Tiwintza, where an emotional battle took place during the 1995 war.

passage along a single public road that is up to five meters wide to Tiwintza. Ecuador also received navigational access to the Amazon; however, this access was exactly the same as in the 1942 agreement – in fact, the 1998 accords explicitly states: "These accords are: Treaty of Commerce and Navigation, in application of Article VI" of the 1942 Rio Protocol. Ecuador's additional concessions were minimal: these include access to two sites in Peru to operate port services and co-ownership of two bi-national parks. Although the port access provides Ecuador with a connection to the Atlantic, the main issue at stake – Ecuador's sovereign claim to the territory – an issue on which Ecuador capitulated.[40]

Why did the 1942 agreement fail?[41] In line with the theory, without the threat of audience costs, Arroyo failed to win public support for the accords in 1942 because the threat of audience costs were not credible, even if audience uncertainty was present. Arroyo did face domestic pressure, yes, but not post-settlement domestic accountability for potentially backing down. Arroyo obtained power through fraudulent elections, and maintained power through repression and military support, thus he was shielded from domestic accountability. Arroyo did fear political opponents in general, particularly from within his military.[42] However this threat did not create incentive for Arroyo to stand firm at the bargaining table, not have mounted if Arroyo backed down to the enemy – the threat existed because individuals wanted his removal more generally. A key part of the tension that allows leaders to sign for peace was therefore

[40]One question we might ask is what was the conflict really about – sovereignty or territorial access to the Atlantic? After all the Panama Canal is clearly an alternative route to the Atlantic. Yet this was never brought up as a navigational possibility in any of the interviews conducted in Ecuador. In fact, all interviews mention the issues of state sovereignty, fighting since the 1800s, and the economic and social ties between the two countries.

[41]One might argue that the country may have grown war-weary, etc., Alternative explanations are explored below.

[42]Arroyo's fear of political opponents made him keep his best military officers at his side during the 1941 war with Peru. This is seen as part of the reason that Ecuador lost the 1941 war.

missing for Arroyo, and made it likely that he did back down in mediation.

Without the threat of audience costs for backing down, Ecuador's public could believe that Arroyo did back down when signing the 1942 agreement. As a result, it is rational for the audience to object to the treaty. Domestic opposition to the President centered on the 1942 agreement, and Ecuador's Congress immediately regretted its ratification. In spite of this regret, the government did not nullify the treaty – the threat of audience costs could not make the government move because that threat was not credible. To the public and to members of government, the 1942 treaty became nationwide symbol of discontent. The dispute was reopened informally through military deployments to the Cenepa Valley in 1942, but it was only Arroyo's successor, President Velasco Ibarra who nullified the treaty in 1960.[43]

Throughout the dispute, Ecuador considered the 1942 treaty as a testament to how Peru "dismembered" their country, and would continue arms appropriation and military mobilization to saturate the Cenepa Region as part of normal foreign policy relations with Peru. It is no surprise that the conflict would continue for over 50 more years, escalating into an incident in 1981 and a war with full military mobilization in 1995.[44]

By the mid-90s, as evidenced by Ecuador's more recent history of presidential removals, audience costs in Ecuador had become a credible threat.[45] The domestic public was well-aware of the issues at stake during the mediation: interviewees knew the deep historical roots of the conflict that grounded Ecuador's claim to sovereignty

[43]Arroyo was deposed after rising inflation and increased civilian discontent led the military to end their support of Arroyo.

[44]Simmons notes that the Ecuadorian Embassy insisted that Peru "dismembered" their country, having taken over more than half of Ecuador during the entirety of the dispute. Simmons, Beth. p. 33.

[45]See Pérez-Liñán 2007.

from within their anti-colonial history, the 1942 treaty in which Ecuador did not relinquish its sovereignty, and the many years of conflict with its neighbor. Often interviewees mentioned the 1800s *long before* the 1940s (if contemporary events were mentioned at all), thus the central issues were well-known to the public through a longstanding historical narrative. For example, when asked how the 1995 Cenepa war began, Former Army General Moncayo, who was in charge the 1995 war, responded, "It's a complex problem. I have to explain what happened before in order to properly explain the war, a lot of countries became independent..." As the General proceeded to detail the wars between Gran Columbia and Peru in 1829, which overlapped Ecuador's disputed territories, and then moved onto how borders were divided in treaties in 1842 and 1887, it became obvious that the central issue at stake was sovereignty that had eluded Ecuador since the 1800s.

Government officials were also aware that domestic punishment was a genuine threat. When asked how the Ecuadorian people reacted to the mediation process, former Minister of Foreign Relations Ayala, who mediated the conflict in 1998, stated:[46]

> "It was obvious since day one, in order to come to an agreement in which it implied that the public would renounce their rights, this was indispensable, to have popular support. Without it, no one could ever sign an agreement, because the day after being signed they would stigmatize it, would have it taken out of function and it would even be politically judged."

The threat of audience costs for backing down to Peru was there, and yet, the public did not punish President Mahuad – in fact, the public response was quite the opposite.

[46]Source: Interview with former Foreign Minister Jose Ayala in Quito, Ecuador on August 1, 2008.

Once the peace accords were signed, as Vice President Noboa described, "the public burst into applause for the Mahuad government."

Unlike Arroyo who in 1941 became a black mark on Ecaudor's national honor, the public viewed Mahuad as having increased the Ecuador's national prestige "to a global level."[47] Ayala noted "some said I was giving up Ecuadorian rights to Peru, that I had renounced our lands, but the majority of public opinion applauded the treaty; 82% of Ecuadorians were in favor of the treaty." In interviews, Ecuadorian citizens criticized former President Mahuad for ruining the economy, but also applauded him for the accords.

In fact, even though Mahuad was removed from the presidency, the reasons for this were due to an economic scandal including a bank hike and a 2.3 million dollar gift to support a political campaign – not the peace accords which were seen as Mahuad's international achievement. In an interview with former Colonel Gutierrez, who led the coup to remove Mahuad, Guitierrez stated that the reasons for the coup were only the bank scandal and economic crisis:

> "Yes, like in Argentina, Brazil, the government put a freeze on the banks... It was a terrible and hard time for the poor people in the country. These people would put their retirement money in the bank, their work money, the money they would work for every day and couldn't take out. People would sell all their possessions to get money, they were left with nothing. The Indigenous's took over the streets of Quito and Congress for 7 days. Congress asked us to evacuate these people that were united against this illegal act, and instead of evacuating them, we decided to unite with them

[47]Interview with Vice President Noboa in Guayaquil, Ecuador on July 30, 2008.

for the same cause."[48]

When asked about the terms of the agreement, popular responses in Ecuador were that the terms of the agreement "sold the country short" or "gave the country away." Thus the public is aware that the Ecuador gave up its sovereign claim in the agreement, and yet not only did the public not punish the President, but they lauded him with praise.

To support the model, the threat of audience costs alongside audience uncertainty is what allowed the public to believe that it was unlikely that Mahuad backed down. Three factors contributed to audience uncertainty. First, the mediators played an active role in designing the agreement and controlling implementation. In late September 1998, less than one month prior to the agreement, Ecuador and Peru agreed to remove mines from the disputed border area, but only in accord with the mediator's proposal, and only if the mediators themselves were in charge of the removal:

> "After a four-hour meeting, Peruvian President Alberto Fujimori and Ecuadoran President Jamil Mahuad today signed a *carta de intencoes* [joint letter of intent] asking the Brazil-led group of guarantor countries to design a plan for the removal of mines from the border area between their two countries, as another step forward in settling the conflict in the region."[49]

The mediators were also responsible for the key steps in reaching the final agreement. Major newspapers in both Peru and Ecuador reported on October 5th and 6th that talks broke down – just two weeks before the final agreement. *El Comercio*

[48] Interview with Lucio Gutierrez in Quito, Ecuador on July 23, 2008.

[49] "Ecuadorian, Peruvian presidents sign letter of intent in Brasilia," Agencia Estado news agency, Sao Paulo, September 29, 1998. Article from BBC Monitoring International Reports Available http://nl.newsbank.com/nl-search/we/Archives.

reported:

> "Presidents Mahuad of Ecuador and Fujimori of Peru finally agreed in early October 1998 that the bilateral talks had reached what one Peruvian newspaper described as a *callejón sin salida* or dead end." [50]

In the next 17 days a surprising series of events occurred. First, just three days after talks broke down, the Presidents of both Peru and Ecuador met with President Clinton in the White House, and ceded full control of the final bargaining process to the mediators. Under Article 7 of the (nullified) Rio Protocol, the mediators were to act as guarantors in the dispute and propose a final solution. In other words, the Presidents cited a nullified treaty that had been on the table for over 50 years to allow the mediators to decide the final settlement. In turn, the mediators returned directly to the stipulations in the 1942 Rio Protocol, and even used the exact delineation of the border as given by nullified treaty!

El Comercio reported:

> "At this point, the negotiations took a surprising turn. Presidents Mahuad and Fujimori met in the White House with President Bill Clinton on 9 October 1998; and out of this meeting came a suggestion that the guarantors, acting under the provisions of Article 7 of the Rio Protocol, propose a final solution to the boundary dispute. The governments of Argentina, Brazil, and Chile subsequently agreed to join the United States, in their collective role as guarantors of the Rio Protocol, in proposing a final solution as long as its acceptance was obligatory and accepted in advance by the congresses of Ecuador and Peru. Following the requisite congressional

[50] Bruce St. John, Ronald. p. 82, quoting from El Comercio (Quito), 6 October 1998; El Comercio (Lima), 5 October 1998.

> approval, the guarantors announced a global and definitive settlement to the Ecuador-Peru dispute on 26 October 1998."[51]

Therefore, to the public, the mediators controlled various important steps along the path toward peace and even the final agreement, and therefore were key to generating audience uncertainty.[52]

Second, the President can foster audience uncertainty, and perhaps the main reason that peace was not possible before 1998 was because these presidents did not make it believable that they would not back down. In 1995, President Duran Ballen was a hero for leading his country to war in 1995 – this war was Ecuador's greatest victory over its rival (even though some considered it a stalemate). Ecuador successfully conducted the war having worked to increase its arms acquisition from the Soviet Union after the debacle against Peru in 1981. Ecuador's victory in 1995 lay in its ability to hold the mountaintops and shoot down more Peruvian planes than in previous outbreaks of violence. He did not make strong attempts toward peace.

In August 1996, Bucaram, as country's next president, worked to make peace with Peru, but failed. Why? Bucaram downplayed the conflict as a "war of maps," and "distanced himself from nationalist rhetoric."[53] Bucaram even traveled to Peru in 1997, in the first official state visit in 170 years. While there he "advocated in front of the Peruvian congress that the two governments seek 'forgiveness for the teachings we gave our children'."[54] This visit resulted in government officials calling for Bucaram

[51]Italics added. Ibid.

[52]Numerous successful steps including the ceasefire itself were conducted through the mediators: Military Observer Mission Ecuador-Peru (MOMEP) a military-led group established and coordinated by the mediators outlined the demilitarization areas and coordinated the withdrawal. See Lt. Col. Higgins 1997; Homza 2004; Crocker, Hampson, and Aall, eds. 1999 for more detail about the importance of MOMEP in this peace process.

[53]Simmons, p. 17-18.

[54]Ibid.

to be tried for treason! Bucaram took actions that made it appear that he would likely back down. Bucaram, impeached for "mentally instability" by Congress, was replaced briefly as acting president by his Vice President Rosalía Arteaga for less than a week in a major government upheaval. Although she had a clear agenda, she held little to no power over the presidency. The domestic instability does not provide any leverage over the theory for mediation, but it does give evidence that the threat of domestic accountability was very risky for Ecuador's presidents.

In 1998, Alarcon was assigned to act as interim President. He too did not generate audience uncertainty although it was clear that he did work hard to make peace a priority in his agenda. "Alarcon repeatedly called for a 'dignified peace with Peru'," and "declared that the territorial problem must end and not be left to future generations."[55] Even though it seems that any president *could* have called on the mediators to act as guarantors in accord with the nullified 1942 treaty to settle the dispute – as would occur in 1998 – and that presidents such as Bucaram and Alarcon worked hard to secure peace as part of their presidential legacy, no president did.[56]

In contrast, Mahuad made it clear to the public that he would not back down. According to *El Comercio*, the reason for the breakdown of talks less than two weeks prior to the final agreement was because Mahuad refused to budge about the border issue: "Mahuad acknowledged that the talks remain at a standstill. The peace negotiations Ecuador and Peru are holding to try to reach an agreement on the demarcation of the border remain stagnated."[57] Presidents may represent a key aspect

[55]Ibid.

[56]This also shows that domestic politics played a significant role for each president: during the Ballen presidency the public did not want an agreement, and during the remaining presidencies, there was not sufficient uncertainty about the potential origins of offers to make signing any agreement legitimate.

[57]See "Ecuador-Peru: Peace process 'stagnated' - Presidents to Meet Brazil's Cardoso," *El Comercio*, October 7, 1998.

of how audience uncertainty works on the ground – only Mahuad made it credible that he did stand firm at the bargaining table.

A third source of audience uncertainty was described by the former foreign minister Ayala. When asked how public support was gathered for an agreement in which the public would renounce their rights, he said:

> "What I did was to organize a system of conversation with the public. In eight months, I had 250 meetings with universities, indigenous organizations, professors, businessmen, service members of the military, the clergy, with workers, with all the civil societal representations of Ecuador. They would last three to four hours, each one, and I would give them the reality and tell them 'this is what is happening, do you want to have negotiations? Give me ideas'... until the people would unite massively toward peace, peace, peace."

Ayala stated that by meeting with the public he was able to reestablish "the credibility of the government" by allowing them to participate in providing ideas for peace. He stated that "the Ecuadorian people trusted the Catholic Church first, the press second, the armed forces third, and then the government." These talks were necessary to reestablish "credibility." That these conversations took place may have generated the idea that any agreement was "the will of the people," an idea that is impossible to refute, yet these also increased uncertainty about the origins of the final offer. Regardless of whether the offers originated from the mediators who held substantial control, or the public whose opinion was sought, it seems clear that it could not have been the President.

As the two Presidents met in Brasília to sign the accords, Fujimori commented "It was

curious to note that the only difference... was the insignia. The faces were the same... It seemed absurd."[58] The theory here sheds light on this absurd event: the actions of the mediators, the leaders, and foreign minister built and maintained the audience uncertainty necessary to bring about a peace agreement behind closed doors that allowed Mahuad to *possibly* back down while Ecuador would applaud his landmark international achievement – for terms that were not previously acceptable.[59]

6 Quantitative Analysis

The theory provides numerous testable implications for whether mediation occurs, what makes mediation likely to succeed, and how a leader's political fate is affected by mediating his country's conflict. Thus, I parse my analysis into specific parts: pre-mediation to see if the theory helps us understand what makes mediation more likely to occur; during the mediation to see if the theory explains what makes mediation succeed; and post-mediation to see if the theory holds empirically-observable consequences for leaders who mediate. This structured approach allows me to quantitatively test as many observable implications of my theory as possible. If more observable implications derived from the theory are supported in these data, then the theory is more strongly supported. In what follows, I outline three hypotheses generated from the theory.[60] I then describe the data and my research design, followed by how I operationalize audience costs and audience uncertainty and account for control

[58] See "Peru, Ecuador End Century-Old Border Dispute," *The Nation*, October 27, 1998.

[59] Can side payments explain the stability of the 1998 agreement? No. The U.S. did provide a generous side payment after the 1998 agreement, the payment was made to improve the region under dispute – in other words, the side payment was distributed to Peru to care for the Cenepa Valley region, now strictly Peruvian territory. If anything, side payments indicate why Ecuador's public should have been more appalled at the terms of settlement.

[60] Additional nuances to these hypotheses are outlined in the appendix.

variables, before moving on to results.

First, the model results show that mediation increases the likelihood that a crisis will settle peacefully while mitigating the threat of domestic punishment for leaders. Therefore, a leader involved in an interstate conflict might enter or pursue mediation in hopes of avoiding domestic audience costs while working toward conflict resolution. Given this, I expect that leaders who faces the threat of audience costs will be, holding all else equal, more likely to enter mediation. This logic gives the following hypothesis:

H1: Leaders are more likely to enter mediation (mediation is more likely to occur) when those leaders face the threat of audience costs.

Second, according to the theory, the way a mediation works when a leader is faced with audience costs is through the mechanism of audience uncertainty. Leaders obtain diplomatic flexibility in mediation because of the tension they face between the incentives from audience costs to stand firm at the bargaining table, and the incentive for that leader to back down since his audience may be uncertain about the origins of settlements. The theory therefore gives the condition – the presence of audience uncertainty – that enables mediation to succeed when a leader faces audience costs. I expect that mediation will be more likely to succeed when a leader faces audience costs and aspects of that mediation foster audience uncertainty. This logic gives the following general hypothesis:

H2: Mediated settlements are more likely when leaders are threatened by audience costs and aspects of a mediation foster audience uncertainty.

Third, since leaders who use mediation can often avoid audience costs when signing settlements, a leader who mediates might enjoy a better political fate than a leader

who did not mediate, holding all else equal. This gives rise to the expectation that leaders who mediate are more likely to leave office in a *regular* manner – to be okay rather than to face exile, jail or to be killed after leaving office - than leaders who do not mediate.[61] Thus, I investigate whether leaders who use mediation are more likely to have a better post-tenure fate. This is stated in the following hypothesis.

