

When Conflict is a Political Strategy: A Model of Diversionary Incentives

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Introduction

How can diversionary conflict exist?

Diversionary conflict:

- Use of external force when domestic unrest
- Wars are costly → optimal?
- Diversion and patriotism → “behavioral” agents?

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Why does it matter?

- To understand root of inefficient political actions
- To formalize a concept extensively discussed in political science
- To give new meaning to famous historical events

Overview

- Propose new mechanism:
 - Ousting leader more costly during conflict
 - ★ Weakens country's international position
 - ★ Relies on the enemy being a threat (objective or subjective)
 - Formalized through a **very simple** game
 - ★ Two players; complete and perfect information

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 - Leader **can** initiate conflict **only** to gain popular support about conflict
- Study long-run effects:
 - Barriers to rebellion opportunities to keep peace

Literature

Diversions Theory of War

- Principles: Bodin and Tooley (1955), Mayer (1969)
- FPA: either tested or assumed (Hagan 2017, for review)
- Microeconomic insights:
 - Information:
 - ★ Microfoundation: signaling (Richards et al. 1993, ...)
 - ★ Incorporated in international relations models (Tarar 2006; Gent 2009)
 - Rally effects:
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Theory of Conflict:

- Rationalist Explanation for War (Fearon 1995)
 - Agency Problems (Jackson and Morelli 2011)

Outline

- 1 Introduction
- 2 Setup
- 3 Equilibrium
- 4 Diversionary Incentive
- 5 Long Run Effects

