

# War and Peace

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**Bargaining and War**  
**Week 3**

## The Puzzle

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- **War is an extremely costly way for states to settle their disputes. Given the human and material costs of military conflict, why do states sometimes wage war rather than resolve their disputes through negotiations?**
  - **Countries have conflicts of interest all the time.**
  - **Only some disputes are resolved by force.**

Not enough to say that states have disagreements or conflicts of interest. Have differences all the time, wage war only rarely.

## **A Domestic Analogy**

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- **Why are most civil disputes settled out of court?**
  - **Both sides can predict reasonably well the “damages” that might be awarded.**
  - **Lawyers, and especially court time, are enormously expensive.**
  - **To save the costs of “going to trial,” most disputes are settled earlier rather than later in the process.**

## **Another Domestic Analogy**

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- **Why are most union contracts negotiated without a strike?**
  - **Prevailing wages in area are generally well known.**
  - **Strikes are costly to both workers and owners.**
  - **Both sides have an interest in reaching a settlement.**

Same puzzles as in war. Most of time, conflicts of interest are settled by negotiation. Sometimes bargaining fails, and coercion/war breaks out.

## The Insight

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- **As long as war is costly, some bargain must exist that both sides would prefer to actually fighting.**
- **If so, war can only arise as a result of some *bargaining failure*.**

- 1) \$3 trillion on Iraq war. Surely some compromise was possible. Bribe Hussein to join the dictator's club in Saudi Arabia? Pay some general in the Iraqi military to overthrow the guy?
- 2) Same for trials and strikes.
- 3) One of the most profound ideas in the social sciences. Didn't used to think about war this way. Earth moving insight.

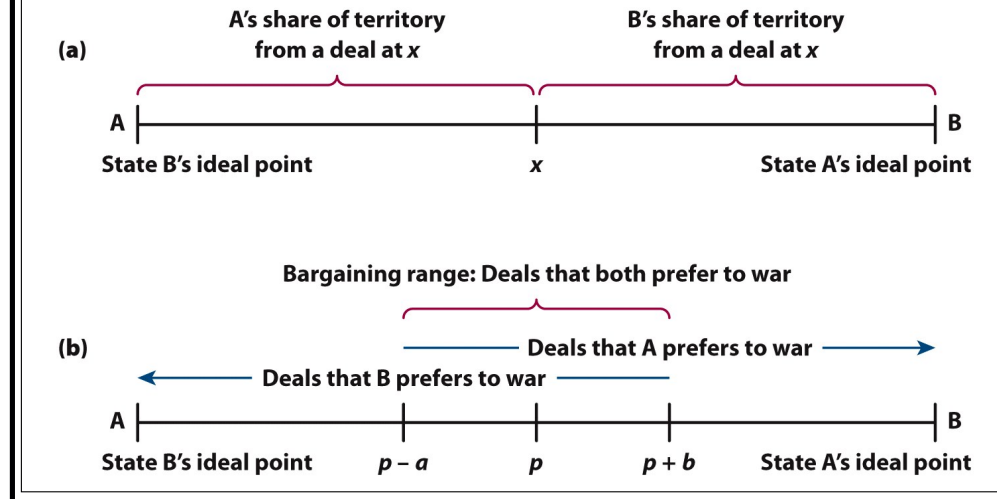
# Bargaining

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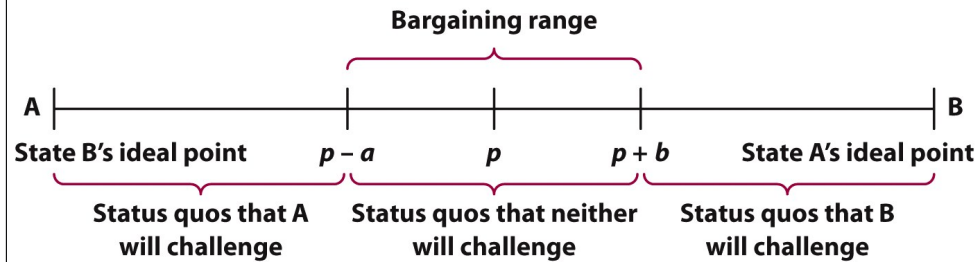
Pure bargaining only when the SQ is on the frontier.