H3: Leaders who mediate their conflicts are likely to have a better post-tenure fate.

Data and Research Design

I test my hypotheses using country-year data from 1945 to 1995, which includes 6302 peaceful country-years, 462 conflict years that were unmediated, and 413 conflict years that were mediated.[62] Of the 413 mediated country-years, 238 resulted in settlements (cease-fires, partial and full settlements) and 175 resulted in failure (no settlement). The data allow me to capture audience costs and audience uncertainty, while controlling for mediator characteristics, third-party interest, and conflict attributes. Next, I describe how I code my dependent variables of interest as well as my operationalization of my independent and control variables using this data set.

For hypothesis 1, I code mediation *occurrence* as a (1) if at least one mediation occurred in a country-year, and a (0) if a dispute began or is ongoing but there was no mediation. The data include 463 unmediated and 413 mediated conflict-country-years.[63] For hypothesis 2, I code *Success* a (1) if a mediation in a country-year

[61] In the model, punishment does occur sometimes, in the intermediate region, thus this hypothesis requires more than what is predicted by the model. Thus, if this hypothesis finds support, then we should have more reason to believe that mediation affects the post-tenure fate of leaders.

[62] I code new data for 35 mediated conflicts, and combine this with data from the International Conflict Management Database on conflict resolution events, the Archigos Database on Leaders v. 2.9, Polity IV, the Geddes, Wright and Frantz's Global Political Regimes on domestic political institutions, Penn World Table, and EUGene v. 3.2 on war, dispute and trade. Details are in the appendix.

[63] A second hypothesis is that party-initiated mediation should increase since leaders are not

produced a ceasefire, partial or full settlement, and a (0) if all mediations failed in that country-year.[64] Of the 413 mediated country-years, a settlement is reached in 238 country-years and not reached in 175 country-years. For hypothesis 3, the dependent variable is the leader's post-tenure fate, which ranges from (0) Okay, (1) Jailed, (2) Exile and (3) Killed, where lower numbers indicate a better fate.

I test hypotheses 1 and 2 with a logistic regression model, since mediation occurrence and success are binary dependent variables, using robust standard errors clustering observations by country.[65] I test hypothesis 3 using matching analyses between mediated and unmediated conflicts to see whether mediation has a causal effect on leader fate. I match leaders of unmediated and mediated conflicts with replacement using audience costs, third-party interest, and the costs of conflict. According to this, two leaders are a match and should have a statistically similar post-tenure fates if the audience costs they face, interests of third-parties, and costs of war are similar.[66]

A brief caveat in case one suspects that selection effects may bias the estimates for mediation success – since what makes mediation succeed may be affected by what makes mediation occur – I give two reasons not to be concerned. First, the theoretical model assumes players are already in mediation, thus all results are conditional on mediation occurrence, which fits with the empirical test for hypothesis 2, in which

only more receptive to mediation, but should seek out and initiate mediation. I also check to see whether party-initiated mediations are more likely to occur. Of the 413 mediated years, 266 were majority party-initiated and 147 were majority third-party initiated (warring parties are the majority initiators about 65% of the time). My results hold: audience costs increases party-initiated mediations, and audience costs and audience uncertainty increase party-initiated mediation success. Details of the coding and results are available in the appendix.

[64] Audience costs and audience uncertainty should increase the durability of settlements since mediation allows for support of settlements that would not receive support otherwise. However, there is no reliable data on settlement durability. Thus, this is left for future research.

[65] I also clustered observations by leader, in case certain leaders were more resistant to audience costs, and by war to relax the assumption that mediation between two countries involved in the same war are not independent. Neither of these affects my results.

[66] Further details are in the appendix.

the sample being tested are mediations that have already begun and we want to observe what encourages success or failure. Second, I also use multiple censored probit (Heckman) selection models to model potential selection effects, as well as a mixture model to simultaneously estimate selection processes as a latent dimension: I find no evidence for systematic bias from unobservable factors.[67]

Explanatory Variables[68]

Audience Costs

To test the effects of audience costs, I use four indicators: *Polity*, *Average post-tenure fate*, *Initiator*, and *Volatility*.[69] First, audience costs may be more likely if the political regime encourages, or at least does not inhibit, the public's ability to coordinate punishment. For example, a free press, open political competition, and the presence of free and fair elections in democracies may help to facilitate audience costs. To account for this, I use a country's *Polity* score which scores countries from -10 to 10 based on how democratic is a country's political regime, where higher numbers indicate more democratic. I also use the *Average post-tenure fate* of a leader for each country, which capture the historical ease with which the public has punished leaders of a given country. The post-tenure fate of a leader is coded as a 0 if the leader was okay after leaving office, 1 if the leader was sent to prison, 2 if the leader was in exile, and 3 if the leader was killed. In addition, since one reason that the public punishes a leader for backing down is to prevent leaders from initiating threats that will ultimately damage their country's reputation or honor, a leader who initiates

[67] Details and results are in the appendix.

[68] Further details can be found in the appendix.

[69] I rely on several indicators because as many scholars have noted, audience costs are difficult to measure because these costs are theoretically unobservable. Leaders take actions to avoid their audience costs, and therefore while the threat of audience costs may exist, those costs should not emerge.

a conflict is more likely to be threatened by audience costs than a leader who was targeted in a crisis. This fits with the idea that a leader who initiates a conflict risks a nation's honor. Therefore, I use whether the leader was the *Initiator* of the conflict as a measure of the threat of audience costs. Finally, in the model here, the public punishes the leader for backing down with added concessions, which might be more likely if those concessions are especially painful. I use the *Volatility* of a country's exchange rate to indicate when concessions might be most painful due to economic instability. I expect the coefficient estimates to be positive for hypotheses 1 and 2 indicating that audience costs increase mediation occurrence and success.[70]

Audience Uncertainty

To capture aspects of mediation that increase uncertainty about the origins of offers, I rely on several indicators. First, the public is more likely to be uncertain of who crafted a settlement if the mediator is a *Group* of individuals who represent different countries or organizations. I code a mediator as a *Group* if the mediating body consists of two or more countries or organizations. Second, the public is more likely to believe that the mediator created the settlement if that mediator has, or is perceived to have, private interests in securing specific terms. Non-governmental organizations interested in democracy promotion or securing refugee safe havens, for example, and regional organizations that prefer treaties which support regional security, trade, or the organization's reputation may be more likely to create audience uncertainty. I code *NGO/Regional* as a 1 if the mediator consisted of an NGO or regional organization, and a 0 if not. Third, the data code for the specific goals that a mediator announced prior to the start of the mediation, which may prime the public to believe that a mediator is or is not likely to be involved in crafting the settlement. When the

[70]There are no expectations for how these will affect a leader's fate, since the only covariate of interest in accounting for a leader's fate will be whether he mediates.

mediator announces a *Communication* or *Procedural* goal, in which the mediator is either a vessel for terms dictated by the leader or the mediator seeks only to establish the format of talks, it is more likely that the leader was responsible for added concessions – audience uncertainty does not exist. In contrast, when the mediator announces a *Directive* or *Unspecified* goal, in which the mediator seeks to direct peace terms or does not announce a goal, then it is more likely that the settlement originated from the mediator – audience uncertainty exists. To summarize, the audience is uncertain if there is a *Group* of mediators, if the mediator is a *NGO/Regional* organization, and if a *Directive* or *Unspecified* goal is announced. The audience is not uncertain if *Communication* or *Procedural* goal is pursued. I expect that *Group*, *NGO/Regional*, *Directive*, and *Unspecified* will increase mediation success and should have positive coefficient estimates, whereas *Communication* and *Procedural* will not.

Control Variables[71]

Two factors are well-known to affect mediation – broadly, mediator characteristics and conflict attributes – and I include these to assess the relative impact of audience costs and audience uncertainty. First, mediator characteristics such as power, bias, and third-party interest may make mediation more (or less) likely to occur and to succeed. Since superpowers and the United Nations have substantially more resources at their disposal, I control for a mediator's power using binary indicators for whether a *Superpower* or *UN mediator* is involved. I control for a mediator's bias using *Neutral environment*, which indicates whether mediation took place in a third-party territory and not a warring party territory. I control for third-party interest using an indicator for whether *Resources* are a primary issue in the conflict, since third parties may be more interested where resources are at stake. I also include *S-score* which codes the

[71] Further explanation for all variables and variables used in robustness checks can be found in the appendix.

similarity between the alliances of a warring country and the system leader, since third-party countries may be more likely to intervene when warring parties are more globally connected. I also include a variable, *Region of Interest*, which takes a value of 1 if the warring country is located in the Middle East, Europe, or the Americas, since historically these have been regions of third-party interest.[72] Second, the costs of war and a country's ability to mitigate those costs may make leaders more likely to turn to ways to resolve conflict: higher costs of war should make mediation more likely to occur and to succeed. I account for the costs of war by including the highest *Hostility* level reached, and the log of the number of *Fatalities* in the conflict. I account for a country's ability to mitigate these costs using *Capabilities*, *Major Power* status, and *Trade Openness*.

6.1 Results

The following three analyses test the implications of the theory and the extent to which mediation and domestic accountability are related. This first test shows some support that domestic accountability (audience costs) affects when mediation occurs. The second gives strong support for the theory in that when leaders face the threat of audience costs, audience uncertainty can help a mediation succeed. The third shows that mediation in turn affects what happens to the leader once he or she loses office. In what follows, I describe the results for these three tests, followed by a brief summary to discuss the strength of the results overall.

Audience Costs and Mediation Occurrence

The results in Table 4 show that audience costs, third-party interest, and the costs of

[72] This follows Beardsley (2010).

conflict each affect when mediation occurs, but how strongly this supports the theory here, or any other theory, is not clear.

First, while audience costs increase mediation occurrence, which variable best captures these results is not robust to the inclusion of control variables. The first column in Table 4 shows that audience costs as captured by the average post-tenure fate of leaders makes mediation more likely, and this effect is statistically significant.[73] However, Column 4 in Table 4 shows that when we account for third-party interest, the significance of average post-tenure fate disappears. Instead, both *Initiator* and the interaction of *Initiator* and *Avg. post-tenure fate*, which also capture audience costs are now positive and significant: this suggests that leaders who initiate conflict and who are threatened by a worse post-tenure fate are more likely to enter mediation. However, since these two variables are not statistically significant in Column 1, the results are inconsistent. At best, while audience costs do increase mediation occurrence, it is not clear which measure is best reflects that relationship.

Of course, not all mediation must occur as a result of the mechanism of audience uncertainty: some mediation may occur because war is costly, and side payments or information provision is likely when third parties are interested.

How do the costs of war affect mediation occurrence? The results in Table 4 give mixed support for this hypothesis. Conflicts with higher fatalities are more likely to be mediated as indicated by the positive and statistically significant estimates in Columns 3 and 4, which fits with the expectation. However, the hostility level reached

[73]Table 1 shows additional support that average post-tenure fate generally increases mediation occurrence and that this effect holds even when we include alternative measures for audience costs. Therefore, one might expect that average post-tenure fate is the best measure for the effect of audience costs on mediation. Note that Volatility was dropped because although it consistently significant, the effect is very small. Polity was dropped because it is never statistically significant in Table 1. All other variables were kept in the estimation.

has no effect on the likelihood of mediation, as seen by the positive and insignificant effect of hostility in Column 3 and the negative and insignificant effect in Column 4. If mediation is more likely to occur as the costs of conflict increase, then higher hostility and more fatalities should increase mediation - but only the expectation for fatalities holds. These results raise questions about when and why deadly wars increase mediation, but hostile wars (wars that escalate) do not.

What if we consider the ability of a country to withstand those costs of war? If costlier wars increase mediation, then the ability to withstand those costs should decrease mediation. Higher capabilities, major power status, and less trade openness should make a country more able to withstand a more hostile war.[74] Table 4 shows that even though all of these effects are statistically significant, only the result for major power status fits the expectations.[75] Countries with higher capabilities that can withstand the costs of war are actually more likely to mediate (unless they are a major power). Countries with greater trade openness, where trade is more likely to be interrupted by a hostile conflict, are less likely to mediate. Only major powers, able to withstand the costs of war, are less likely to call upon mediators, as expected. However, given that all other indicators for the costs of war do not fit with the expectations of the hypothesis that costly war increases mediation, *the results suggest that another alternative mechanism explains exactly when a costly war increases mediation and when it does not.*[76]

What about the effects of third-party interest? If interested third-parties are more likely to provide side payments or information, two alternative mechanisms for medi-

[74]Countries that have less trade openness are less likely to have trade interrupted as a result of war.

[75]In Table 4 one would expect capabilities and major power to both have a negative effect on mediation, and trade openness to have a positive effect on mediation.

[76]This is left for future research.

ation, then when natural resources are at stake in the conflict, when a region has been of interest historically, and when countries are more well-connected globally then mediation should be more likely. [77] However, when resources are at stake in the conflict mediators are surprisingly less likely to become involved.[78] Further, warring parties that are more globally well-connected are also less likely to experience mediation. The only covariate that fits the expectation is that regions that are of interest historically, namely, the Middle East, Europe and the Americas, are more likely to experience mediation. While this supports the hypothesized relationship between third-party interest and mediation, this result is not satisfying since it only reflects the inability to characterize what makes a region historically interesting, and does not give any added information about whether third parties who are interested are providing side payments or information. In short, this variable gives no added empirical understanding, and no added theoretical support. Further, even though the effects are statistically significant for all three indicators, since the results went against the expectations for two out of three indicators, this analysis only gives limited support to the idea that mediation occurs when third parties are interested.

What explains mediation occurrence best? Table 4 shows that the fit of the model is better when all three categories are included. The likelihood ratio test statistic is 509.18 when Column 4 (All) is compared to Column 1, 614.26 when compared Column 2, and 144.66 when compared Column 3, and in all three cases the p-value is less than .0001 indicating that the larger model is a statistically significant improvement in model fit; better than any of nested models. Thus, many of these variables do indeed have an impact on when mediation occurs, but no single theory receives strong

[77] In Table 4 one would expect resource, region of interest, and s-score to all have a positive effect on mediation occurrence.

[78] Alternative specification of the primary issue – ethnic, territory, or resource - has no effect on any of the dependent variables in this study. See Table 16 the Appendix.

support. At the very least, the results do not contend with my theory, as none of the indicators for audience costs point in the opposite direction; some covariates lose their significance, but no measure of audience costs makes mediation less likely.

Audience Costs, Audience Uncertainty, and Mediation Success

The results in Table 12 show strong support for the theory here - audience costs and audience uncertainty make mediated settlements (success) more likely. The only other consistent and significant results are that superpowers and the United Nations are less likely to succeed when they mediate, and with regard to the costs of conflict, only trade openness has any effect on success. As in the results for mediation occurrence, none of these effects are explained theoretically. Mediation should be more likely to succeed when third parties have information or side payments to provide, but the results support the opposite relationship. Costly conflicts should be more likely to settle through mediation, and again the only significant result cuts against this theory.

First, all indicators for the effects of audience costs are positive and statistically significant in Column 5 of Table 12. However, both *Polity* score and *Volatility* are not statistically significant in Column 1, and have only a small effect in the larger model in Column 5. This fits with theory, since audience costs alone may or may not increase mediation success: only when audience uncertainty also exists should mediation succeed. Indeed, the results show that audience uncertainty provides consistently accurate expectations for the effects of covariates on mediation success. As seen in Columns 2 and 5, group of mediators and mediators who use a directive strategy are more likely to succeed in mediation. This gives strong support since settlements will be harder to trace back to the leader if a group is mediating, and when the mediator announces that he plans to direct the terms of peace. These effects are consistently

positive and statistically significant across model specifications.

The results for non-governmental and regional organizations, and when a mediator does not pre-announce a strategy, are also consistently positive - and fit with the theory since both were hypothesized to increase audience uncertainty – but not consistently significant. Further, mediators who announce a communication strategy likely make it easier to blame a leader for concessions, and decrease audience uncertainty, has a negative and statistically significant effect on mediation success as seen in Column 2.[79] That audience costs and audience uncertainty both increase mediation success support the theory.

Second, since side payments and information provision are alternative mechanisms for mediation, one hypothesis is that mediators who are powerful and interested in the conflict should be more likely to succeed. However, when examining how a mediator's power and bias, Columns 3 and 5 of Table 12 show that the only consistent effect is that superpowers and the United Nations are less likely to succeed.[80] This is surprising since these powerful mediators should be able to mediate successfully. While it could be true that these mediators are called in to mediate more intractable conflicts, it is not clear why these mediators would accept and engage in mediating a costly conflict where it is unlikely that they will succeed - the author knows of no theory to explain this ad hoc justification. Further, the mediation literature suggests that a strategic interaction explains why mediation by powerful mediators succeeds, since warring parties seek out mediators who are interested and who can provide side payments and information. But this only raises an additional question: if it is true that warring parties seek out powerful mediators, then why is this effect so trumped so

[79]This covariate is positive but not statistically significant in Column 5, but this could be because the baseline excluded category is when the mediator announces a procedural strategy. In Table 8, we can see that on its own, a communication strategy is more likely to fail.

