

**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

MILITARY ACTIONS

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

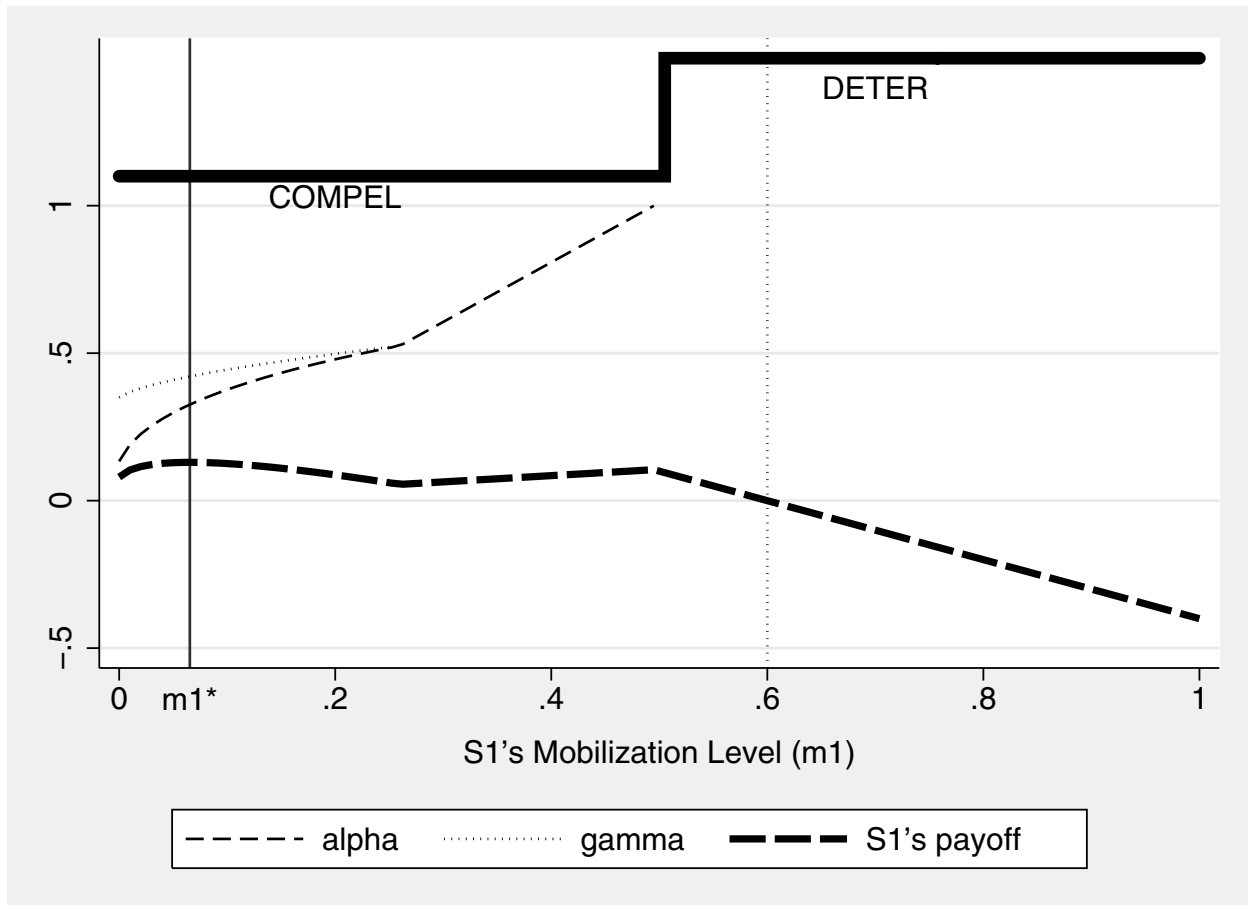
Five paths following mobilization by S_1 :

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.