# The Bargaining Theory of War



- 1) Line is merely the Pareto frontier. Pure bargaining game.
- 2) Fix intuition: dispute over territory. Ideal points. Could be any issue -- environmental cleanup.
- 3)  $x$  is any deal within the dispute space. Agreement to divide the territory or issue.
- 4)  $p$  is probability of victory (sides evenly matched -- 50-50 chance of victory in this example).
- 5) Costs of fighting (A pays  $a$ , B pay  $b$ ).
- 6) Creates a bargaining range in which a set of deals exist that both sides prefer to fighting.

## The Status Quo and Incentives to Challenge



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- 1) if sq in bargaining range, neither side has an incentive to challenge. Incentive for a to challenge if q is left, incentive for b if q is right.
- 2) Incentive to challenge is not the same as the decision to fight. Even though one side has incentive to challenge, there is still a bargaining range in which both sides are better by agreeing not to fight.
- 3) Even when one party has an incentive to challenge, war still arises only from a bargaining failure.

## **Bargaining Failures Arise From**

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- **Indivisibilities**
- **Problems of credible commitment**
- **Incomplete information**

## **Indivisibilities**

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- **Bargaining model assumes that all issues are easily divided into increments.**
- **If issues are indivisible, there may not be possible divisions that lie within the bargaining range.**
  - **Jerusalem claimed as a capital and holy city by several groups and faiths.**
- **Yet, virtually all issues are divisible in practice, especially if we allow sidepayments.**

- 1) Can quickly eliminate as major cause.
- 2) King Solomon and the division of the baby. Since dividing the baby would kill it, threatening to do so reveals the “real mother.” Yet, we divide children all the time with shared custody arrangements.
- 3) Same principle exists even for issues commonly claimed to be indivisible: Jerusalem has in fact been divided, and use rights for Mosques and temples negotiated.
- 4) Sidepayments make everything negotiable. Want more time with the kids, demand less than half the common assets. Want greater use of Jerusalem, pay the other by compromising on some other issues.
- 5) Groups may say they refuse to compromise, that Jerusalem is their eternal capital, etc. But this is a bargaining ploy, not something that is inherently indivisible. International community will have to pay off one side or the other for ceding more of Jerusalem.
- 6) Remains a theoretical possibility, but rare.

## **Problems of Commitment**

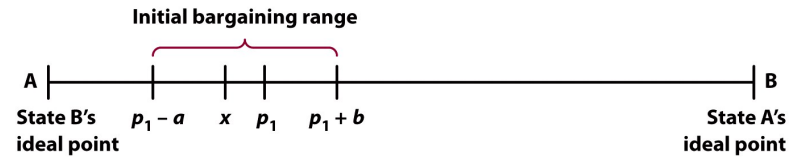
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- **Commitment problems arise when states cannot credibly promise not to use force.**
- **Promises are credible only when they are in the self-interest of actors to carry out.**
- **Commitment problems likely when:**
  - bargaining over issues that affect future power
  - power is changing exogenously
  - there are first strike advantages

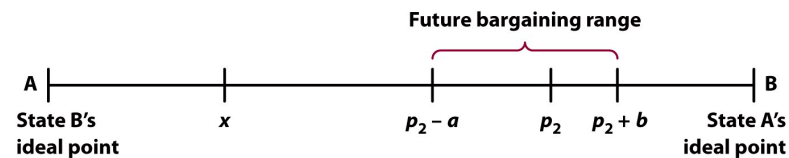
- 1) War can arise when states cannot promise NOT to use force.
- 2) Commitment problem arises when we might agree on a bargain, but you cannot trust me to not to break the agreement in the future.
- 3) Agreements are only credible when it is in the self-interest of the actors to carry them out.

# Bargaining and Shifting Power

(a) Initial power distribution



(b) Future power distribution following the rise of State A



1) assume  $x$  is within the initial bargaining range. No incentive to challenge. No war. But power is shifting to A's advantage and against B. If the future loss of power is large enough, B may choose to fight today when it is comparatively stronger than tomorrow when it is weaker. Preventive war.