[80]The baseline excluded category of mediators in Column 5 is private individuals as mediators.

consistently that superpowers and the United Nations are more likely to fail? These results suggest that *research is needed to understand either the selection processes or the internal proceedings of mediations by superpowers and by the United Nations that make these mediations so much more unsuccessful.* Finally, Columns 3 and 5 show that while mediation in historical regions of interest is more likely to succeed, the significance of this effect is not robust to the inclusion of other variables.

These results do not give strong support to the importance of power and bias in mediation success; however, these empirical models are not intended to be a test of these theories. I include these variables to assess the effect of my theory relative to other important factors that impact mediation success. For future research, these results show that it might be necessary to rely on specific variables and model specifications that better capture Favretto's theory that powerful mediators succeed when they are biased (allied to one of the warring parties), and Beardsley's theory of how mediators must carefully use leverage, since alternative and reasonable indicators for power and bias do not exhibit any impact on mediation success.[81]

Perhaps most surprisingly, the costs of conflict have no significant impact on mediation success. If costlier conflicts are more likely to be mediated successfully, then increased hostility and fatalities should have a positive effect on mediation success. While this effect holds for hostility, it does not hold for fatalities: more hostile conflicts are more likely to reach a settlement, but deadlier conflicts are less likely to end in mediated settlement, and neither of these effects is significant. The ability of a warring party to weather a conflict as given by capabilities, major power, and trade openness, also give no support for the hypothesized relationship. Countries that have higher capabilities are more likely to settle in Column 4, but not in Column 5. Major

[81] Both Favretto (2009) and Beardsley (2013) draw support using case studies.

Powers are more likely to reach a settlement in both model specifications, but this effect is not significant. Countries that rely on trade should be more likely to reach a settlement, since conflict may interrupt trade, but in fact, these countries are less likely to settle - and this effect is the only statistically significant and consistent effect for the costs of conflict across Columns 4 and 5. As with mediation occurrence, the results for the effects of the costs of conflict on mediation show that more research is necessary to understand when and why costly are mediated, and when those mediations are likely to succeed. The straightforward explanation that as conflict becomes more costly, mediation and its success should be more likely is not supported.

Mediation and Leader Fate

The matching analyses show that all treatments tested – mediation occurrence, mediation success, party-initiated mediation occurrence, and party-initiated mediation success – have a statistically significant effect on leader fate as seen in Table 15. Since each treatment is binary, for example, whether mediation occurred or not, the estimates can be compared across models to assess their relative magnitudes. Models 1 and 2 show that in general when mediation occurs and when mediation succeeds, a leader has a worse post-tenure fate than if he did not mediate. This appears to cut against the theory.

However, when we turn to the effect of party-initiated mediations versus the effects of mediations that were not initiated by warring parties, my results show that leaders who initiated mediation had a better post-tenure fate than leaders who did not initiate the mediation.[82] If leaders who face the threat of audience costs are more likely to initiate mediation, and party-initiated mediations capture those observations in which

[82] A mediation is coded as party-initiated if the warring parties initiated the mediation, and not party-initiated if that mediation was initiated by third-parties.

the theory operates, then party-initiated mediations should improve a leader's fate. Indeed, they do. Further, Model 4 in Table tab:medfatematch shows that not only are leaders of party-initiated mediations better off on average, but those leaders who reach a settlement secure an even better post-tenure fate. This also supports the theory.

Overall, whereas leaders in general are often worse off after mediating, regardless of whether they settle, accounting for leaders who initiate mediation shows that while initiating mediation improves a leader's fate, reaching settlements can improve that fate even more.

Summary

In summary, with regard to the theory here I find mixed results for hypothesis 1: audience costs do make mediation more likely to occur, but which measure of audience costs works best is unclear. This could be because not many mediations occur as a result of audience costs: leaders who face low audience costs may mediate for other reasons, and since audience costs are hypothesized to encourage leaders to stand firm one might expect that leaders who face high audience costs may be as likely to mediate as they are to charge ahead in the conflict. Since the theoretical model does not ask when the leader initiates mediation, the results here do not support the theory but also do not contend with the theory.[83] Further, these results show most clearly that several things affect whether mediation occurs, but none of these effects are consistently in support of any underlying theory. My results raise significant questions about what is it that makes a third-party interested in mediation, and what mechanism explains why some costs of conflict increase mediation while others

[83]This theoretical model is left for future research since there is an entire bargaining process that might occur before a mediation even begins – does the enemy accept the leader's proposal to mediate, and does that enemy ever propose a mediation – and these have complicated answers.

do not.

With regard to hypothesis 2, I find strong support for the theory - audience costs and audience uncertainty increase mediation success - and my results are robust to the inclusion of other variables. My results also show that contrary to the idea that mediators should be more likely to succeed when the have information or side payments to provide, superpowers and the United Nations are both less likely to succeed as mediators. While this can be explained by the additional assumption that superpowers and the United Nations select themselves into these conflicts, no theory explains a) why these mediators would take on such a cost if they are likely to fail, and b) why this effect is stronger than the effect of warring parties who seek out mediators who can provide side payments and information. My results also show that the costs of conflict have no effect on whether mediation will succeed, and where there was an effect, this went against the simple explanation that settlements should be more easily reached when conflicts are costly. These results strongly suggest that more theoretical understanding of when and why costly conflicts are likely to be mediated and when those mediations will succeed is necessary.

Finally, how are leaders affected by mediation? Interestingly, leaders who mediate and who settle through mediation generally experience a worse post-tenure fate. However, when those mediations are initiated by the warring parties, these effects reverse: party-initiated mediations and the success of those mediations both improve leader fate. If leaders initiate mediation to avoid their audience costs, and this is captured by party-initiated mediations, then my results show strong support for the theory. Therefore, when leaders face audience costs, audience uncertainty makes mediation more likely to succeed, and if these are the leaders who initiate mediation, then initiating and reaching a settlement can strongly improve their post-tenure fates.

The results as a whole provide interesting support for the theory – showing how audience uncertainty works in a mediation – and adds new questions for research on how costly conflict and third parties affect mediation occurrence and success.

7 Conclusion

> "Tudjman suggests that we make the announcement ourselves, and not in the presence of either Izetbegovic or himself. As usual, the leaders wanted to leave the impression that the Americans had pressured them to do what they probably would have done anyway."[84]

This paper explains how domestic politics allows leaders to secure peace through mediation. When negotiations are confined to the public domain, leaders are reluctant to offer concessions that may be critical in preventing war. Mediation is a unique diplomatic option in which confidentiality is standard protocol and mediators are given substantial agenda-setting powers. In private mediations with the presence of a third party who can share the blame, audience costs – punishment that the leader will suffer for backing down to the enemy – and audience uncertainty about the origins of offers, give leader the diplomatic flexibility necessary to sign for peace. Through this mechanism, mediations provide self-enforcing agreements that do not rely on private information being revealed (the alleviation of uncertainty), nor on overcoming commitment problems, since everyone (the mediator, weak enemy, strong enemy, leader, and audience) is better off. The theory shows how mediated agreements are legitimate to warring parties – a mediation erects the struts of public support for both the leader and the agreement simultaneously – since the public benefits by giving

[84]Comment from Richard Holbrooke after securing an agreement that the Western offensive to push back Serbian control would not be aimed at Banja Luka. Holbrooke, p. 166.

its leader increased flexibility: war is less likely, and ensuing wars are more likely to be won.[85] Since the mediator succeeds in obtaining peace more often, mediators have incentives to help maintain audience uncertainty – obscuring responsibility for the settlement increases the chances for peace when audience costs are present.

The theory also shows that the mediator as the agenda setter holds significant power by making the offers that the leader will accept in private, but never make in public. In line with conventional wisdom, the mediator here appears to be a "therapist" or one who extracts information necessary for a settlement. In the model, the mediator does not learn anything from the disputant parties. However, since mediation results in a higher offer than what the leader will make publicly, the jump in the size of the settlement can lead an observer to believe that the mediator must be learning something to get that extra concession. The model helps to answer the puzzle of what a mediator does by explaining what the mediator can do given the domestic background of the conflict – the mediator secures a higher settlement – and further, the mediator can obtain this without substantial power or costly enforcement provisions.

The Ecuadorian-Peruvian border conflict case study demonstrated how audience uncertainty contributed to a permanent peace in 1998. In 1942, the leader who did not face audience costs likely backed down, and the public opposed the 1942 agreement. However, in 1998, the public heralded a President for signing an agreement that was no better than the previous agreement. Since audience costs made it likely that Mahuad did not back down, and the sources of audience uncertainty – mediator control, Presidential statements, and the dialogue with the public – made it likely that settlement originated from either the mediators or the general will, but not the

[85] A weak enemy sometimes obtains a better settlement, and in taking a chance on the whether the leader will raise the offer, the weak enemy risks that the leader will stand firm. As a result, the public sometimes loses those higher concessions to the weak enemy, but has a higher chance for peace and a greater chance for winning in any ensuing war if talks break down.

Presdient, Mahuad gained the diplomatic flexibility needed to sign the agreement and avoid punishment. In my interviews and in my research, not a single article or interview with a politician even across party lines, not a single scholar, journalist, member of the military nor member of the general public once indicated that they believed that Mahuad backed down when he signed the agreement – in spite of the fact that most know the terms. One might say that there is simply not enough evidence to tip the balance in favor of punishing Mahuad for the settlement terms.

The theory holds two implications for the literature on audience costs and international conflict. First, mediation allows leaders to back down from war. Therefore, to the extent that leaders have diplomatic options for backing down, audience costs do not allow leaders to demonstrate resolve credibly. I do not suggest that leaders have the foresight to initiate war with a plan to use mediation to back down. Thus audience costs may still play a large role to demonstrate resolve in the initiation of war, and the first threats made to an enemy. However, the theory here implies that once mediation is initiated, signalling resolve and tying hands through public statements are not as effective. As mediation looms, sinking costs through military mobilization and violence may be more effective ways to demonstrate resolve.

Second, my results show that a negotiated settlement (the outcome) is always at least as good as (and sometimes better than) a mediated one for the public, however, mediation results in peace more often. Thus, the public faces a trade-off between outcome and process. If outcome matters to the public more, then the leader should negotiate publicly. However, if the public cares more about its international reputation, or if there is substantial justification to exit war, then the leader who opts for mediation may be able to reach a settlement. The models here cannot answer whether a leader choose a negotiation or mediation, because here the audience, by assumption, only

makes judgments based on process. A next step will be to add a component in which the audience also judges outcome.[86]

Further, the three analyses here demonstrate how mediation and domestic politics are inextricably related: the threat of accountability influences when mediation occurs and whether mediation succeeds, and that mediation in turn affects what happens to the leader once he or she loses office.

The assumption that process matters fits with the audience costs literature in which the audience punishes its leader for the process of escalating and then backing down. Importantly, my results demonstrate that the public has two ways to judge a leader: both process and outcome matter. Since outcome and process can cut against each other in this trade off, audience costs alone are not sufficient to understanding the impact of domestic politics on international conflict. Models of audience costs should incorporate an audience that imposes audience costs rationally while weighing the trade-off between backing down (losing national honor) and the crisis outcome (potentially a devastating war). Future research on what determines the balance in audience preferences for outcome vs. process is necessary, and will speak to the questions about how the public judges its leadership: when do impressions of a leader – and how he or she must have behaved even when the public was not looking – weigh relative to policy outcomes?

[86]Note that this addition requires further development on the degree to which the audience prefers its best outcome vs. the best process.

8 Appendix

8.1 Additional Proofs

Public Negotiation with a Domestic Audience

Lemma 3.1.a. *In the negotiation, if rejection of the first offer n is on the equilibrium path for both types p_H and p_L, then in no equilibrium will A offer $t = t_H$.*

Proof: Let μ_p represent A's beliefs that the type who rejects the first offer n is a weak type. Suppose both types reject n, then by Bayes' Rule $\mu_p = q$.

Suppose A makes an offer t such that both types accept. Since A prefers to lose as little as possible, A offers the minimal offer that the strong type accepts. Let t_H represent this offer, where $t_H = p_H w - c_B - n$. To see that offering t_H is not optimal for A, note that if A fights both types, then A receives $EU_A(F|q) = -qp_L w - (1-q)p_H w - c_A$. Given t_H, $EU_A(BD|t_H) = -p_H w + c_B - \alpha$. A prefers to back down if the following condition holds:

$$\begin{aligned} EU_A(BD|t_H) &\geq EU_A(F|q) \\ -p_H w + c_B - \alpha &\geq -qp_L w - (1-q)p_H w - c_A \\ c_A + c_B - \alpha &\geq q(p_H w - p_L w). \end{aligned}$$

Since $\alpha > c_A + c_B$, the condition is not met.

Lemma 3.1.b. *In the negotiation, if rejection of the first offer n is on the equilibrium path for both types p_H and p_L, then in no equilibrium does A offer $t = t_L$.*

Proof: Since both types reject the first offer, A must decide whether to back down publicly and pay audience costs, or to fight. To see whether A makes an offer that is accepted by the weak type, suppose A makes a offer t that only a weak type accepts. Then A offers the minimal offer that a weak type accepts, $t_L = p_L w - c_B - n$. Given t_L, we know that A fights the strong type regardless of whether A fights or backs down. Therefore, the question of whether t_L is a best response for A hinges upon whether A prefers to fight or back down to the weak type. A backs down if:

$$\begin{aligned} EU_A(BD|t_L) &\geq EU_A(F|t_L) \\ -p_L w + c_B - \alpha &\geq -p_L w - c_A \\ c_A + c_B &\geq \alpha. \end{aligned}$$

Since $\alpha > c_A + c_B$, A fights.

Let n_0 and t_0 represent the offers made along this path of play, where $n_0 + t_0 < p_L w - c_B$. If no type accepts the first offer, then by Lemma 3.1.a. and Lemma 3.1.b., A fights both types, and receives the following expected payoff:

$$EU_A(n_0, t_0|q) = -qp_L w - (1-q)p_H w - c_A = EU_A(n_0).$$

Lemma 3.1.c. *By Lemma 3.1.a. and Lemma 3.1.b., in the negotiation, if n_0 is offered then both types p_H and p_L reject and A fights both types, where $n_0 < p_L w - c_B - t_0$.*

Lemma 3.1.d. *In the negotiation, A offers $n_L = p_L w - c_B$, p_L accepts, p_H rejects and the leader A fights the strong type is an equilibrium.*

Proof: Suppose at least one type accepts the initial offer n. Note that it cannot be the case that the strong type accepts n and the low rejects n. For this to be true, the weak type must be rejecting n to wait for a better payoff. But for the strong type to accept n, $n \geq n_H = p_H w - c_B$. If the weak type rejects n then the weak type stands to receive either his war payoff $p_L w - c_B < n_H$, or the offer that A makes if A backs down. If A backs down to the weak type, then A offers the minimal amount to deter the weak type from war, which is less than A's initial offer. Therefore, the weak type cannot reject n if the strong type accepts n.

Then acceptance of n therefore occurs either by the weak type alone, or by both types. Suppose that only the weak type accepts n, then A offers n_L, the lowest value p_L accepts, where $n_L = p_L w - c_B$. Then $\mu_p = 0$, and if a type rejects n_L then that type must be a strong type. To see whether A backs down or fights, note that if backing down is to be preferred by A, then the offer t that A makes must be an offer that the strong type accepts – otherwise it makes no difference to A. The strong type accepts the back down offer only if $n_L + t \geq p_H w - c_B$. If A backs down then A offers $n_L + t_H = p_H w - c_B$, which implies that $t_H = p_H w - p_L w$. If A backs down to the strong type, then A pays audience costs. A backs down to the strong type if:

$$\begin{aligned} EU_A(BD|n_L, \mu_p = 0) &\geq EU_A(F|n_L, \mu_p = 0) \\ -p_H w + c_B - \alpha &\geq -p_H w - c_A \\ c_A + c_B &\geq \alpha. \end{aligned}$$

Since this is not true, A prefers to fight the strong type. The weak type is indifferent between accepting n_L and deviating to fight a war. The strong type prefers to fight the war rather than to accept n_L. Therefore A offers n_L, and with probability q A faces a weak type and loses n_L to the weak type, and with probability $1 - q$ A faces

a strong type and fights the war. A's expected utility is as follows:

$$EU_A(n_L) = q(-p_L w + c_B) + (1-q)(-p_H w - c_A).$$

Lemma 3.1.e. *In the negotiation, A does not offer n_0.*

Proof: A prefers to make the initial offer of n_L where the weak type accepts, rather than n_0 if:

$$\begin{aligned} EU_A(n_L) &\geq EU_A(n_0) \\ q(-p_L w + c_B) + (1-q)(-p_H w - c_A) &\geq -qp_L w - (1-q)p_H w - c_A \\ q(c_B + c_A) &\geq 0. \end{aligned}$$

Since A receives its expected war payoff given q when A offers n_0, A prefers to make an initial offer that the weak type accepts rather than fight a war against both types.

