Military Coercion in Interstate Crises and the Price of Peace

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CRISIS BARGAINING

• crisis: demands back by threats to use force

• threats must be credible

• private information makes bluffing an option

• tacit communication (costly signaling):
  1. sink costs: pay regardless of outcome
  2. tie hands: pay if fail to act
Consider military mobilization, troop deployments, etc.:

- costly by themselves, but also
- improve one’s ability to wage war

Since at attack decision stage costs are sunk, once mobilization occurs, it ties hands because it increases expected value of war relative to conceding.

Mobilization sinks costs and ties hands, but latter function ignored in theories that take probability of winning as exogenously fixed.

*Expected value of war must be endogenous to crisis*
OVERVIEW OF RESULTS

• mobilization sinks costs and ties hands: can be used to communicate commitments

• endogenous value of war: what is a strong state? (Banks)

• signaling with purely military means
  ⇒ audience costs unnecessary
  ⇒ liberal peace?

• peace is expensive

• war initiation as a two-step process:
  1. uncertainty ⇒ actions create new environment
  2. full information ⇒ war optimal choice
FEATURES OF THE MODEL

• Two actors, territory in possession of $S_1$

• Valuations: $v_1 \in (0, 1)$, $v_2 \sim F$ on $[0, 1]$

• Sequential observable mobilizations, $m_i > 0$

• Given mobilizations, fight or capitulate

• Mobilizations:
  - costly regardless of outcome
  - increase probability of victory, $p_i = \frac{\lambda m_i}{\lambda m_i + m_j}$
  - may or may not increase value of war
  - offense-defense technology, $\lambda > 0$

• War is costly, $c_i \in (0, 1)$
RESULTS IN CONTINUATION GAME

Five paths following mobilization by $S_1$:

1. PEACE: assured compellence (bluffing possible)

2. MAYBE WAR: risk of war

3. WAR: certain war despite feasible compellence

4. WAR: certain war with infeasible compellence

5. PEACE: assured deterrence

Credible commitment may be dangerous unless sufficient to compel opponent.

Peace may involve higher mobilization than war.
**Example 1: Assured Compellence**

- Simulation params: $v_1 = .7, c_1 = .19, c_2 = .57$
- Equilibrium Type: I ($m_1^* = .06$)
- $S_1$ resists any $m_2 < \alpha = .57$
- All $v_2 < \alpha = .57$ capitulate, others allocate $\alpha$
- All $v_2 \in [\alpha, \gamma)$ bluffers, $v_2 \geq \gamma$ genuine
- Ex-ante prob. of bluff: $\Pr(\alpha \leq v_2 < \gamma) = .06$
- Prob. of bluff after mobilization: .15
- $S_1$’s expected payoff: .33
EXAMPLE 2: RISK OF WAR

- Simulation params: $v_1 = .7, c_1 = .19, c_2 = .005$
- Equilibrium Type: II ($m_1^* = .29$)
- $S_1$ resists any $m_2 < \alpha = .78$
- All $v_2 < \delta = .31$ capitulate, no bluffers
- All $v_2 \in [\delta, \beta)$ allocate $m^*_2(v_2)$, war outcome
- Probability of war: $\Pr(\delta \leq v_2 < \beta) = .68$
- All $v_2 \geq \beta = .98$ allocate $\alpha$, and $S_1$ capitulates
- $S_1$’s expected payoff: .13
• $c_1 < .3$: compellence infeasible, high risk of war
• $.3 < c_1 < .35$: compellence feasible, some risk of war
• $c_1 > .35$: no war in equilibrium, but:
  - $c_1 < .45$: $S_1$ increases allocations, min bluffs
  - $c_1 > .45$: $S_1$ drastically slashes, allows bluffs
A TWO-STEP EXPLANATION OF WAR

1. asymmetric information about valuation
   ⇒ bluffing possible, incentives to misrepresent
   ⇒ states screen/signal using military means
   ⇒ signal must be credible (costly, ties hands)
   ⇒ states must mobilize sufficient forces

2. actions create new environment
   ⇒ mobilizations determine new value of war
   ⇒ both may prefer fighting to peace now
   ⇒ war occurs with complete information
CONCLUSIONS

If we properly endogenize expected value of war:

- mobilization does not mean war
- tying hands possible with military means
- audience costs/public commitment not necessary
- signaling theories of liberal peace?
- some monotonicity results do not generalize
- two-step explanation of war
- peace can be quite expensive
- credible commitments not sufficient for peace