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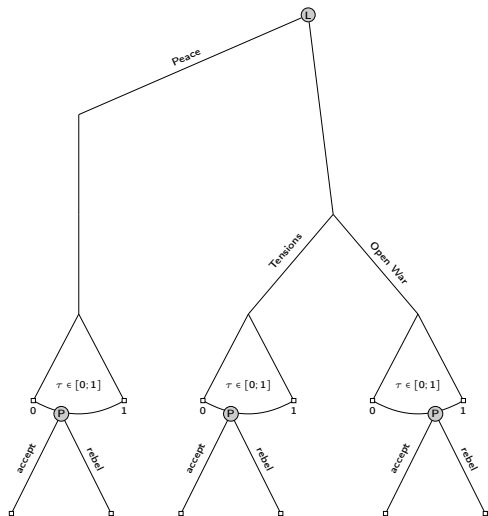
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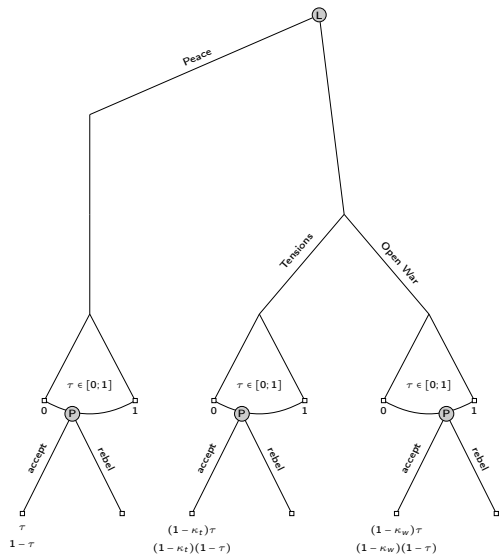
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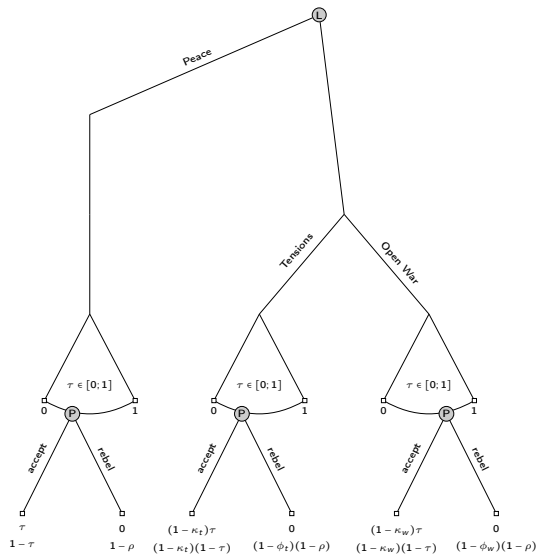
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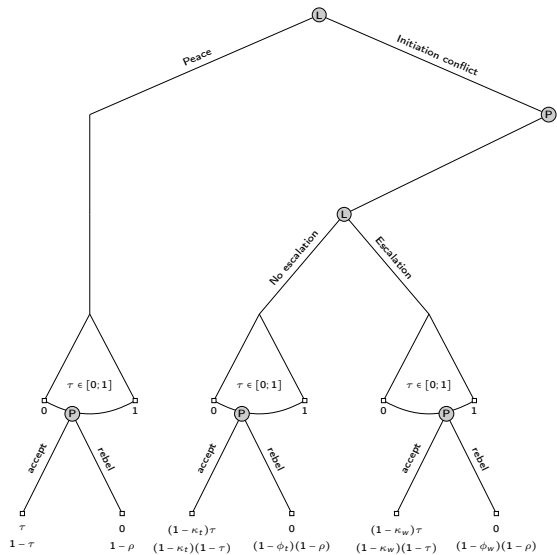
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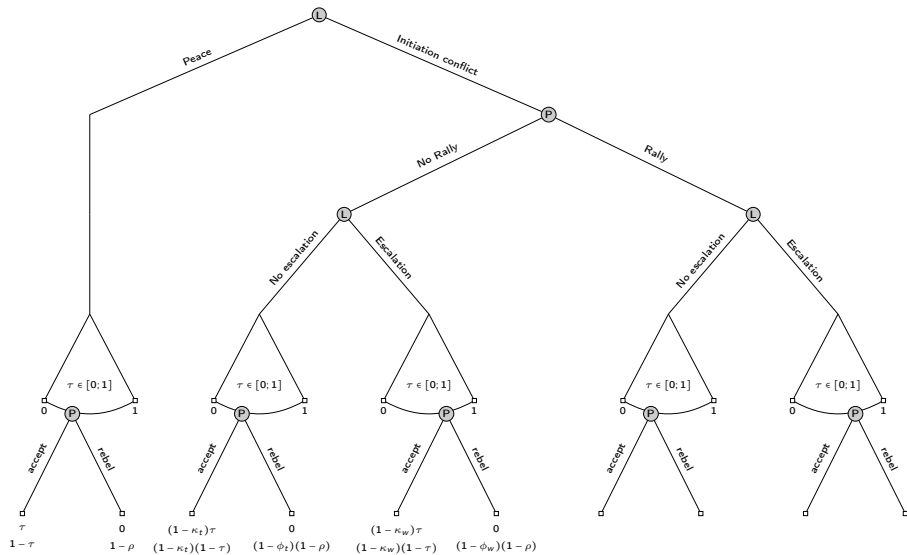
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- Payoffs:
 - Interior product normalized to 1
 - Tax is a transfer
 - Conflict has a cost: κ_t or κ_w
 - Rebellion has a cost: ρ or ρ'
 - Forfeiting has a cost: ϕ_t or ϕ_w