Proposition 3.1. *The unique equilibrium in the negotiation game is as follows, where $q_1^* = \frac{c_A + c_B}{w(p_H - p_L) + c_A + c_B}$:*
• *If $q < q_1^*$ then A offers $n_H = p_H w - c_B$, and both types of B accept the first offer.*
• *If $q \geq q_1^*$, then A offers $n_L = p_L w - c_B$, the weak type accepts n_L, the strong type rejects n_L, and A fights the strong type.*

Proof: Suppose both types accept n. Then the value of n that must be offered is n_H, where $n_H = p_H w - c_B$, since A offers the minimal amount that both types accept. If both types accept n_H, then rejection of n is off the equilibrium path. However, since we know that A does not offer anything greater than n_H, assume that A fights if it B rejects n_H. A offers n_H if its expected payoff for this offer is better than the payoff receives from any other offer. By the results shown so far, we know that A prefers to make offer n_L where one type accepts, rather than offer any value for which A fights a war against both types. Therefore, A prefers to offer n_H if:

$$\begin{aligned} EU_A(n_H) &\geq EU_A(n_L) \\ -pHw + c_B &\geq q(-p_L w + c_B) + (1-q)(-p_H w - c_A) \\ c_A + c_B &\geq q(w(p_H - p_L) + c_A + c_B) \\ q &\leq \frac{c_A + c_B}{w(p_H - p_L) + c_A + c_B} \equiv q_1^*. \end{aligned}$$

If the probability of a weak type is lower than q_1^*, then A prefers to offer n_H where all types of B accept, and if the probability of facing a weak type is sufficiently high, then A prefers to offer n_L in which only the weak type accepts and A fights a war

with the strong type. The expected utility to A for n_H is

$$EU_A(n_H|q \leq q^*) = -p_H w + c_B.$$

When $q > q_1^*$, the rank ordering of A's potential offers is $n_L >> n_H$. When $q < q_1^*$, A's preferences are $n_H >> n_L$. Given these preferences, A offers n_L if $q > q_1^*$ and n_H if $q < q_1^*$.

Private Mediation with a Domestic Audience

Lemma 3.2.a. *In the mediation, if m_0 is on the equilibrium path, then both types reject, and A offers s_0 that is also rejected by both types.*

Proof: Suppose both types reject the first offer m. Then audience imposes costs on the leader if an agreement is accepted. By Result 3.1 in the negotiation, A fights both types rather than make a higher offer that either one or both types accept. For this to be a possible path of play, the mediator's offer m must be low enough so that both p_L and p_H reject. Let m_0 represent this value, where $m_0 < p_L w - c_B$. In this case a war occurs,

$$EU_{med}(m_0) = -w, \text{ and}$$
$$EU_A(m_0|q) = -qp_L w - (1-q)p_H w - c_A.$$

Lemma 3.2.b. *In the mediation game, when $q < q_2^*$ where $q_2^* = \frac{c_A + c_B}{w(p_H - p_L)}$, the mediator proposes $m_H = p_H w - c_B$, both types of B accept m_H, and A accepts m_H.*

Proof: Suppose both types accept m, then the mediator must offer $m_H = p_H w - c_B$. The audience does not punish. For A to accept m_H, it must be better to accept m_H than to fight either type in war:

$$\begin{aligned} EU_A(Accept\ m_H) \geq & EU_A(Reject\ m_H) \\ -p_H w + c_B \geq & -qp_L w - (1-q)p_H w - c_A \\ q \leq & \frac{c_A + c_B}{w(p_H - p_L)} \equiv q_2^*. \end{aligned}$$

When $q < q_2^*$, all types accept m_H and A accepts m_H. If either type rejects m_H and A backs down, then A does not have any incentive to offer any value larger than m_H. Therefore, neither the weak type nor the strong type have anything to gain from rejecting m_H, so both accept. The mediator and the leader of A obtain the following expected utilities:

$$EU_{med}(m_H) = 0, \text{ and}$$
$$EU_A(m_H) = -p_H w + c_B.$$

When $q > q_2^*$, all types accept m_H and A rejects m_H because the payoff for war is preferred to the high offer proposed by the mediator. Since war is preferred by A, if B rejects m_H then A fights the war. Therefore all types of B are indifferent between accept m_H and reject m_H. The mediator and the leader of A receive:

$$EU_{med}(m_H) = -w, \text{ and}$$

$$EU_A(m_H) = -qp_Lw - (1-q)p_Hw - c_A.$$

Proposition 3.3. *In the mediation game, the mediator does not propose m_L in any equilibrium.*

Proof: Suppose that only one type accepts m, then that type must be a weak type. The mediator must propose m high enough so that the weak type accepts, but low enough to maximize the chances that A accepts. Let m_L represent this value, where $m_L = p_Lw - c_B$. Given these strategies, $\mu_p = 0$, and A backs down to the strong type if there is an offer s that is preferred to fighting. The only offer s that might make a difference to A's payoff is the s that the strong type accepts, $m_L + s = p_Hw - c_B$. In this case, both the mediator's proposal is accepted and the back down offer is accepted. Let e represent the probability that the audience punishes the leader.

$$\begin{aligned} EU_A(BD|m_L, \mu_p = 0) &\geq EU_A(F|m_L, \mu_p = 0) \\ -p_Hw + c_B - \alpha(1-e) &\geq -p_Hw - c_A \\ c_A + c_B &\geq \alpha(1-e). \end{aligned}$$

Since $\alpha > c_A + c_B$, and $1 - e$ the leader backs down as long as $e \neq 0$.

The audience does not punish if $r > \frac{1}{2}$. Since the probability that the mediator's offer was accepted is the probability of a weak type q, and the probability that the leader backed down is the probability of a strong type $1 - q$, the audience does not punish if $q > \frac{1}{2}$. Therefore, A prefers to back down to offer $m_L + s$ to the strong type, but then the weak type deviates to reject m_L. Now suppose $q < \frac{1}{2}$, then the audience punishes, and $e = 0$. Therefore, A does not back down against the strong type. However, if an agreement is accepted then it must be the mediator's proposal. Therefore the audience does not punish and $e = 1$. Therefore, there is no equilibrium in which only the weak type accepts the mediator's proposal.

Proposition 3.4 *When $q \in [q_3^*, 1]$ where $q_3^* = \frac{2(c_A+c_B)}{p_Hw-p_Lw+c_A+c_B}$ the mediator offers $m_1 = p_Lw + c_A$. The strong type rejects m_1, the weak type accepts m_1 with probability $x = \frac{q(p_Hw-p_Lw)-c_A-c_B}{q(p_Hw-p_Lw-c_A-c_B)}$. A accepts m_1 if B accepts, and if B rejects, then A mixes between backing down to offer $s(m_1) = p_Hw - p_Lw - c_A - c_B$ and fighting where A fights with probability $f = \frac{p_Hw-p_Lw-c_A-c_B}{p_Hw-p_Lw}$. The audience does not punish the leader.*

Proof:

Claim: The mediator offers m where $p_L w - c_B < m < p_H w - c_B$, the weak type accepts m with probability x and rejects m with probability $1-x$, the strong type rejects m, A accepts m if B accepts m, and if B rejects m then A fights with probability f and backs down to offer s with probability $1-f$, where $m+s = p_H w - c_B$, both types accept the back down offer $m+s$, and the audience does not punish.

Fix a value of m where $m + s = p_H w - c_B$. For the weak type to mix between accept and reject m, A must fight with a probability that makes the weak type indifferent. Since A accepts m if B accepts m, the weak type receives m if he accepts. If the weak type rejects m then with probability f A fights and the weak type receives $p_L w - c_B$, and with probability $1-f$ A backs down and the weak type receives $p_H w - c_B$.

$$\begin{aligned} EU_B(\textit{Accept } m) =& EU_B(\textit{Reject } m | f, m+s) \\ m =& f(p_L w - c_B) + (1-f)(p_H w - c_B) \\ f =& \frac{m - p_H w + c_B}{p_L w - p_H w}. \end{aligned}$$

Therefore the low will mix if A fights with probability $f = \frac{m - p_H w + c_B}{p_L w - p_H w}$, where $f \geq 0$ since $m \leq p_H w - c_B$ and $p_L w < p_H w$, and $f \leq 1$ since $m \geq p_L w - c_B$.

Given that the strong type rejects m and the weak type mixes between accept m with probability x and reject m with probability $1-x$, when A observes B reject m then A updates his beliefs about the probability B is a weak type using Bayes' Rule. Let μ represent the beliefs of A that a weak type rejected m, where

$$\mu = \frac{q(1-x)}{q(1-x) + 1 - q} = \frac{q(1-x)}{1 - qx}.$$

For A to mix between back down and fight, the weak type must mix between accept and reject m with probability x that makes A indifferent. Given A's beliefs, if A fights then with probability μ he faces a weak type and receives $-p_L w - c_A$ and with probability $1-\mu$ he faces a strong type and receives $-p_h w - c_A$. If A backs down, then both types accept (assuming that given the indifference of the strong type, the strong type accepts), and A is not punished, therefore A receives $-p_H w + c_B$.

$$\begin{aligned} EU_A(F|\mu) =& EU_A(BD|\mu) \\ \mu(-p_L w - c_A) + (1-\mu)(-p_H w - c_A) =& -p_H w + c_B \\ \mu(p_H w - p_L w) =& c_A + c_B \end{aligned}$$

$$\begin{aligned}
\frac{q(1-x)}{1-qx}(p_H w - p_L w) &= c_A + c_B \\
q(1-x)(p_H w - p_L w) &= (c_A + c_B)(1-qx) \\
q(p_H w - p_L w) - c_A - c_B &= qx(p_H w - p_L w - c_A - c_B) \\
x &= \frac{q(p_H w - p_L w) - c_A - c_B}{q(p_H w - p_L w - c_A - c_B)}.
\end{aligned}$$

Suppose $q(p_H w - p_L w - c_A - c_B) < 0$. For $x \leq 1$,

$$\begin{aligned}
q(p_H w - p_L w) - c_A - c_B &\geq q(p_H w - p_L w - c_A - c_B) \\
0 &\geq (c_A + c_B)(1-q),
\end{aligned}$$

which indicates that $x = 1$ if $q = 1$. Therefore, for $q \in [0, 1)$, $q(p_H w - p_L w - c_A - c_B) \geq 0$ for $x \leq 1$. For $q(p_H w - p_L w - c_A - c_B) \geq 0$,

$$w \geq \frac{c_A + c_B}{p_H - p_L}.$$

For $x \geq 0$,

$$\begin{aligned}
q(p_H w - p_L w) - c_A - c_B &\geq 0 \\
q &\geq \frac{c_A + c_B}{p_H w - p_L w} \equiv q_2^*.
\end{aligned}$$

Therefore, A is indifferent between fight and back down if the weak type mixes with probability $x = \frac{q(p_H w - p_L w) - c_A - c_B}{q(p_H w - p_L w - c_A - c_B)}$, $q \geq q_2^*$ and $w \geq \frac{c_A + c_B}{p_H - p_L}$.

On the other hand, if A observes B accept m, then given B's strategies A believes that B must be a weak type. A accepts m if accepting m is better than war against a weak type:

$$\begin{aligned}
EU_A(Accept\ m|e) &\geq EU_A(Reject\ m) \\
-m &\geq -p_L w - c_A \\
m &\leq p_L w + c_A \equiv m_1.
\end{aligned}$$

Note that $p_L w + c_A < p_H w - c_B$ since $w > \frac{c_A + c_B}{p_H - p_L}$. Therefore, $m \in [p_L w + c_B, p_L w + c_A]$.

If an agreement is accepted, then the audience is uncertain of whether the agreement was the mediator's proposal or A backing down. Given the strategies played, the audience updates its beliefs about the probability that the agreement was the mediator's proposal. By Bayes' Rule the audience believes that the agreement was

the mediator's proposal with probability r, where

$$r = \frac{qx}{qx + q(1-x)(1-f) + (1-q)(1-f)} = \frac{qx}{1-f+fqx}.$$

For the audience to not punish:

$$\begin{aligned}
EU_{Aud}(Not\ Punish|r) &\geq EU_{Aud}(Punish|r) \\
r(1-m) + (1-r)(-m-s) &\geq r(-m) + (1-r)(1-m-s) \\
r &\geq 1-r \\
r &\geq \frac{1}{2} \\
\frac{qx}{1-f+fqx} &\geq \frac{1}{2} \\
2qx &\geq 1-f+fqx \\
xq(2-f) &\geq 1-f \\
x &\geq \frac{1-f}{q(2-f)}.
\end{aligned}$$

Substitution of x gives

$$\begin{aligned}
\frac{q(p_H w - p_L w) - c_A - c_B}{q(p_H w - p_L w - c_A - c_B)} &\geq \frac{1-f}{q(2-f)} \\
(2-f)[q(p_H w - p_L w) - c_A - c_B] &\geq (1-f)(p_H w - p_L w - c_A - c_B)
\end{aligned}$$

$$\begin{gathered}
2[q(p_H w - p_L w) - c_A - c_B] - (p_H w - p_L w - c_A - c_B) \\
\geq \\
f[q(p_H w - p_L w) - c_A - c_B] - f(p_H w - p_L w - c_A - c_B)
\end{gathered}$$

$$(2q-1)(p_H w - p_L w) - c_A - c_B \geq f(p_H w - p_L w)(q-1)$$

For $q \in [0, 1)$:

$$f \geq \frac{(2q-1)(p_H w - p_L w) - c_A - c_B}{(q-1)(p_H w - p_L w)}.$$

Therefore the probability that A fights must be high enough so that audience does not punish while also making the weak type indifferent. Substitution of the value of f that makes the weak type indifferent gives:

$$\frac{(2q-1)(p_H w - p_L w) - c_A - c_B}{(q-1)(p_H w - p_L w)} \leq \frac{m - p_H w + c_B}{p_L w - p_H w}$$

$$\frac{(2q-1)(p_Hw-p_Lw)-c_A-c_B}{(q-1)} \leq -m+p_Hw-c_B$$
$$(2q-1)(p_Hw-p_Lw)-c_A-c_B \geq (p_Hw-c_B-m)(q-1)$$

$$p_Hw(2q-1)-p_Lw(2q-1)-c_A-c_B \geq p_Hw(q-1)-c_B(q-1)+m(1-q)$$

$$p_Hwq-p_Lw(2q-1)-c_A-c_B(2-q) \geq m(1-q)$$
$$q(p_Hw-p_Lw)-c_A-c_B+p_Lw(1-q)-c_B(1-q) \geq m(1-q)$$

$$m \leq \frac{q(p_Hw-p_Lw)-c_A-c_B}{1-q}+p_Lw-c_B \equiv m_2.$$

Given that the mediator's utility is $-w$ if a war occurs, and 0 if there is peace, the mediator prefers the value of m that minimizes the probability of war. War occurs with probability that A fights and faces either the weak type who rejects with probability $1-x$ or the strong type: the probability of war is $f[q(1-x)+1-q] = f(1-qx)$. Since $f = \frac{p_Hw-c_B-m}{p_Hw-p_Lw}$ and $x = \frac{q(p_Hw-p_Lw)-c_A-c_B}{q(p_Hw-p_Lw-c_A-c_B)}$, x is constant in m and f is linearly decreasing in m. Therefore to minimize the probability of war the mediator chooses m as large as possible. Given the above constraints on m, the largest value of m that satisfies both constraints $m^* = \min\{m_1, m_2\}$, where $m_1 = p_Lw + c_A$ and $m_2 = \frac{q(p_Hw-p_Lw)-c_A-c_B}{1-q} + p_Lw - c_B$.

The mediator chooses m_2 if:

$$m_2 < p_Lw + c_A$$
$$q(p_Hw-2p_Lw+c_B)+p_Lw-c_A-2c_B < p_Lw+c_A-p_Lwq-c_Aq$$
$$q(p_Hw-p_Lw+c_B+c_A)-2c_A-2c_B < 0$$
$$q < \frac{2(c_A+c_B)}{p_Hw-p_Lw+c_B+c_A} \equiv q_3^*.$$

Since $w > \frac{c_A+c_B}{p_H-p_L}$, we know that $q_2^* < q_3^* < 1$. Given the above calculations, when $q_2^* < q < q_3^*$, $m_2 < m_1$ therefore the mediator chooses m_2. Since $m + s = p_Hw - c_B$, A backs down to offer

$$s(m_2) = p_Hw - p_Lw - \frac{q(p_Hw-p_Lw)-c_A-c_B}{1-q}$$
$$= \frac{(p_Hw-p_Lw)(1-2q)+c_A+c_B}{1-q}.$$

Given the optimal strategy of the mediator, war occurs with probability:

$$f(1-qx) = \frac{p_Hw-c_B-m}{p_Hw-p_Lw}\Big[1-q\Big(\frac{q(p_Hw-p_Lw)-c_A-c_B}{q(p_Hw-p_Lw-c_A-c_B)}\Big)\Big]$$

$$= \frac{p_H w - c_B - m}{p_H w - p_L w}\Big[\frac{(p_H w - p_L w)(1-q)}{p_H w - p_L w - c_A - c_B}\Big]$$
$$= \frac{(p_H w - c_B - m)(1-q)}{p_H w - p_L w - c_A - c_B}.$$

$$Pr(war|m_2, q_2^* < q < q_3^*) = \frac{p_H w - p_L w - \frac{q(p_H w - p_L w) - c_A - c_B}{1-q}}{p_H w - p_L w - c_A - c_B}$$
$$= \frac{(p_H w - p_L w)(1-2q) + c_A + c_B}{p_H w - p_L w - c_A - c_B}.$$

A fights with probability f:

$$\frac{(p_H w - p_L w)(1-2q) + c_A + c_B}{(p_H w - p_L w)(1-q)}.$$

When $q_3^* < q < 1$, $m_1 < m_2$, therefore the mediator offers $m_1 = p_L w + c_A$, and A backs down to offer

$$s(m_1) = p_H w - p_L w - c_A - c_B.$$

$$Pr(war|m_1, q_3^* < q < 1) = \frac{[p_H w - c_B - (p_L w + c_A)](1-q)}{p_H w - p_L w - c_A - c_B}$$
$$= 1 - q.$$

A fights with probability f:

$$\frac{p_H w - p_L w - c_A - c_B}{p_H w - p_L w}.$$

To see that A will not deviate to an alternative offer s', not that given A's beliefs μ about the type of B that rejects m, if A were offer s' which is rejected by the strong type and accepted by the weak type, then A's expected utility would be:

$$\mu(-m - s') + (1-\mu)(-p_H w - c_A)$$

For this to be a profitable deviation for A, this expected utility must be greater than A's expected utility for Fight (which is equivalent to A's expected utility for backing down since A is indifferent):

$$\mu(-m - s') + (1-\mu)(-p_H w - c_A) \geq \mu(-p_L w - c_A) + (1-\mu)(-p_H w - c_A)$$
$$\mu(-m - s') \geq \mu(-p_L w - c_A)$$

$$-m - s' \geq -p_L w - c_A$$
$$-s' \geq m - p_L w - c_A.$$

Since $m_1 = p_L w + c_A$, the above inequality reduces to $-s' \geq 0$. Since $s > 0$, this is never true. Therefore, A does not deviate and this is an equilibrium. To see that m_2 is not an equilibrium, continue to proposition 3.5.