## Iraq War: Commitment Problem

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- **Given the shift in bargaining leverage that would arise if Iraq's WMD programs came to fruition, and Hussein's continuing misrepresentation of those programs, U.S. decided to wage preventive war.**
  - Compared to Clinton administration, Bush team more skeptical about Hussein.
  - Very little Hussein could have done by fall 2002 to convince the Bush administration that it would not develop WMD at some future date.
  - Saddam did not signal lack of WMD for fear of domestic rebellion and Iran.

- 1) First and third conditions for commitment problem come into play in Iraq -- bargaining over issues that create power and first strike ad.
- 2) Iraq would have been in a stronger bargaining position with WMD. Like North Korea today, we would not be able to threaten coercion or invade later once weapons developed. To maintain our leverage over the region, needed to maintain superiority. Thus, we were bargaining over issue that would affect future power.
- 3) In turn, U.S. had first strike advantage. Better to act before Iraq got MWD, especially nuclear weapons.
- 4) Main cause of 2003 war. Although much of the public focused on present WMD, what really mattered was intent and future WMD capability.
- 5) But why in 2002/03? On skepticism: "he tried to kill my Dad."
- 6) 9/11 didn't use WMD, of course. But Cheney's "1 percent" position. If there is even a one percent chance that they have WMD or might use them, we have to act as if they do have WMD. Catastrophic consequences need not have a high probability to force action.
- 7) But if cause, why couldn't Iraq reveal that it did not have programs and did not intend to develop WMD? Domestic and regional politics. Could not deter domestic opponents and Iran.