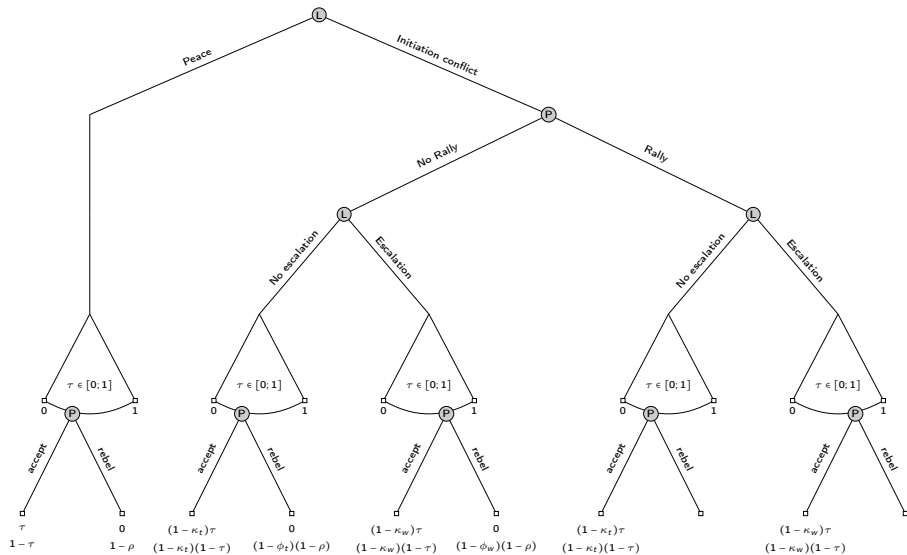


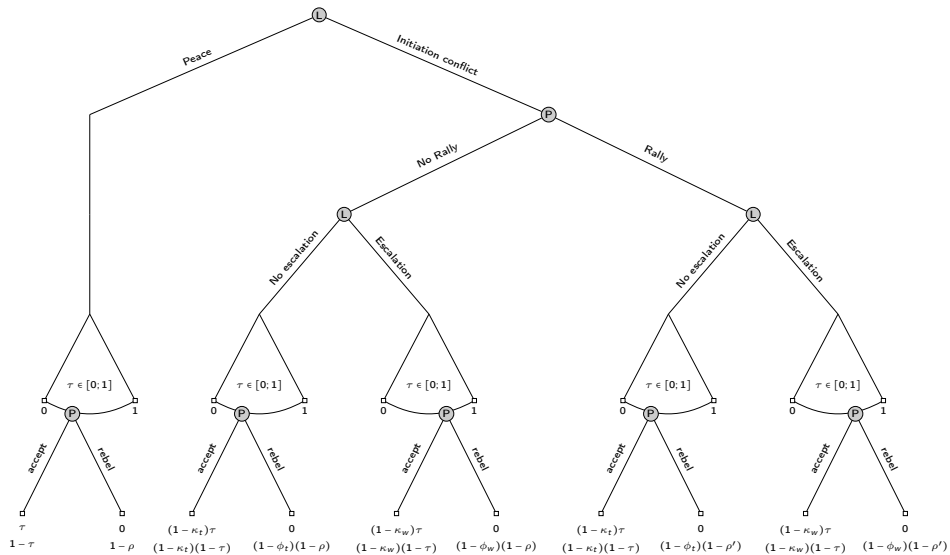












Equilibrium

Theorem 1

There are 4 possible outcomes: peace, (unsupported) war, unsupported tensions and supported tensions.

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- War occurs iff $\kappa_w < \bar{\kappa}_w$; and $\kappa_t < \bar{\kappa}_t$; and either $\kappa_w - \kappa_t < \underline{\kappa}_w - \underline{\kappa}_t$, or $r_\phi \geq r_\rho$.
- Supported tensions occur iff $\underline{\kappa}_w - \underline{\kappa}_t \leq \kappa_w - \kappa_t < \bar{\kappa}_w - \bar{\kappa}_t$; and $r_\phi < r_\rho$; and $\kappa_t < \underline{\kappa}_t + \rho' - \rho$.
- Unsupported tensions occur iff $\kappa_t < \bar{\kappa}_t$; and $\kappa_w - \kappa_t \geq \bar{\kappa}_w - \bar{\kappa}_t$.
- Peace occurs iff $\kappa_w \geq \bar{\kappa}_w$; and $\kappa_t \geq \bar{\kappa}_t$; and either $\kappa_t \geq \underline{\kappa}_t + \rho' - \rho$, or $r_\phi \geq r_\rho$, or $\kappa_w - \kappa_t < \underline{\kappa}_w - \underline{\kappa}_t$, or $\kappa_w - \kappa_t \geq \bar{\kappa}_w - \bar{\kappa}_t$.