Proposition 3.5 *When $q \in [q_2^*, q_3^*]$ the mediator offers $m_3 = \frac{q(p_H w - p_L w)}{2-q} + p_L w - c_B$, the strong type rejects, the weak type accepts with probability $x = \frac{1}{2}$. A accepts if B accepts, and if B rejects, then A mixes between backing down to offer $s(m_3) = \frac{2(1-q)(p_H w - p_L w)}{2-q}$ and fighting with probability $f = \frac{2(1-q)}{2-q}$. The audience does not punish the leader with probability $e = \frac{q(p_H w - p_L w + c_A + c_B - \alpha) + 2(\alpha - c_A - c_B)}{\alpha(2-q)}$.*

Proof:

Claim: There exists a mixed strategy equilibrium in which the mediator makes an offer m that the strong type rejects, the weak type accepts with probability x and rejects with probability $1-x$, A accepts m, A mixes between fight with probability f and back down with probability $1-f$, and the audience mixes between not punishing with probability e and punish with probability $1-e$.

Fix a value of m where $m + s = p_H w - c_B$, so $m < p_H w - c_B$. The weak type mixes between accept and reject m if A fights and back down with a probability f that makes the weak type indifferent:

$$\begin{aligned} EU_B(\textit{Accept } m) &= EU_B(\textit{Reject } m | f) \\ m &= f(p_L w - c_B) + (1-f)(p_H w - c_B) \\ f &= \frac{m - p_H w + c_B}{p_L w - p_H w}, \end{aligned}$$

where $f \in [0,1]$ requires $m \in [p_L w - c_B, p_H w - c_B]$.

Given that the weak type mixes and the strong type rejects, if B rejects then A's beliefs about the type of B that rejects is given by Bayes' Rule. A believes that B is a weak type with probability $\mu = \frac{q(1-x)}{1-qx}$. For A to mix between fighting and backing down the weak type must mix with a probability x that makes A indifferent.

$$EU_A(F|\mu) = EU_B(BD|\mu)$$

$$\mu(-p_L w - c_A) + (1-\mu)(-p_H w - c_A) = -p_H w + c_B - \alpha(1-e)$$

$$\mu(p_H w - p_L w) - p_H w - c_A = -p_H w + c_B - \alpha(1-e)$$

$$\begin{aligned}
\frac{q(1-x)}{1-qx}(p_H w - p_L w) &= c_A + c_B - \alpha(1-e) \\
q(1-x)(p_H w - p_L w) &= (1-qx)[c_A + c_B - \alpha(1-e)] \\
q(p_H w - p_L w) - c_A - c_B + \alpha(1-e) &= qx[p_H w - p_L w - c_A - c_B + \alpha(1-e)] \\
x &= \frac{q(p_H w - p_L w) - c_A - c_B + \alpha(1-e)}{q[p_H w - p_L w - c_A - c_B + \alpha(1-e)]}.
\end{aligned}$$

A mixes between back down and fight as long as the weak type accepts m with probability $x = \frac{q(p_H w - p_L w) - c_A - c_B + \alpha(1-e)}{q[p_H w - p_L w - c_A - c_B + \alpha(1-e)]}$.

On the other hand, if A observes B accept m, then given B's strategies A believes that B must be a weak type. A accepts m if accepting m with potential audience costs is better than war against a weak type:

$$\begin{aligned}
EU_A(Accept\ m|e) &\geq EU_A(Reject\ m) \\
-m - \alpha(1-e) &\geq -p_L w - c_A \\
m &\leq p_L w + c_A - \alpha(1-e).
\end{aligned}$$

Given the strategies of A and B, the audience's beliefs that an accepted agreement is the mediator's proposal is given by Bayes' Rule:

$$r = \frac{qx}{1 - f + fqx}.$$

The audience mixes between punish and not punish with probability e if:

$$\begin{aligned}
EU_{Aud}(Not\ Punish|r) &= EU_{Aud}(Punish|r) \\
r(1-m) + (1-r)(-m-s) &= r(-m) + (1-r)(1-m-s) \\
r &= 1 - r \\
r &= \frac{1}{2} \\
\frac{qx}{1-f+fqx} &= \frac{1}{2} \\
x &= \frac{1-f}{q(2-f)}.
\end{aligned}$$

The probability x that allows A to mix between back down and fight, and the audience to mix between punish and not punish exists if A fights with the following probability:

$$\frac{1-f}{q(2-f)} = \frac{q(p_H w - p_L w) - c_A - c_B + \alpha(1-e)}{q[p_H w - p_L w - c_A - c_B + \alpha(1-e)]}$$

$$(1-f)[p_Hw - p_Lw - c_A - c_B + \alpha(1-e)]$$
$$=$$
$$(2-f)[q(p_Hw - p_Lw) - c_A - c_B + \alpha(1-e)]$$

$$(p_Hw - p_Lw)(1-2q) + c_A + c_B - \alpha(1-e) = f(p_Hw - p_Lw)(1-q)$$

$$f = \frac{(p_Hw - p_Lw)(1-2q) + c_A + c_B - \alpha(1-e)}{(p_Hw - p_Lw)(1-q)}.$$

Since A fights with probability $f = \frac{m - p_Hw + c_B}{p_Lw - p_Hw}$ that also makes the weak type indifferent:

$$\begin{aligned}
\frac{m - p_Hw + c_B}{p_Lw - p_Hw} &= \frac{(p_Hw - p_Lw)(1-2q) + c_A + c_B - \alpha(1-e)}{(p_Hw - p_Lw)(1-q)} \\
(1-q)(p_Hw - c_B - m) &= (p_Hw - p_Lw)(1-2q) + c_A + c_B - \alpha(1-e) \\
\alpha(1-e) &= -qp_Hw - p_Lw(1-2q) + c_A + c_B(2-q) + m(1-q)
\end{aligned}$$

$$\begin{aligned}
\alpha(1-e) &= -q(p_Hw - p_Lw) + c_A + c_B - p_Lw(1-q) + c_B(1-q) + m(1-q) \\
m &= \frac{q(p_Hw - p_Lw) - c_A - c_B + \alpha(1-e)}{1-q} + p_Lw - c_B \equiv m_3(e).
\end{aligned}$$

Note that as $e \to 1$, $m_3(e) \to m_2$.

The mediator prefers the value of m that minimizes the probability of war, which is given by:

$$\begin{aligned}
Pr(War|f,x) &= f(1-qx) \\
&= f\Big[1 - q\Big(\frac{q(p_Hw - p_Lw) - c_A - c_B + \alpha(1-e)}{q[p_Hw - p_Lw - c_A - c_B + \alpha(1-e)]}\Big)\Big] \\
&= \frac{m - p_Hw + c_B}{p_Lw - p_Hw}\Big[\frac{(p_Hw - p_Lw)(1-q)}{[p_Hw - p_Lw - c_A - c_B + \alpha(1-e)]}\Big] \\
&= \frac{(p_Hw - c_B - m)(1-q)}{p_Hw - p_Lw - c_A - c_B + \alpha(1-e)} \\
&= \frac{(p_Hw - c_B - m)(1-q)}{(p_Hw - 2p_Lw + c_B + m)(1-q)}.
\end{aligned}$$

The probability of war is decreasing in m, therefore the mediator prefers to choose m

as large as possible.

For A to accept m_3 with potential audience costs, the offer of the mediator must be sufficiently low: $m \leq p_L w + c_A - \alpha(1-e)$.

$$\begin{aligned}
\frac{q(p_H w - p_L w) - c_A - c_B + \alpha(1-e)}{1-q} + p_L w - c_B &\leq p_L w + c_A - \alpha(1-e) \\
q(p_H w - p_L w) - c_A - c_B + \alpha(1-e) &\leq [c_A + c_B - \alpha(1-e)](1-q) \\
q(p_H w - p_L w + c_A + c_B - \alpha(1-e)) &\leq 2[c_A + c_B - \alpha(1-e)]
\end{aligned}$$

$$q \leq \frac{2[c_A + c_B - \alpha(1-e)]}{p_H w - p_L w + c_A + c_B - \alpha(1-e)} \equiv q_4^*(e).$$

Therefore, when $q \geq q_4^*(e)$ the mediator must offer $m' = p_L w + c_A - \alpha(1-e)$ for A to accept.

To see that the mediator will only make an offer in which the leader is *not* punished when $q \geq q_3^*$, note the following:

First, $q_4^*(e) \leq q_3^*$, and $q_4^*(e) \to q_3$ as $e \to 1$:

$$\frac{2[c_A + c_B - \alpha(1-e)]}{p_H w - p_L w + c_A + c_B - \alpha(1-e)} \leq \frac{2(c_A + c_B)}{p_H w - p_L w + c_A + c_B}$$

$$[c_A + c_B - \alpha(1-e)](p_H w - p_L w + c_A + c_B)$$

$$\leq$$

$$(c_A + c_B)(p_H w - p_L w + c_A + c_B - \alpha(1-e))$$

$$\alpha(1-e)(p_H w - p_L w + c_A + c_B) \geq \alpha(1-e)(c_A + c_B).$$

Therefore, for all values of e, $q_4^* \leq q_3^*$. In the mixed strategy equilibrium in which the leader is not punished, the mediator offers $m_1 = p_L w + c_A$ when $q \geq q_3^*$. Since $m_1 > m'$, the probability of war is lower when the mediator offers m_1, therefore mediator prefers to offer m_1 in which the leader is not punished for all $q \geq q_3^*$.

When $q < q_3^*$ in the mixed strategy equilibrium in which the leader is *not* punished, the mediator offers $m_2 = \frac{q(p_H w - p_L w) - c_A - c_B}{1-q} + p_L w - c_B$. Note that $m_2 \equiv m_3$ when $\alpha(1-e) = 0$. However, for all values of $e < 1$, $m_3(e) > m_2$. Therefore the mediator chooses $m_3(e)$ when $q \in [q_2^*, q_3^*]$ to minimize the probability of war.

Therefore the mediator offers:

$$\begin{aligned} m_3(e) &= p_L w + c_A - \alpha(1-e) \\ &= p_L w + c_A + q(p_H w - p_L w) - c_A - c_B + p_L w(1-q) \\ &\quad - c_B(1-q) - m(1-q) \\ m(2-q) &= q(p_H w - p_L w) + p_L w(2-q) - c_B(2-q) \\ m_3 &= \frac{q(p_H w - p_L w)}{2-q} + p_L w - c_B. \end{aligned}$$

Since $\frac{q(p_H w - p_L w)}{2-q} > 0$, we know that $m_3 \geq p_L w - c_B$. To see that $m_3 \leq p_H w - c_B$:

$$\begin{aligned} \frac{q(p_H w - p_L w)}{2-q} + p_L w - c_B &\leq p_H w - c_B \\ \frac{q(p_H w - p_L w)}{2-q} &\leq p_H w - p_L w \\ q &\leq 2 - q \\ q &\leq 1. \end{aligned}$$

Therefore, since $m_3 \leq p_H w - c_B$, the restriction for $m \leq p_L w + c_A - \alpha(1-e)$ is binding. Given the mediator's choice, the probability that the audience does not punish the leader with probability e given by:

$$\begin{aligned} \alpha(1-e) &= -q p_H w - p_L w(1-2q) + c_A + c_B(2-q) + m(1-q) \\ &= -q p_H w - p_L w(1-2q) + c_A + c_B(2-q) \\ &\quad + \Big[\frac{q(p_H w - p_L w)}{2-q} + p_L w - c_B\Big](1-q) \\ &= -q p_H w + q p_L w + c_A + c_B + \frac{q(p_H w - p_L w)(1-q)}{2-q} \\ &= \frac{-q p_H w(2-q) + q p_L w(2-q) + q(p_H w - p_L w)(1-q)}{2-q} + c_A + c_B \\ \alpha(1-e) &= \frac{q[p_L w - p_H w]}{2-q} + c_A + c_B \\ -e\alpha &= \frac{q[p_L w - p_H w]}{2-q} + c_A + c_B - \alpha \\ e\alpha &= \frac{q[p_H w - p_L w]}{2-q} - c_A - c_B + \alpha \end{aligned}$$

$$e = \frac{q[p_H w - p_L w + c_A + c_B - \alpha] + 2(\alpha - c_A - c_B)}{\alpha(2-q)}.$$

For $e \in [0,1]$,

$$\begin{aligned} e &\leq 1 \\ q[p_H w - p_L w + c_A + c_B - \alpha] + 2(\alpha - c_A - c_B) &\leq \alpha(2-q) \\ q[p_H w - p_L w + c_A + c_B] &\leq 2(c_A + c_B) \end{aligned}$$

$$q \leq \frac{2(c_A + c_B)}{p_H w - p_L w + c_A + c_B} \equiv q_3^*.$$

$$\begin{aligned} e &\geq 0 \\ q[p_H w - p_L w + c_A + c_B - \alpha] + 2(\alpha - c_A - c_B) &\geq 0 \\ q(p_H w - p_L w) &\geq (2-q)(c_A + c_B - \alpha) \\ q(p_H w - p_L w + c_A + c_B - \alpha) &\geq 2(c_A + c_B - \alpha). \end{aligned}$$

Let $q_4^* = \frac{2(c_A + c_B - \alpha)}{p_H w - p_L w + c_A + c_B - \alpha}$. If $p_H w - p_L w + c_A + c_B - \alpha > 0$, then since $\alpha \geq c_A + c_B$ we know that $q_4^* < 0$, which means that $e \geq 0$ when $q \geq 0$.

However, if $p_H w - p_L w + c_A + c_B - \alpha < 0$, then $e \geq 0$ when $q \leq q_4^*$. Since $e \leq 1$ if $q \leq q_3^*$, this implies that $e \in [0,1]$ only if $q \leq \min\{q_3^*, q_4^*\}$. To see if $q_3^* < q_4^*$ when $p_H w - p_L w + c_A + c_B - \alpha < 0$:

$$\begin{aligned} q_3^* &< q_4^* \\ \frac{2(c_A + c_B)}{p_H w - p_L w + c_A + c_B} &< \frac{2(c_A + c_B - \alpha)}{p_H w - p_L w + c_A + c_B - \alpha} \\ (c_A + c_B)(p_H w - p_L w + c_A + c_B - \alpha) &> (c_A + c_B - \alpha)(p_H w - p_L w + c_A + c_B) \\ -\alpha(c_A + c_B) &> -\alpha(p_H w - p_L w + c_A + c_B) \\ 0 &< p_H w - p_L w. \end{aligned}$$

Since $q_3^* < q_4^*$ is always true, when $p_H w - p_L w + c_A + c_B - \alpha < 0$, or when $p_H w - p_L w + c_A + c_B - \alpha > 0$, $e \in [0,1]$ if $q \in [0, q_3^*]$.