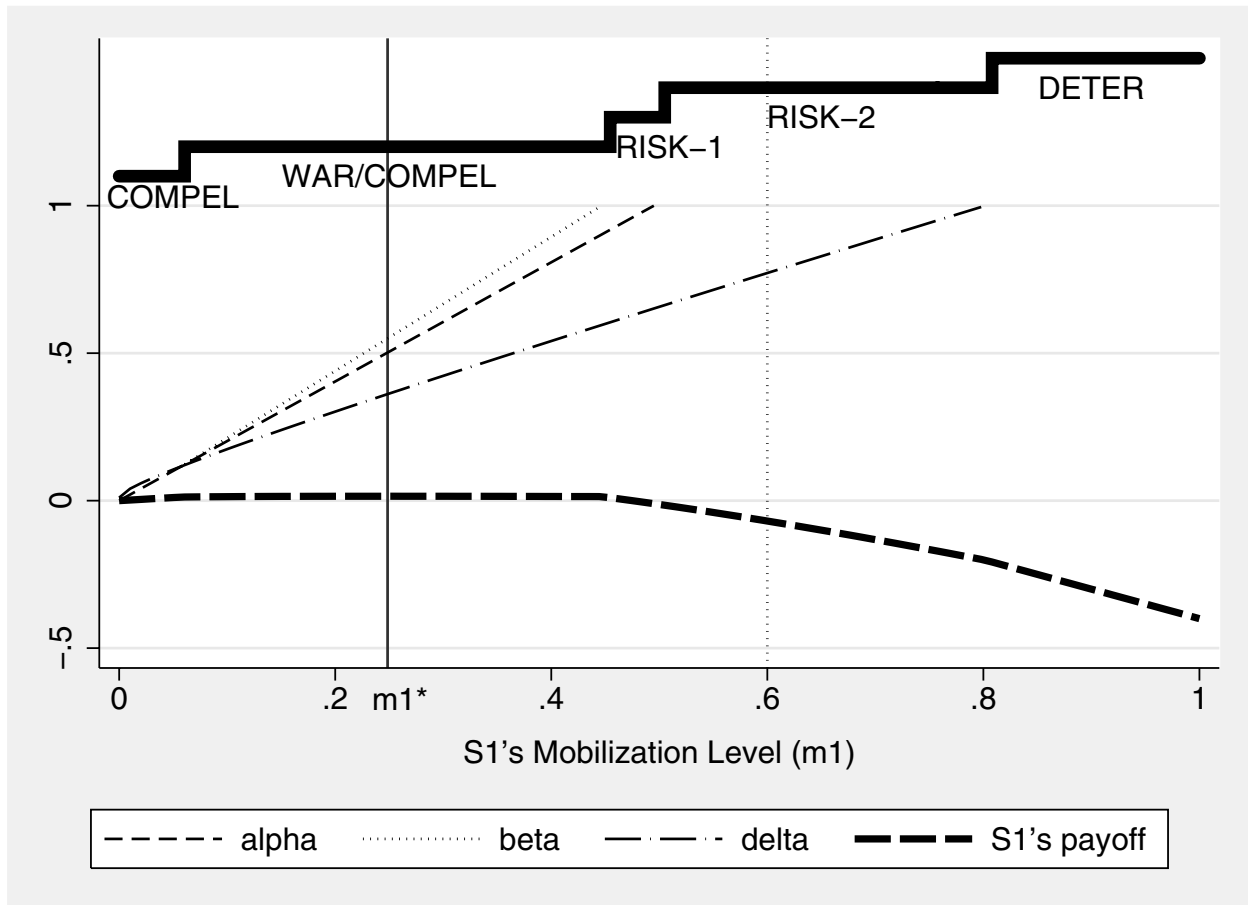
Peace may involve higher mobilization than war.