Where:

$$\bullet \underline{\kappa}_t = \phi_t(1 - \rho')$$

$$\bullet \bar{\kappa}_t = \phi_t(1 - \rho)$$

$$\bullet r_\rho = \frac{1 - \rho'}{1 - \rho}$$

$$\bullet \underline{\kappa}_w = \phi_w(1 - \rho')$$

$$\bullet \bar{\kappa}_w = \phi_w(1 - \rho)$$

$$\bullet r_\phi = \frac{1 - \phi_w}{1 - \phi_t}$$

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Remark

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 - (ii) In equilibrium, the population can indeed rally around the flag.
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- (i) Mechanism → conflicts; can be seen as diversionary conflicts.
 - (ii) Rally around the flag are thus rational.
They avoid escalation, so Pareto improvement.

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- An increase in ρ, ρ' tends to:
 - ... have ambiguous effects
 - $\rho = 0$ rarely optimal; peace impossible if $\kappa < \phi$
 - even ρ' optimal level ambiguous

→ ... depends...

Diversionary Incentive

Definition

A leader initiates conflict because of a *diversionary incentive* when:

- the leader anticipates the public to support it; and
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Corollary 1

A diversionary incentive emerges when:

- 1 The leader initiates conflict: $\kappa_t < \underline{\kappa}_t - \rho' + \rho$.
- 2 Support can credibly be anticipated: $\underline{\kappa}_w - \underline{\kappa}_t \leq \kappa_w - \kappa_t < \bar{\kappa}_w - \bar{\kappa}_t$ and $r_\phi < r_\rho$.
- 3 Neither conflict would be initiated otherwise: $\kappa_t \geq \bar{\kappa}_t$ and $\kappa_w \geq \bar{\kappa}_w$.

Diversionary Incentive

Theorem 2

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Proof: Consider \mathcal{D}' defined as follows:

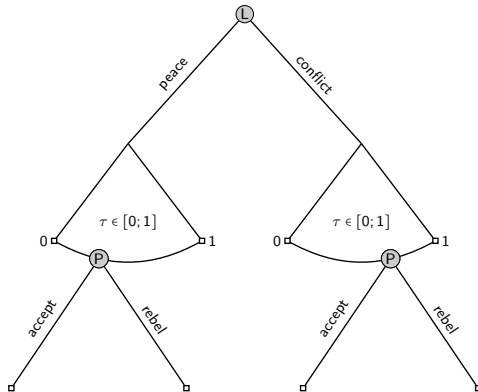
$$\mathcal{D}' = \left\{ (\kappa_t, \kappa_w, \phi_t, \phi_w, \rho, \rho') : \forall (x, \epsilon) \in \mathcal{E}, \begin{array}{lll} \rho = x; & \phi_t = x + \epsilon_2; & \kappa_t = x + \epsilon_4; \\ \rho' = x + \epsilon_1; & \phi_w = x + \epsilon_3; & \kappa_w = x + \epsilon_5; \end{array} \right\}$$

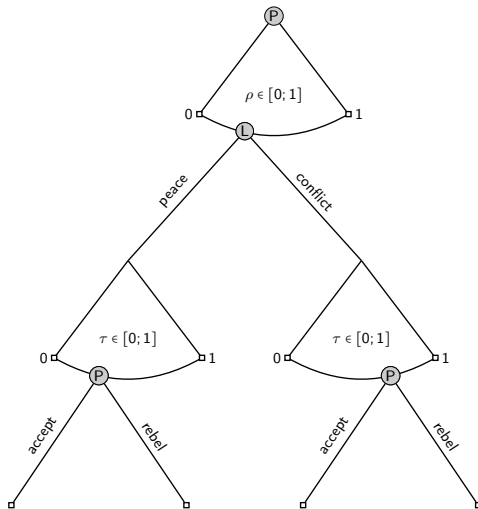
$$\text{where } \mathcal{E} = \left\{ (x, \epsilon) \in (0, 1)^6 : \begin{array}{l} 1 - x > \epsilon_4 + \epsilon_1 > \epsilon_5 > \epsilon_4 + (1 - \epsilon_1)(\epsilon_3 - \epsilon_2) \\ \epsilon_5 > \epsilon_3 > \frac{3}{2}\epsilon_1 + \epsilon_2 \end{array} \right\}$$