A fights with probability f given by:

$$\begin{aligned} f &= \frac{m - p_H w + c_B}{p_L w - p_H w} \\ &= \frac{\frac{q(p_H w - p_L w)}{2-q} + p_L w - c_B - p_H w + c_B}{p_L w - p_H w} \end{aligned}$$

$$
\begin{aligned}
&= \frac{q(p_H w - p_L w) + (p_H w + p_L w)(q-2)}{(2-q)(p_L w - p_H w)} \\
&= \frac{2(q-1)}{q-2} \\
f &= \frac{2(1-q)}{2-q}.
\end{aligned}
$$

The weak type accepts m with a probability x given by:

$$
\begin{aligned}
x &= \frac{q(p_H w - p_L w) - c_A - c_B + \alpha(1-e)}{q[p_H w - p_L w - c_A - c_B + \alpha(1-e)]} \\
&= \frac{q(p_H w - p_L w) + \frac{q[p_L w - p_H w]}{2-q}}{q\Big[p_H w - p_L w + \frac{q[p_L w - p_H w]}{2-q}\Big]} \\
&= \frac{q(p_H w - p_L w)\Big(1 - \frac{1}{2-q}\Big)}{q\Big[(p_H w - p_L w)\Big(1 - \frac{q}{2-q}\Big)\Big]} \\
&= \frac{1 - \frac{1}{2-q}}{1 - \frac{q}{2-q}} \\
&= \frac{1-q}{2(1-q)} \\
x &= \frac{1}{2}.
\end{aligned}
$$

Given the strategies of A, B, the audience, and the mediator, the probability of war is:

$$
\begin{aligned}
Pr(War | m_3, q_2^* \leq q \leq q_3^*) &= f(1 - qx) \\
&= \frac{2(1-q)}{2-q}\Big(1 - \frac{q}{2}\Big) \\
&= \frac{2(1-q)}{2-q}\Big(\frac{2-q}{2}\Big) \\
&= 1 - q.
\end{aligned}
$$

To see when the mediator prefers to offer m_3 rather than m_2,

$$
\begin{aligned}
Pr(war | m_2, q_2^* \leq q \leq q_3^*) &\geq Pr(war | m_3, q_2^* \leq q \leq q_3^*) \\
\frac{(p_H w - p_L w)(1-2q) + c_A + c_B}{p_H w - p_L w - c_A - c_B} &\geq 1 - q \\
(p_H w - p_L w)(1-2q) + c_A + c_B &\geq (1-q)(p_H w - p_L w - c_A - c_B)
\end{aligned}
$$

$$2(c_A + c_B) \geq q(p_H w - p_L w + c_A + c_B)$$
$$q \leq q_3^*.$$

Therefore, when $q \in [q_2^*, q_3^*]$ the mediator offers m_3, and A backs down to offer $s(m_3)$:

$$\begin{aligned} s(m_3) &= p_H w - c_B - \frac{q(p_H w - p_L w)}{2-q} - p_L w + c_B \\ &= (p_H w - p_L w)\Big(1 - \frac{q}{2-q}\Big) \\ &= (p_H w - p_L w)\Big(\frac{2(1-q)}{2-q}\Big). \end{aligned}$$

To see that A will not deviate to an alternative offer s', not that given A's beliefs μ about the type of B that rejects m_3, if A were offer s' which is rejected by the strong type and accepted by the weak type, then A's expected utility would be:

$$\mu(-m - s' - \alpha(1-e)) + (1-\mu)(-p_H w - c_A)$$

For this to be a profitable deviation for A, this expected utility must be greater than A's expected utility for Fight (which is equivalent to A's expected utility for backing down since A is indifferent):

$$\mu(-m - s' - \alpha(1-e)) + (1-\mu)(-p_H w - c_A)$$
$$\geq$$
$$\mu(-p_L w - c_A) + (1-\mu)(-p_H w - c_A)$$

$$\begin{aligned} \mu(-m - s' - \alpha(1-e)) &\geq \mu(-p_L w - c_A) \\ -m - s' - \alpha(1-e) &\geq -p_L w - c_A \\ -s' &\geq m - p_L w - c_A + \alpha(1-e). \end{aligned}$$

Since $m_3 = p_L w + c_A - \alpha(1-e)$, the above inequality reduces to $-s' \geq 0$. Since $s > 0$, this is never true. Therefore, A does not deviate and this is an equilibrium.

Corollary 3.6. *The probability of war is lower in a mediation than in a negotiation. The probability of war in a negotiation is 0 when $q < q_1^*$, and $1-q$ when $q \geq q_1^*$. The probability of war in a mediation is 0 when $q < q_2^*$, and $1-q$ when $q \geq q_2^*$.*

8.2 Addendum to Quantitative Analysis

Data (in more detail):

I primarily rely on the International Conflict Management Database on conflict resolution events, which give data on mediations between 1945 and 1995. I augment this with data from the Archigos Database on Leaders v. 2.9; Polity IV and the Geddes, Wright and Frantz's Global Political Regimes on domestic political institutions; Penn World Table on currency; and EUGene v. 3.2 on war, dispute and trade.[87] I code for 35 mediated conflicts not included in the original data and hand-code data for 89 mediations that were systematically missing.[88] I use country-year as my unit of analysis since my covariates are measured annually.[89] Of the 1,209 mediation events in the data, this unit of analysis yields 413 mediated country-years.[90] The final data set includes 6302 peaceful country-years, 462 unmediated country-years during which a conflict occurs, and 413 mediated country-years. Of those 413 mediations, 238 resulted in settlements (cease-fires, partial and full settlements), and 175 resulted in failure (no settlement).[91]

Mediation Occurrence Research Design (with extended hypotheses)

H1: Leaders are more likely to enter mediation (mediation is more likely to occur)

[87]These data use different units of analysis including country-year, leader-year, conflict event, or peacekeeping event. Files to complete the merge, original data sources, analysis files, and final data for replication are available from the author.

[88]In particular, end dates were missing from any mediation that took longer than 3 months, which would have been a source of systematic bias in examining the likelihood that mediation would reach a settlement in any given year. Documentation of the original error, the correction, four independent sources used to verify each change, and a written summary of each discrepancy is available in a spreadsheet from the author.

[89]This maintains all conflict, no-conflict, mediated and unmediated country-years, but forces me to summarize when there are multiple mediations, leaders or disputes in a given country-year. I keep the dispute with the highest hostility level for a country-year (done within EUGene software). I keep the leader with the worst post-tenure fate in a country-year, which affects 120 leader-years (225/8000 country-year observations).

[90]Over half the disputes that enter mediation experience more than one mediation that year, and over 25% experience at least 4 mediations in a year with the highest number occurring between Yemen and Eritrea with 25 mediations in 1995 surrounding the invasion of the Hunish Islands. This choice results in annual mediation summaries, which is appropriate since the consistency of coding multiple meetings within a mediation event was not clear from the original ICBM data set. For example, were meetings with high officials coded more accurately than those with lower-ranking officials? Were all mediations coded with consistent accuracy, or was media presence a prominent factor that might bias the data set? Since these questions about coding consistency are difficult to answer, country-year observations are appropriate summaries for mediation events.

[91]The data clearly document the 462 unmediated country-years. However, for an additional 1761 conflict country-years, it is not clear whether mediation did or did not occur. Since mediation is either the main dependent variable or the main treatment variable, and there is no model to describe when mediation occurs (imputation is not reasonable), these are dropped from the analysis as missing data.

when those leaders face the threat of audience costs.

Since the data indicate whether the warring or third parties initiated mediation, I test both whether mediation is more likely, and whether party-initiated mediation is more likely. Since leaders may avoid audience costs with mediation, one hypothesis is that mediation is more likely if a leader faces audience costs. A second hypothesis is that these leaders are not only more receptive to mediation, but should seek out and initiate mediation.

Hypothesis 1a: Mediation is more likely when a leader faces audience costs.

Hypothesis 1b: Party-initiated mediation is more likely when a leader faces audience costs.

For hypothesis 1a, I code mediation *occurrence* as a (1) if at least one mediation occurred in a country-year, and a (0) if a dispute began or is ongoing but no mediation occurred.[92] The data include 463 unmediated and 413 mediated conflict-country-years.

For hypothesis 1b, I code a *party-initiated* as a (1) if a majority of mediations in a country-year were initiated by the warring parties, and a (0) if a majority were initiated by third-parties.[93] Of the 413 mediated years, 266 were majority party-initiated and 147 were majority third-party initiated (warring parties are the majority initiators about 65% of the time).

I test both hypotheses using a logistic regression model with robust standard errors clustering observations by country. I also cluster observations leader, in case certain leaders were more resistant to audience costs, and by war to relax the assumption that mediation between two countries involved in the same war are not independent. Neither of these affects my results.

Mediation Success Research Design (with extended hypotheses)

H2: Mediated settlements are more likely when leaders are threatened by audience costs and aspects of a mediation foster audience uncertainty.

For hypothesis 2, I code *Success* a (1) if a mediation in a country-year produced a ceasefire, partial or full settlement, and a (0) if all mediations failed in that country-year.[94] Of the 413 mediated country-years, a settlement is reached in 238 country-

[92]Beardsley (2010) finds support for this same hypothesis. Two things are different between his analysis and the analysis here. First, he uses the International Crisis Behavior data, and second, since who the mediator *will be* is not realized before the mediation begins, I do not include factors such as whether the mediator is democratic, has leverage, trades with the disputants, or has a stake in the conflict - all of which are included in Beardsley's estimation of what makes a mediation likely to occur.

[93]In the event of a tie, mediation in that country-year is coded as party-initiated.

[94]Audience costs and audience uncertainty should increase the durability of settlements since

years and not reached in 175 country-years.

I test hypothesis 2 using a logistic regression model with robust standard errors clustering observations by country. As above, I cluster by leader and then by war, which do not alter the results. In addition, I run multiple tests in case selection effects bias my results. I find no evidence of selection on unobservable variables, nor on theoretically-motivated factors. I describe these tests and results below in a subsection titled "Mediation Success: Testing for Selection Effects."

Mediation and Leader Fate Research Design (with extended hypotheses)

H3: Leaders who mediate their conflicts are likely to have a better post-tenure fate.

I subset this into two hypotheses: leaders may have better post-tenure fate after mediation in general; and second, leaders may have better post-tenure fate after a party-initiated mediation. This gives hypotheses 3a and 3b. Further, I test whether a leader's fate might be affected differently by mediation's success or failure in hypothesis 3c.

Hypothesis 3a: A leader's post-tenure fate is better if mediation occurred.

Hypothesis 3b: A leader's post-tenure fate is better if party-initiated mediation occurred.

Hypothesis 3c: A leader's post-tenure fate is better if mediation succeeded.

I test these hypotheses using matching analyses between mediated and unmediated conflicts, party-initiated and third-party-initiated mediations, and successful and unsuccessful mediations to see whether there is support for a causal relationship between mediation and leader fate. The matching analysis assumes that assignment to the treatment (mediation occurrence, success, party-initiated occurrence, or party-initiated success) is independent conditional on the covariates included. I match similar observations using the same pre-treatment variables above. In other words, two leaders are similar if they have similar audience costs, similar third party interest in the country or conflict, and face similar conflict costs. I use matching with replacement, which means that a match may be used more than once.[95]

Operationalization of Key Concepts: Variables (in detail)

Audience Costs

Polity: *Polity* indicates the extent that a country's political regime is democratic, where more autocratic regimes receive a score that is closer to -10 and more demo-

mediation allows for support of settlements that would not receive support otherwise. However, there is no reliable data on settlement durability. Thus, this is left for future research.

[95]This decreases the bias but increases the variance in my results. See Abadie and Imbens (2011).

cratic regimes receive a score closer to 10. Since democracies embody several features that facilitate domestic accountability, such as electoral competition, free and fair elections, and a free press, leaders of democracies may be more at-risk of domestic punishment for backing down to enemies. Thus, *Polity* should exhibit a positive relationship with mediation occurrence and success.

Average post-tenure fate: However, many scholars argue that regime type does not accurately capture audience costs. Weeks (2010) shows that certain types of autocracies, such as single-party and military dictators, do in fact generate audience costs, which allows these autocrats to signal their resolve credibly to enemies. Therefore, it is useful to have a proxy for audience costs that cuts across regime type in case this threat is not accurately captured by regime type. Goemans and Chiozza (2003, 2004a, 2004b) use a leader's post-tenure fate – which codes whether the leader is okay (0), exiled (1), incarcerated (2), or killed (3) after losing office - as just this type of proxy that cuts across regime type. However, since a leader's fate cannot indicate the threat of audience costs for that specific leader, since that threat cannot be observed, I use the average post-tenure fate, *Avg. post-tenure fate*, for the country as a measure of a leader's audience costs.[96] I expect *Avg. post-tenure fate* to be positively correlated with mediation occurrence and success.

Initiator: One of the main theoretical motivations underlying audience costs is that the leader is punished because backing down hurts the country's reputation and national honor. Therefore, I use *Initiator* because when a leader initiates a conflict, but then backs down, the act of backing down is more likely to damage a country's reputation or national honor than if that leader were the target of an international crisis.[97] Further, since leaders may feel especially threatened by audience costs when national honor is at stake *and* when the public can easily sanction the leader, I interact *Initiator* with*Polity*, and *Initiator* with *Avg.post-tenure fate*, to capture this specific circumstance in which leaders most fear audience costs. To the extent that these measures capture audience costs, these measures should be positively correlated with mediation occurrence and success.

Volatility: Finally, in the model, the public punishes the leader for backing down with concessions, therefore one might expect that the public will be more likely to coordinate punishment if concessions are very painful. I use exchange rate *Volatility* to

[96]For robustness, I also used a rolling average of leader fate, the previous leader's fate within a country, and Weeks's measure of audience costs that I derived using Weeks's (2010) and the Global Political Regimes data. My results were robust to Weeks's measure of audience costs which is more sensitive to variations in dictatorships. My results were also robust to the rolling average of fate, but the previous leader's fate measure was often insignificant. This output was not included and is available from the author.

[97]EUGene v. 3.2 code for whether a country is on the initiating side of a a dispute in accord with MID coding. Here any country that is on the side of the initiating country is counted as the Initiator.

indicate when concessions may be more painful given a country's economic instability, where volatility is given by the difference between the highest value and the lowest value of the exchange rate within the last five years, and this measure is higher if there is a larger difference.[98] As with the other variables that capture different aspects of audience costs, I expect *Volatility* to be positively correlated with mediation occurrence and success.

Audience Uncertainty

Group: When mediations are conducted by groups of individuals representing multiple countries and interests, it may be harder for the public to discern whether the final settlement originated from the leader or some combination of the mediators. Thus, groups of mediators involved in any mediating event increases audience uncertainty. I code for *Group*, a dichotomous variable that takes a value of (1) if any mediation in a given country-year involves a group representing more than one country or organization, and a (0) otherwise. I expect *Group* to positively affect mediation success.

NGO/Regional: Since mediation is costly to the mediator, non-governmental organizations (NGOs) might be more willing to mediate if they are pursuing their own private interests in the conflict, such as to promote democracy or secure refugee safe havens. Thus, NGOs may be more likely, or at least perceived to be more likely, to design the contours of agreements to secure their own goals. Similarly, regional organizations may be interested in securing specific terms to serve the interests of regional security, trade, or even their own reputation. By this logic, mediators representing NGOs and regional organizations may increase audience uncertainty since they likely impart their own goals into final settlements. I use *NGO/Regional* as a second indicator of audience uncertainty; a dichotomous variable that takes a value of (1) if a non-governmental or regional organization mediated in a given country-year, and (0) otherwise. I expect *NGO/Regional* to positively affect mediation success.

Directive and *Unspecified* vs. *Procedural* and *Communicative*:[99] When a mediator announces a *Directive* goal, in which the mediator seeks to direct the terms for peace, the public might be more likely to believe that the origins of any settlement came from the mediator. In contrast, if the mediator announces a *Procedural* goal, in which the mediator only seeks to establish the procedures for talks and not to create the

[98]Since this measure does not distinguish between increases and decreases in the exchange rate, for robustness, I also used the difference between the exchange rate in the current year and five years prior. This measure was not useful, and where it was significant it did not alter my results.

[99]The International Conflict Management data code for a mediator's goal if this goal was announced prior to the start of mediation, which presents a unique opportunity for the purpose of this theory. A goal is *Procedural* if it establishes the procedures for talks, *Directive* when the mediator seeks specific terms, *Communication* to facilitate shuttle diplomacy, or *Unspecified* if the mediator announced that there is no specific goal. Each variable is coded as a (1) if a specific goal was pursued in any mediation event in that country-year, and a (0) if that goal was not pursued.

terms, the public is likely to believe that any settlement must have come from the leader - after all the mediator only set out to establish procedures, and not to create to craft an agreement. Similarly, if the mediator announces a *Communication* goal in which the mediator facilitates shuttle diplomacy and is merely a vessel for offers, the public is likely to believe that the settlement came from the leader. If the mediator did not announce any goal in any mediation events for a country-year, then this baseline category is coded as *Unspecified*; the public is likely to be uncertain as to whether the mediator took the initiative in directing the peace when the mediator did not specify a goal, therefore *Unspecified* goals should create audience uncertainty. In summary, when the mediator announces a *Communication* or *Procedural* goal prior to the start of mediation, then any settlement was likely to have come from the leader and not the mediator - there is no audience uncertainty. However, when a *Directive* or *Unspecified* goal is announced, settlements are likely to originate in the mediator - audience uncertainty exists. Given this, I expect that *Directive* and *Unspecified* goals will positively affect mediation success, whereas *Communication* and *Procedural* goals will negatively affect mediation success.

Control Variables

Mediator Characteristics: Power, Bias, and Interest

Superpower and *UN mediator*: Mediators with resources for side payments and information provision are likely to succeed, as these are already established mechanisms within the literature. However, since these mediators might be called in resolve the most intractable conflicts – and an international spotlight might prevent audience uncertainty – there is reason to believe that selection effects or the lack of audience uncertainty might cause these mediators to fail. I include a variable to indicate whether the mediator is a *Superpower* since superpowers have greater resources for side payments and information, and another indicator *UN mediator* that takes a value of (1) if the United Nations is mediating since, by comparison, the U.N. has greater resources than many other mediators such as NGOs or regional organizations. The baseline excluded category of mediators is a private individual who does not formally represent a superpower, the U.N., or an NGO or regional organization. These individuals most likely do not have the leverage or resources needed for side payments or information. If the side payments or information hypotheses are supported, then *Superpower* and *UN mediator* should increase mediation occurrence and success.