EXAMPLE 1: ASSURED COMPELLENCE



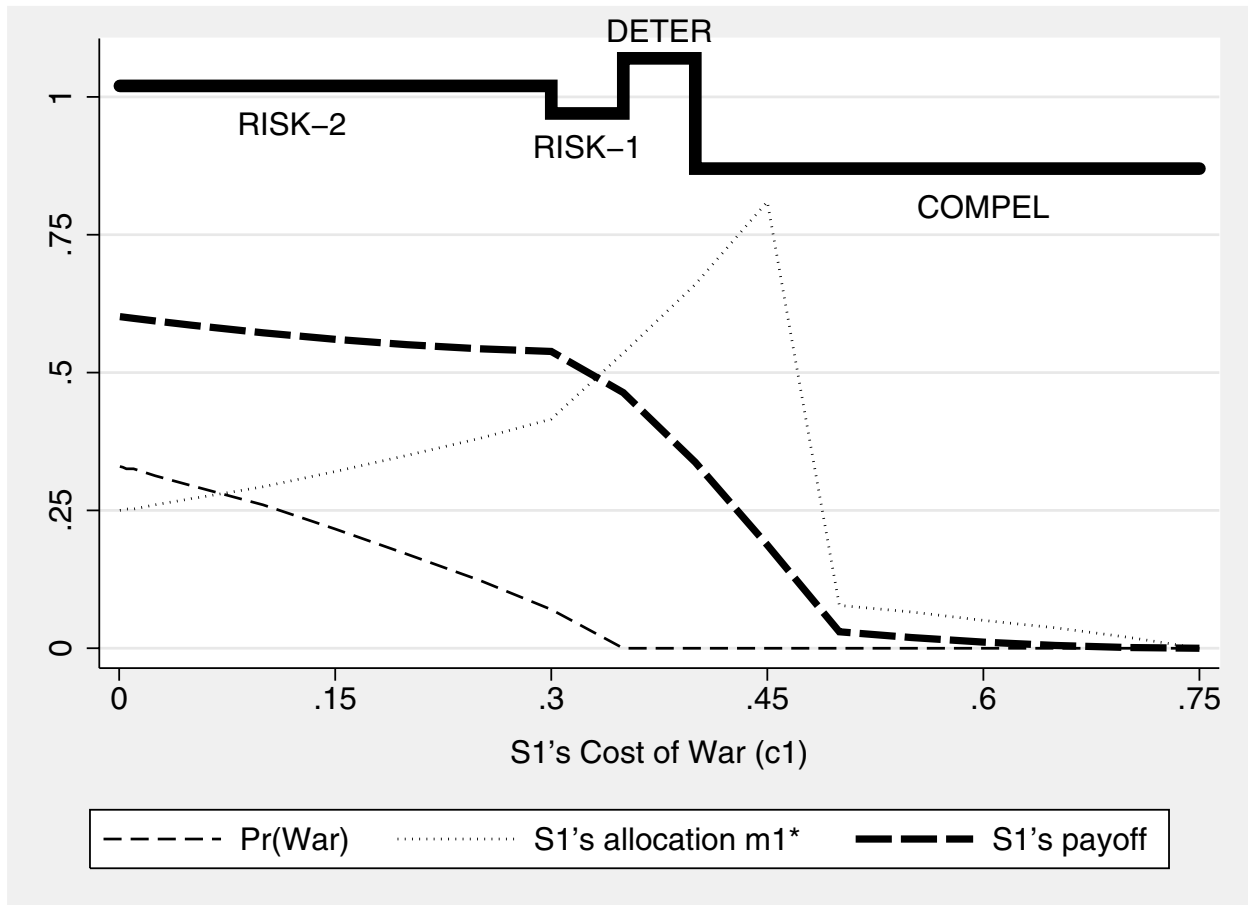
- Simulation params: $v_1 = .7, c_1 = .19, c_2 = .57$
- Equilibrium Type: I ($m_1^* = .06$)
- S_1 resists any $m_2 < \alpha = .57$
- All $v_2 < \alpha = .57$ capitulate, others allocate α
- All $v_2 \in [\alpha, \gamma)$ bluffers, $v_2 \geq \gamma$ genuine
- Ex-ante prob. of bluff: $\Pr(\alpha \leq v_2 < \gamma) = .06$
- 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 α , and S_1 capitulates
- S_1 's expected payoff: .13

THE PRICE OF PEACE



- $c_1 < .3$: 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