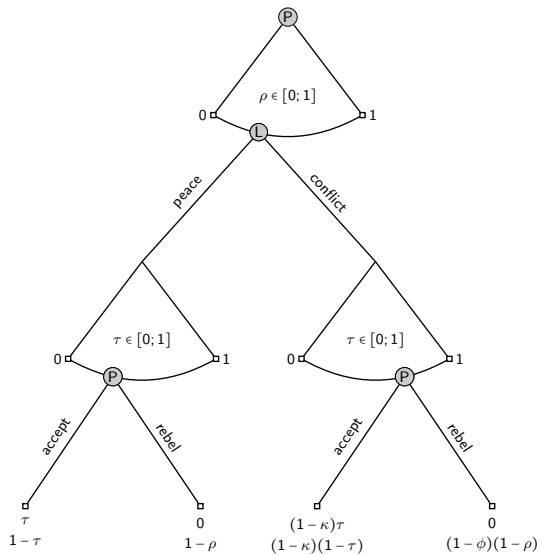
$$\text{and } \min\left\{t, \frac{1}{3}\right\} > x \text{ with } t = \frac{\sqrt{(\epsilon_1 + \epsilon_2)^2 + 4(\epsilon_1 + \epsilon_3 - \epsilon_5 - \epsilon_1 \epsilon_3)} - (\epsilon_1 + \epsilon_2)}{2}$$

Because \mathcal{E} has positive measure, so does \mathcal{D}' .

We then verify that $\mathcal{D}' \subseteq \mathcal{D}$.







Equilibrium

Theorem 3

There are 3 equilibrium outcomes: uncommitted peace, committed peace and conflict.

- Uncommitted peace occurs iff $\kappa \geq \phi$.
- Committed peace occurs iff $\phi > \kappa > \phi(1 - \phi)$.
- Conflict occurs iff $\kappa \leq \phi(1 - \phi)$.

Equilibrium

Theorem 3

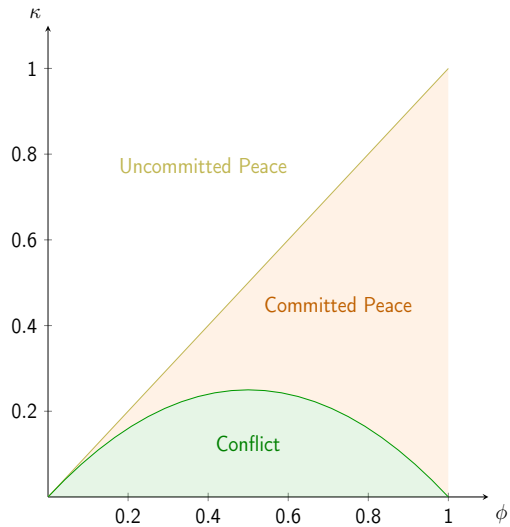
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- Committed peace occurs iff $\phi > \kappa > \phi(1 - \phi)$.
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Remark

- (i) Conflicts occur despite perfectly flexible commitment means;
- (ii) Strength of foreign threat non-monotonically linked with conflict;
- (iii) Commitment positively linked with strength of foreign threat.

Possible Outcomes



Role of Parameters

- An increase in ϕ has a:
 - non-monotonic effect on social efficiency
 - negative effect on population's payoff
 - discontinuous piecewise positive effect on leader's payoff
 - at the threshold, decreasing ϕ is a Pareto improvement

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Furthermore: decreasing ρ can be socially inefficient!

Conclusion

This paper:

- Proposes new mechanism:
 - Rebellion more costly during conflict because of the enemy's threat
 - Challenges idea that diversionary wars target less challenging rivals
- Justifies rally around the flag reactions:
 - Rally = commitment device
- Proves existence of diversionary incentive:
 - Non-zero measure set of parameters
- Studies long-run effects:
 - Conflict still occur
 - Barriers to rebellion grow with threatening environment

Further research: empirical implementation?

Thank you!

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