Neutral environment: To see whether bias plays a role, I include a variable *Neutral environment* which codes whether the mediation took place in a third-party territory and not the territory of one or both of the warring parties.

Resources, *S-score*, and *Region of Interest*: Third-parties are more likely to intervene, to offer side payments or information, and thus mediation is more likely to occur and succeed, when third parties have a stake in the conflict. Since conflicts regarding natural resources might indicate whether third parties have a stake, I account for

whether *Resources* are a primary issue in the conflict.[100] I use the similarity of the alliance portfolio between the warring country and the system leader, also known as a country's *S-score*, to indicate when a warring country is globally well-connected: conflicts that involved well-connected countries are more likely to global ramifications. Third, great powers have been historically less interested in intervening on behalf of Asian or African countries, relative to countries in the Middle East, Europe or the Americas, therefore I use an indicator *Region of Interest* that takes a value of (1) if the warring country is located in the Middle East, Europe or the Americas.[101]

Conflict Attributes

Hostility and *Fatalities*: It is critical to account for the costs of war since a substantial literature argues that conflicts become ripe for mediation as high costs of war can produce a mutually-hurting stalemate: a lose-lose war might make any mediated settlement a win.[102] I include *Hostility* which codes the highest hostility level reached in the conflict from (1) to (5) depending on whether there was no militarized action, a threat to use force, a display of force, the use of force, or war. I include the log of the number of fatalities as *Fatalities* a second measure of the costs of war. The costs of war make mediation occurrence and success more likely.

Capabilities, *Major Power*, and *Trade Openness*: Since the ability to absorb the costs of war allows a country to continue fighting, a country's ability to withstand those costs make mediation occurrence and success less likely. I control for a country's *Capabilities* using CINC scores, as well as an indicator for whether a country is considered a *Major Power*.[103] To account for the impact of trade, I include *Trade Openness* which can be interpreted as the importance of trade relative to a country's wealth.[104] I expect that higher values of trade openness should make a country more likely to mediate, and make mediation more likely to succeed, holding all else equal. In addition, *Capabilities* and *Major Power* should make mediation occurrence and success less likely.

Mediation Success: Testing for Selection Effects

There are three theoretically-driven potential selection effects: audience costs, third-

[100]This variable takes a value of (1) if resources are a primary issue, where issues are coded by the MID dataset (these data are found in EUGene v. 3.2). For robustness, I also included variables to indicate when the primary issue was *Ethnic* or *Territory*. These variables have no consistent effect, and do not alter my results.

[101]This follows Beardsley 2010.

[102]See Zartman and Berman, *The Practical Negotiator* (1982); Touval & Zartman, eds., *International Mediation in Theory and Practice* (1985); Zartman, *Ripe for Resolution* (1989).

[103]Both measures are given by EUGene. CINC scores are the Composite Index of National Capability which aggregate a country's total and urban population, iron and steel production, military expenditure and personnel, and energy consumption from the Correlates of War dataset, and available through EUGene.

[104]Trade openness is the sum of a country's imports and exports over its GDP.

party interest, and the costs of conflict may make mediation more likely to occur and more likely to succeed. I take two steps to address these. First, I use censored probit (Heckman) selection models in which my selection equation estimates mediation occurrence as a latent variable, and my outcome equation is mediation success. The model assumes that the sample is biased toward or away from success because of a selection process that truncates the sample. This model will reveal if any of these particular selection processes – audience costs, third-party interest, and costs of conflict – biases the sample, which is appropriate since we do not know whether any of these theoretical selection processes cause sample bias in the data.[105] In particular, I sequentially substitute covariates for audience costs, third-party interest, and costs of conflict as the determinants of mediation occurrence in three separate selection models. In each model, I include post-treatment covariates to capture mediator bias, power, goals and audience uncertainty as the determinants of mediation success. As an exclusion restriction – a variable in my selection equation that is not in my equation of interest – I remove any covariates from my selection equation (audience costs, third party interest, and costs of conflict in turn) from my outcome equation.[106] Second, I investigate all three potential selection processes simultaneously using a mixture model.[107] The three selection processes are used as separate latent dimensions that determine mediation occurrence for the three potential subpopulations in the data. Mediation success is observed only if the probability of occurrence is high enough for that population, and otherwise it is a missing value. Post-treatment factors of bias, power, goals and audience uncertainty determine mediation success.

The results of the Heckman models seen in Table 13 show that there is limited support for systematic selection bias due to audience costs, third party interest, costs of conflict, or even all three dimensions at once. If there were positive correlation between audience costs and mediation success (as the theory would suggest), then ρ would be positive. Indeed it is, however, it is not statistically significant. The 95% confidence interval for ρ shows that the data provide little information about whether there is positive or negative correction between occurrence (based on audience costs) and success. Interestingly, conflicts in which third parties may be interested in the country or conflict may be biased toward mediation failure (rather than success).[108] Further, in contrast to the mutually hurting stalemate theory, more costly conflicts are less likely to succeed in mediation.[109] More deadly conflicts are less likely to be mediated successfully (fatalities consistently has a negative impact on mediation

[105] See also Sartori (2003).

[106] This means I will not be able to observe the effect of audience costs on success when the sample is determined by audience costs, but I will be able to test for whether any systematic sample bias occurs due to audience costs.

[107] Mixture model did not reveal selection on any unobservable latent dimensions; results are available from the author.

[108] This result is consistent with the logit results for hypothesis 2.

[109] This result is also the same as the logit results for hypothesis 2.

success, but this is not statistically significant). Note however that neither of these negative correlations is statistically significant (again the 95% confidence interval is both positive and negative). Thus, even if some of the cases may be biased toward or away from success, the data show that there is limited support for systematic bias along any of these dimensions. Including all three dimensions at once shows only that the sample has a slight predisposition for mediation failure, but again, the lack of statistical significance suggests that the sample bias is not enough to systematically affect the estimates. The results for what makes mediation more likely to succeed are unchanged regardless of whether selection is directly modeled or which selection process is considered. The results of the mixture model are the same as the Heckman model – no selection processes are strongly supported - but are far more sensitive to specification of each latent dimension. These results are therefore excluded, but are available from the author. In support of the theory, audience costs and audience uncertainty consistently increase the likelihood of mediation success.

8.3 Tables and Figures

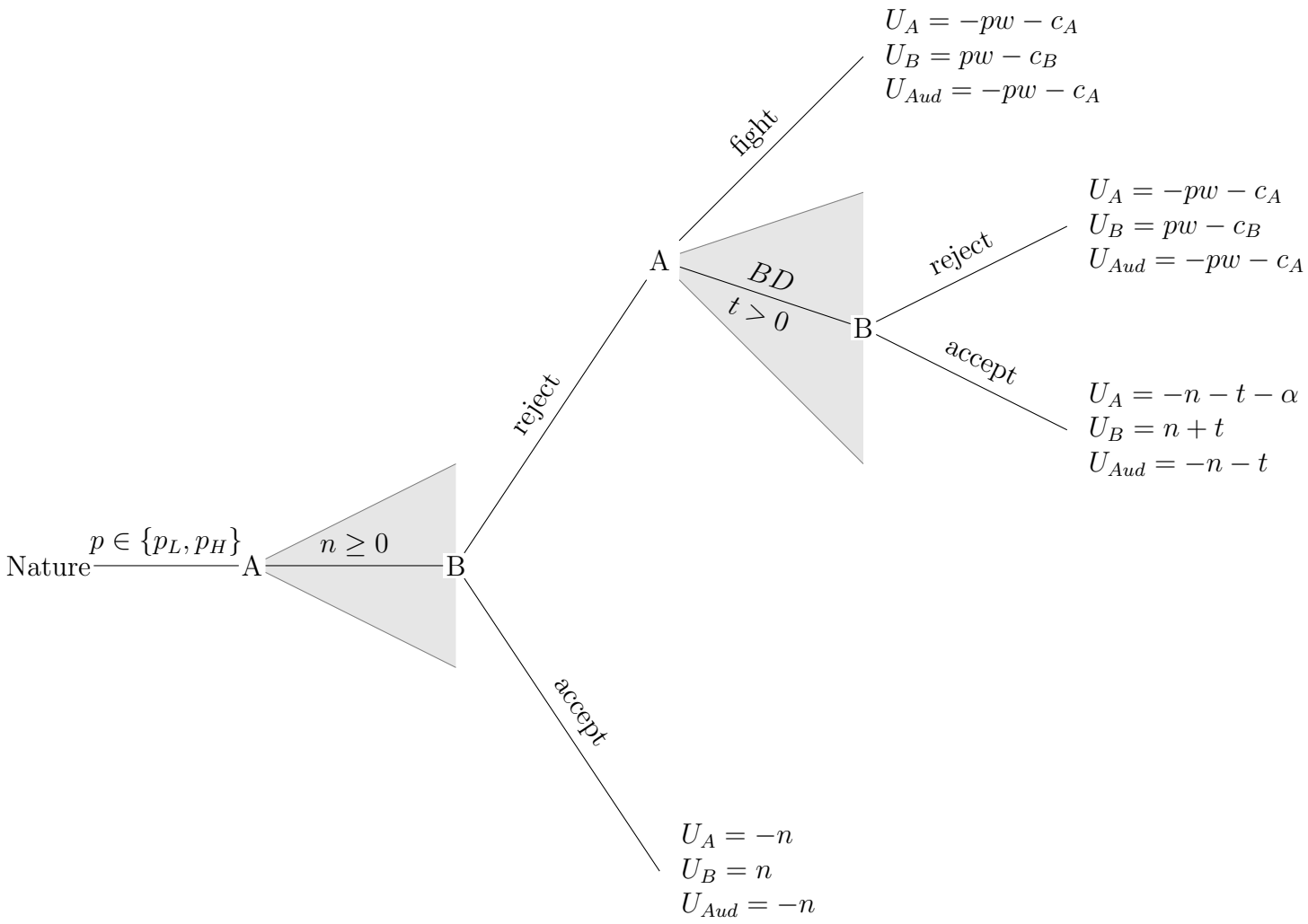

Figure 1: Stylized Model of Negotiation with Audience Costs

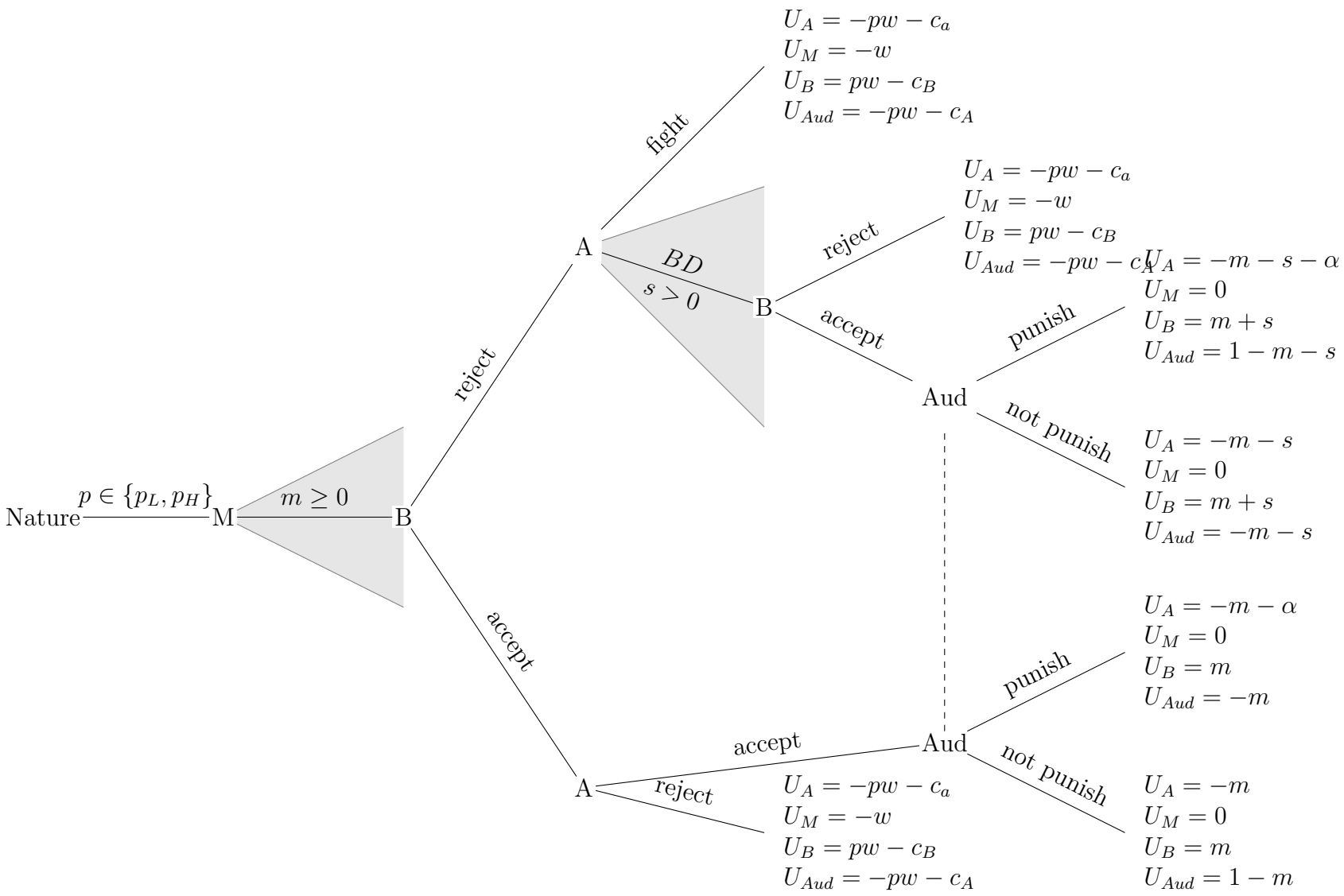

Figure 2: Stylized Model of Mediation with Audience Costs

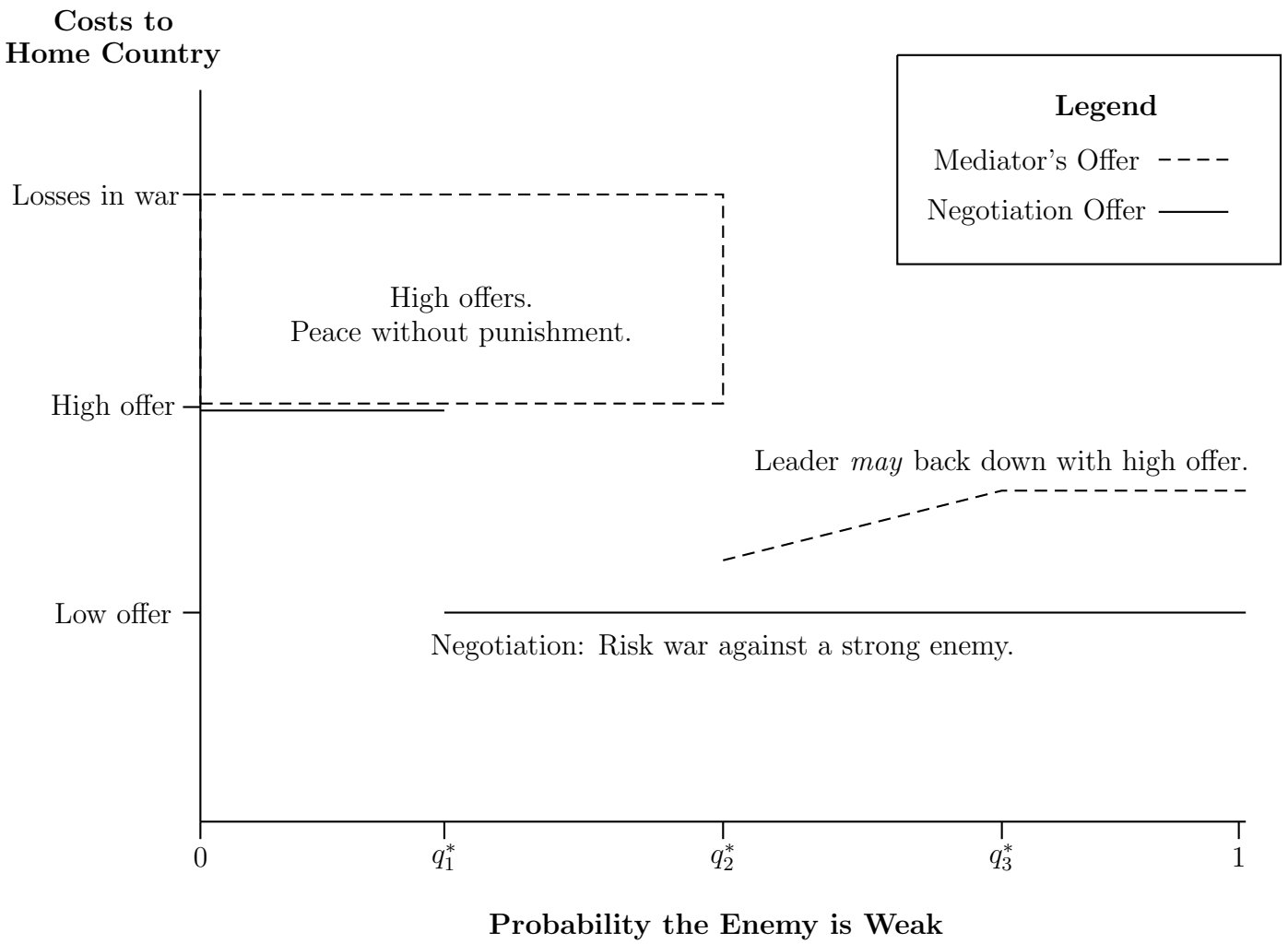

Figure 3: Settlement Offers in Negotiation and Mediation

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Avg. post-tenure fate	0.53**				0.57*	0.53**
	(0.23)				(0.33)	(0.24)
Volatility (exchange rate)		0.00*			0.00***	
		(0.00)			(0.00)	
Initiator			1.87***		1.80**	1.34
			(0.56)		(0.71)	(0.85)
Polity				0.00	-0.01	
				(0.02)	(0.03)	
Initiator*Avg.ptf						0.71
						(0.75)
Constant	-0.43*	-0.09	-0.26	-0.16	-0.70**	-0.60**
	(0.24)	(0.20)	(0.16)	(0.17)	(0.32)	(0.27)
Log-likelihood	-595.30	-420.25	-549.77	-570.50	-356.77	-490.65
N =	875.00	608.00	817.00	827.00	547.00	744.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 1: The Effect of Audience Costs on Mediation Occurrence