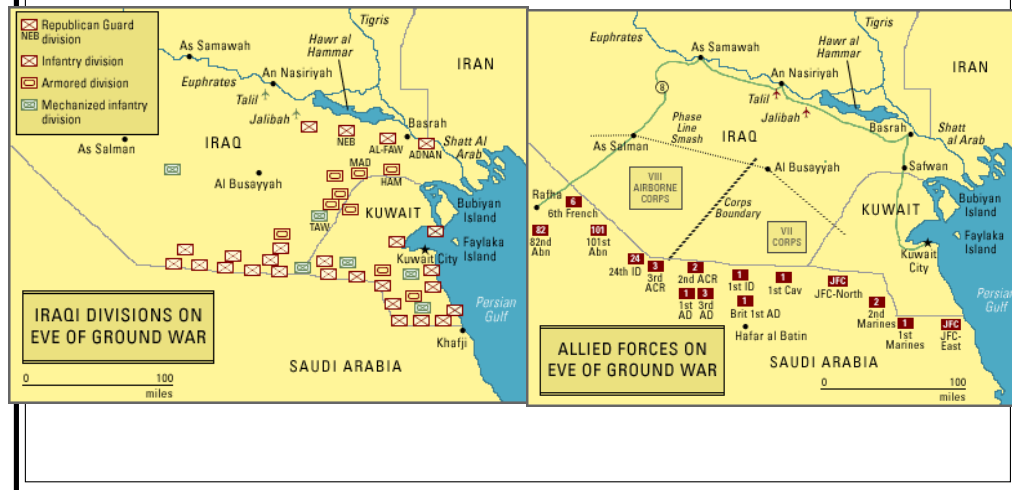
## Incomplete Information

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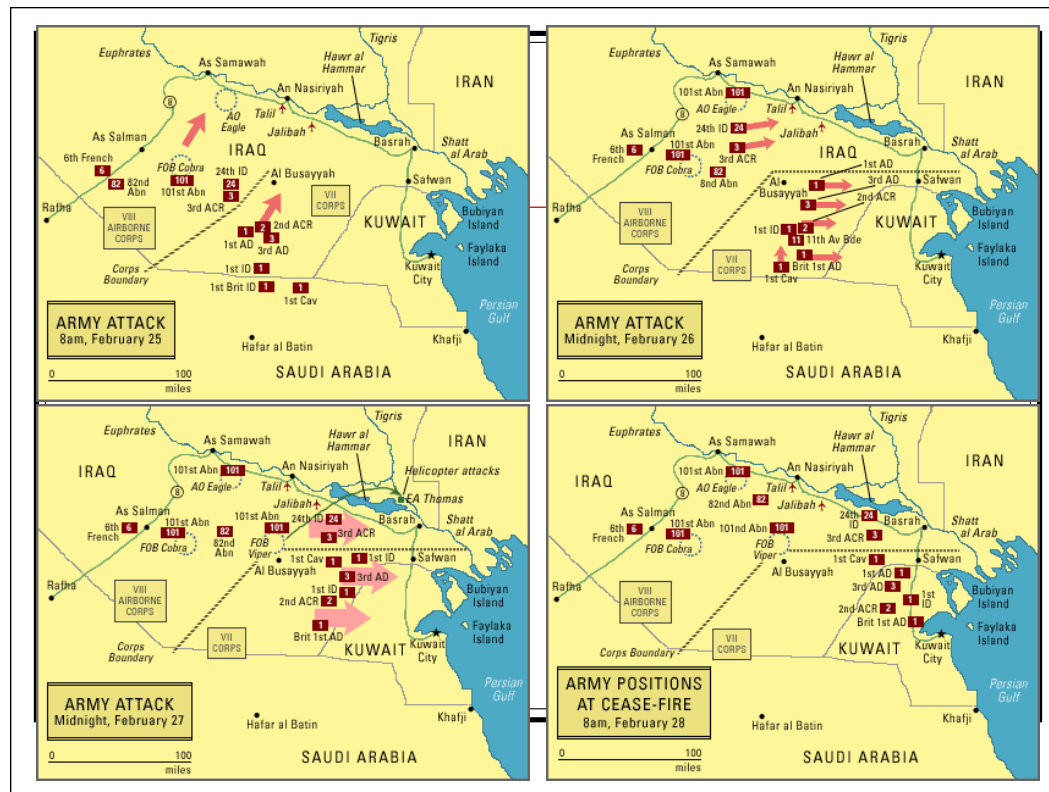
- **States can be uncertain about each other's willingness to fight.**
  - Disagree about the probability of victory ( $p$ )
  - Disagree about the costs of fighting ( $a$  or  $b$ )
- **Problem of credibility: if states are uncertain, why can't they just tell each other about their capabilities and resolve?**
  - Costly signals: brinksmanship or risk.
  - Tying hands: increasing the costs of "backing down."
- **But states possess incentives to misrepresent or bluff.**

- 1) States possess incentives to bluff, claiming that they believe  $p$  is high,  $a$  or  $b$  is low, that they are sufficiently committed to fighting that the other should back down.
- 2) The problem lies in the tie between willingness to fight and getting a bigger share of the issue under dispute. Since it's in our interests to get a greater share of the pie, we have an incentive to lie. Because of this incentive, our claims about resolve are not credible. Ways to try to make statements credible...
- 3) There is also information that we cannot reveal without undercutting our ability to fight if war breaks out. Since this is so, anything we do say will not be believed.

# Persian Gulf War: Incentive to Misrepresent



- 1) Example of incentive to misrepresent that lies at core of PGW.
- 2) Iraq forces dug into Kuwait -- literally. Expected attack through Kuwait.
- 3) We had been bombing Iraq command, control, communications for a month. On eve of war, coalition forces redeployed to West.



- 1) Famous "left hook." Attacked from west with surprise, and decimated Iraq forces dug into fixed trenches facing south. In many cases, tank turrets could not turn to face attacking coalition forces.
- 2) U.S. could not communicate its private information to Iraq. U.S. had every incentive to tell Iraq that its costs of war were low. Thus, general comments were not credible.
- 3) At same time, could not reveal its military strategy without undercutting its success.
- 4) U.S. knew that it would have relatively low costs of fighting. But could not lay out war plan because it would vitiate the surprise.
- 5) Nothing really equivalent in 2003. We knew Iraq's military capabilities. They knew ours. Measure of self-delusion but no fundamental problem that was unknowable.

## **Peace Is More Likely When**

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- **War is costly (or mechanisms exist that make war more costly).**
- **Commitments are credible (or mechanisms exist that enhance credibility).**
- **More information is available (or mechanisms exist that make states more transparent).**

- 1) Mutual possession of nuclear weapons make war more costly, and thus less likely.
- 2) Third party guarantors make commitments credible.
- 3) Domestic political institutions make countries more or less transparent.