	Model 1	Model 2	Model 3	Model 4
Resource (issue)	0.52*			0.05
	(0.27)			(0.29)
Region of Interest		1.05***		1.19***
		(0.27)		(0.29)
S-Score			-0.88*	-1.20***
			(0.46)	(0.46)
Constant	-0.17	-0.52***	0.17	-0.19
	(0.17)	(0.19)	(0.27)	(0.27)
Log-likelihood	-602.40	-577.77	-576.5	-543.19
N =	875.00	875.00	842.00	842.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 2: The Effect of Third Party Interest on Mediation Occurrence

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Hostility	0.29***					0.12
	(0.11)					(0.15)
Fatalities		0.22***				0.15**
		(0.06)				(0.07)
Capabilities			-8.76**			0.19
			(4.12)			(1.70)
Major power				-1.28***		-0.55*
				(0.31)		(0.31)
Trade Openness					-0.03***	-0.03***
					(0.01)	(0.01)
Constant	-1.11***	-0.29	0.08	0.06	0.27	-0.12
	(0.39)	(0.19)	(0.17)	(0.16)	(0.19)	(0.51)
Log-likelihood	-456.80	-404.96	-563.09	-560.06	-438.75	-308.39
N =	668.00	598.00	842.00	842.00	666.00	484.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 3: The Effect of Costs of Conflict on Mediation Occurrence

	Table 1 Model 6	Table 2 Model 4	Table 3 Model 6	All
Audience Costs				
Avg. post-tenure fate	0.53**			0.10
	(0.24)			(0.29)
Initiator	1.34			1.84***
	(0.85)			(0.58)
Initiator*Avg.ptf	0.71			1.38*
	(0.75)			(0.83)
Third Party Interest				
Resource (issue)		0.05		-1.18***
		(0.29)		(0.26)
Region of Interest		1.19***		1.76***
		(0.29)		(0.35)
S-Score		-1.20***		-2.28***
		(0.46)		(0.70)
Costs of Conflict				
Hostility			0.12	-0.03
			(0.15)	(0.19)
Fatalities			0.15**	0.19**
			(0.07)	(0.08)
Capabilities			0.19	10.98***
			(1.70)	(2.78)
Major power			-0.55*	-1.06***
			(0.31)	(0.39)
Trade Openness			-0.03***	-0.03***
			(0.01)	(0.01)
Constant	-0.60**	-0.19	-0.12	0.27
	(0.27)	(0.27)	(0.51)	(0.68)
Log-likelihood	-490.65	-543.19	-308.39	-236.06
N =	744	842	484	431

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 4: The Determinants of Mediation Occurrence

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Avg.ptf	-0.27					
	(0.23)					
Polity		0.04**			0.03*	0.05**
		(0.02)			(0.02)	(0.02)
Volatility			0.00**			0.00*
			(0.00)			(0.00)
Initiator				-1.06***	-0.38	-0.54
				(0.33)	(0.51)	(0.46)
Initiator*Polity					0.13**	0.09*
					(0.06)	(0.05)
Constant	0.84***	0.71***	0.40**	0.77***	0.89***	0.75***
	(0.18)	(0.14)	(0.17)	(0.15)	(0.14)	(0.17)
Log-likelihood	-256.00	-241.09	-192.95	-234.90	-205.93	-146.78
N =	399.00	380.00	293.00	373.00	341.00	243.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 5: The Effect of Audience Costs on Party-Initiated Mediation

	Model 1	Model 2	Model 3
S-score	0.77		
	(.57)		
Resource (issue)		0.21	
		(0.55)	
Region of interest			0.15
			(0.27)
Constant	0.38*	0.57***	0.52***
	(0.21)	(0.14)	(0.18)
Log-likelihood	-251.07	-268.65	-268.63
N =	391.00	413.00	413.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 6: The Effect of Third Party Interest on Party-Initiated Mediation

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Capabilities	9.03***					0.92
	(3.18)					(3.95)
Major power		1.21**				0.77
		(0.51)				(0.91)
Hostility Level			-0.18			-0.29*
			(0.11)			(0.15)
Fatalities				-0.03		0.15
				(0.06)		(0.08)
Trade Openness					0.03	0.02
					(0.02)	(0.02)
Constant	0.51***	0.55***	1.27***	0.66***	0.40**	1.30**
	(0.14)	(0.14)	(0.48)	(0.19)	(0.17)	(0.59)
Log-likelihood	-248.84	-248.86	-212.75	-186.91	-208.14	-156.36
N =	391.00	391.00	328.00	289.00	323.00	249.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 7: The Effect of Costs of Conflict on Party-Initiated Mediation

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Avg.ptf	0.08					
	(0.17)					
Polity		-0.00			-0.02	-0.00
		(0.02)			(0.03)	(0.03)
Volatility (exchange rate)			0.00			0.00
			(0.00)			(0.00)
Initiator				-0.16	1.75**	1.97*
				(0.49)	(0.82)	(1.15)
Initiator*Polity					0.35***	0.35***
					(0.08)	(0.12)
Constant	0.28	0.38**	0.32*	0.33*	0.42*	0.50**
	(0.19)	(0.18)	(0.19)	(0.19)	(0.22)	(0.25)
Log-likelihood	-270.78	-256.53	-199.26	-253.75	-222.76	-157.59
N =	399.00	380.00	293.00	373.00	341.00	243.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 8: The Effect of Audience Costs on Mediation Success

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Group	1.12***						0.88***
	(0.20)						(0.26)
NGO/Regional		0.65***					0.10
		(0.23)					(0.25)
Unspecified			1.24**				1.28**
			(0.56)				(0.59)
Directive				0.90***			0.66***
				(0.22)			(0.21)
Procedural					0.65**		
					(0.26)		
Communication						-0.59**	-0.51**
						(0.29)	(0.31)
Constant	-0.40**	-0.15	0.43***	0.02	0.34**	0.90***	-0.21
	(0.20)	(0.23)	(0.16)	(0.21)	(0.16)	(0.27)	(0.33)
Log-likelihood	-267.15	-273.43	-253.60	-247.08	-252.79	-252.73	-232.67
N =	413.00	407.00	385.00	385.00	385.00	385.00	379.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 9: The Effect of Audience Uncertainty on Mediation Success

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Region of Interest	0.71**						0.79***
	(0.28)						(0.28)
S-Score		0.93*					0.44
		(0.52)					(0.45)
NGO/Regional			0.65***				1.39***
			(0.23)				(0.36)
UN mediator				-0.43**			-1.16***
				(0.18)			(0.27)
Superpower					-0.67**		-0.98***
					(0.28)		(0.29)
Neutral environment						0.08	0.30
						(0.33)	(0.33)
Constant	-0.05	0.06	-0.15	0.49**	0.72***	0.33	-0.22
	(0.20)	(0.23)	(0.23)	(0.20)	(0.20)	(0.30)	(0.47)
Log-likelihood	-275.11	-262.13	-273.43	-279.19	-276.29	-267.24	-223.65
χ^2 =	6.30	3.25	8.04	5.38	5.75	0.06	49.58
N =	413.00	391.00	407.00	413.00	413.00	397.00	373.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 10: The Effect of Power and Bias on Mediation Success

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Hostility Level	-0.02					0.07
	(0.14)					(0.16)
Fatality		-0.09				0.07
		(0.07)				(-0.13)
Capabilities			-4.52			-4.04
			(3.23)			(4.39)
Major power				-0.66*		0.49
				(0.34)		(1.17)
Trade Openness					-0.04*	-0.03*
					(0.02)	(0.02)
Constant	0.47	0.41*	0.44***	0.43**	0.56***	0.47
	(0.59)	(0.21)	(0.17)	(0.18)	(0.20)	(0.58)
Log-likelihood	-221.06	-196.22	-262.71	-262.85	-214.20	-163.71
N =	328.00	289.00	391.00	391.00	323.00	249.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 11: The Effect of Costs of Conflict on Mediation Success

	Audience Costs	Audience Uncertainty	Power/ Bias	Costs of Conflict	All
Audience Costs					
Polity	-0.00				0.05*
	(0.03)				(0.03)
Volatility	0.00				0.00**
	(0.00)				(0.00)
Initiator	1.97*				2.80*
	(1.15)				(1.58)
Initiator*Polity	0.35***				0.40**
	(0.12)				(0.18)
Audience Uncertainty					
Group		0.88***			0.77*
		(0.26)			(0.41)
NGO/Regional		0.10	1.39***		1.22**
		(0.25)	(0.36)		(0.57)
Unspecified		1.28**			0.47
		(0.59)			(0.89)
Directive		0.66***			1.15**
		(0.21)			(0.52)
Communication		-0.51**			0.21
		(0.26)			(0.61)
Power and Bias					
Region of Interest			0.79***		0.89
			(0.28)		(0.55)
S-Score			0.44		-1.33
			(0.45)		(0.98)
Superpower			-0.98***		-1.99***
			(0.29)		(0.55)
UN mediator			-1.16***		-2.02***
			(0.27)		(0.50)
Neutral environment			0.30		0.13
			(0.33)		(0.24)
Costs of Conflict					
Hostility Level				0.07	0.13
				(0.16)	(0.24)
Fatality				-0.13	-0.26
				(0.09)	(0.18)

continued on next page

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 12: The Determinants of Mediation Success

Table 12: (continued)

	Audience Costs	Audience Uncertainty	Power/ Bias	Costs of Conflict	All
Capabilities				-4.04	9.61
				(4.39)	(7.50)
Major power				0.49	1.21
				(1.17)	(1.35)
Trade openness				-0.03*	-0.07***
				(0.02)	(0.03)
Constant	0.50**	-0.39	-0.22	0.47	0.56
	(0.25)	(0.33)	(0.47)	(0.58)	(1.21)
Log-likelihood	-157.59	-231.40	-223.65	-163.71	-80.56
N =	243.00	379.00	373.00	249.00	170.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

	Audience Costs	Third Party Interest	Costs of Conflict	All	No Selection
SUCCESS					
Audience Costs					
Polity		0.02	0.03		0.05*
Volatility	0.00	0.00***	0.00**	0.00	0.00**
Initiator		1.39**	1.12		2.80*
Initiator*Polity		0.19**	0.17		0.40**
Audience Uncertainty					
Group	0.59***	0.38*	0.45	0.44**	0.77*
NGO/Regional	0.57**	0.48*	0.57*	0.59**	1.22**
Unspecified	0.37	0.26	0.35	0.44	0.47
Directive	0.75***	0.57	0.62**	0.68	1.15**
Communication	0.11	0.10	0.11	0.03	0.21
Power and Bias					
UN mediator	-1.08***	-0.89***	-1.02***	-0.96***	-2.02***
Superpower	-0.95***	-0.97***	-1.25***	-1.15***	-1.99***
Neutral Environment	-0.18	0.02	0.00	-0.22	0.13
Region of Interest	0.46**		0.65*		0.89
S-Score	-0.75		-0.11		-1.33
Costs of Conflict					
Hostility	-0.00	0.06			0.13
Fatalities	-0.05	-0.12			-0.26
Capabilities	5.52*	3.17			9.61
Major power	0.81	0.46			1.21
Trade Openness	-0.04***	-0.03*			-0.07***
Constant	-0.19	1.12*	0.46	0.96	0.56

Occurrence continued on next page

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 13: Selection Models for Success and Occurrence *(s.e. omitted)*

Table 13: (continued)

	Audience Costs	Third Party Interest	Costs of Conflict	All	No Selection
OCCURRENCE					
Audience Costs					
Avg. post-tenure fate	0.34*			0.05	
Initiator	0.55			1.31***	
Initiator*Avg.ptf	0.88*			0.66	
Third Party Interest					
Resource (issue)		0.11		-0.48**	
Region of Interest		0.87***		1.07***	
S-Score		-0.35		-0.89	
Costs of Conflict					
Hostility			0.13*	0.05	
Fatalities			0.03	0.06	
Capabilities			0.41	6.57	
Major Power			-0.48	-0.74	
Trade Openness			-0.02**	-0.02**	
Constant	-0.86***	-0.85***	-0.39*	-0.36	
Rho	0.62	-0.70	-0.34	-0.48	
(95%CI)	(-11, .92)	(-.98, .67)	(-.95, .82)	(-.99, .94)	
Log-likelihood	-394.09	-413.41	-333.81	-287.16	-80.56
N =	565.00	621.00	405.00	381.00	170.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

	Pre-Med.	Occur	Success	Occur	Success
Audience Costs					
Avg.post-tenure fate	1.42***	1.46***	1.98***	1.97***	2.00***
	(0.27)	(0.28)	(0.50)	(0.49)	(0.52)
Polity	-0.04**	-0.04**	-0.05*	-0.05*	-0.05*
	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)
Volatility	-0.00	-0.00	-0.00	0.00	-0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Initiator	0.55**	0.69**	0.56*	0.56*	0.56*
	(0.67)	(0.67)	(0.59)	(0.61)	(0.60)
Third Party Interest					
Resource (issue)	-1.35***	-1.50***	-1.41***	-1.53***	-1.49***
	(0.39)	(0.40)	(0.42)	(0.40)	(0.41)
Region of Interest	0.33	0.50	0.81*	0.83*	0.80*
	(0.34)	(0.35)	(0.47)	(0.48)	(0.48)
S-Score	-1.18	-1.42*	-1.39	-1.25	-1.33
	(0.79)	(0.75)	(0.90)	(0.86)	(0.86)
Costs of Conflict					
Hostility	-0.20	-0.18	-0.00	-0.03	-0.01
	(0.13)	(0.12)	(0.15)	(0.17)	(0.16)
Fatalities	-0.02	-0.01	-0.03	-0.04	-0.05
	(0.04)	(0.05)	(0.04)	(0.04)	(0.04)
Capabilities	25.72***	26.34***	16.87***	16.81***	16.06***
	(4.16)	(4.22)	(5.29)	(5.19)	(5.23)
Major Power	-4.11***	-4.11***	-1.20	-1.09	-1.02
	(0.82)	(0.82)	(1.00)	(0.94)	(0.95)
Trade Openness	-0.00	-0.00	-0.01	-0.01	-0.01
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
Mediation					
Occurrence		-0.42*			
		(0.24)			
Success			0.38		
			(0.28)		
Party-Initiated				-0.24	
				(0.27)	
Party-Init. Succ.					0.15
					(0.31)

Cutpoints continued on next page

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 14: The Effect of Mediation of Leader Fate

Table 14: (continued)

	Pre-Med.	Occur	Success	Occur	Success
μ_1	0.34	0.21	2.03**	1.57	1.80*
	(0.45)	(0.47)	(0.92)	(0.95)	(0.95)
μ_2	0.87*	0.75	2.66***	2.19**	2.42***
	(0.49)	(0.51)	(0.88)	(0.90)	(0.90)
μ_3	1.70***	1.59***	3.94***	3.47***	3.69***
	(0.59)	(0.61)	(1.08)	(1.10)	(1.09)
Log-likelihood	-242.07	-239.47	-96.46	-97.07	-97.35
N =	305.00	305.00	143.00	143.00	143.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

	Model 1	Model 2	Model 3	Model 4
Occurrence	0.53***			
	(0.16)			
Success		0.37***		
		(0.18)		
Party-Init. Med.			-0.60**	
			(0.24)	
Party-Init. Success				-1.13**
				(0.55)
N =	346.00	165.00	164.00	108.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$

Table 15: Leader Fate and Matching Analysis Results

	Mediation Occurrence	Party-Initiated Mediation	Mediation Success
Resource (issue)	0.53*	0.19	-0.02
	(0.27)	(0.55)	(0.41)
Territory (issue)	-0.13	0.17	0.33
	(0.29)	(0.27)	(0.30)
Ethnic (issue)	-0.23	0.16	0.72*
	(0.30)	(0.26)	(0.37)
Constant	-0.03	0.41	-0.03
	(0.30)	(0.25)	(0.28)
Log-likelihood	-601.77	-268.39	-278.75
N =	875.00	413.00	413.00

Legend: * $p < .10$; ** $p < .05$; ***$p < .01$
Baseline category is security or ideological conflict.

Table 16: Do Issues at Stake Matter?

Figure 4: Map of Ecuador 1989 from the Ministry of Tourism

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