

# Bargaining and Conflict Resolution

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### **Abstract**

Bargaining theory provides a useful framework for thinking about the management of violent conflicts. In bargaining theory, two or more actors are assumed to have a common interest in reaching agreement, but conflicting preferences as to its terms. If they fail to agree, some suboptimal conflict outcome occurs. This conflict outcome may be fixed or subject to manipulation by each bargainer as a means of compelling the other to agree to more favorable terms. Using this framework one can ask four questions relevant to understanding conflict management and conflict resolution: 1. What might prevent the bargainers from reaching agreement? 2. If agreement is possible, what determines the amount of time required to reach it? 3. If the conflict situation can be manipulated, can the bargainers somehow agree to minimize the costs of conflict? 4. Once agreement is reached, why might conflict recur? The answers to these questions help us understand the role of force, how people organize themselves to use it, why violent conflicts occur, and what role third parties might play in managing them.

In reacting to conflicts around the world during the Cold War, US foreign policy makers were guided by the possible effect of their actions on one big potential conflict: an all-out war between NATO and the Warsaw Pact in the center of Europe. The emphasis was on cultivating a reputation for the use of force that might contribute to the deterrence of the Soviet Union in Europe and reassure the other members of NATO, and on denying the Soviet Union opportunities to increase its influence. Now that the Cold War is over, lesser conflicts have not disappeared but their significance for the US government has become less clear. Some believe they have little significance, while others believe the US government has an interest in helping resolve them.

One reason to question the latter view is skepticism about its feasibility. How easy is it to contribute toward the resolution of conflicts? Does it make sense to think of the US, either alone or in conjunction with NATO or the UN, as a global conflict manager? And what does it mean to “manage” other people’s conflicts?

An understanding of conflict management requires an understanding of conflict. Unfortunately not everything that might be called a conflict can be understood in the same way. As the authors of one recent book on the subject say, the word “conflict” can refer to “a broad spectrum of differences, starting with simple arguments and ending with wars.”<sup>1</sup> They go on to restrict the word “conflict” to disputes in which the use of force is contemplated, and focus on the problem of explaining, predicting, and influencing whether force is used or not (Bloomfield and Moulton 1997, 11–12).

However, both the riots in Los Angeles in the aftermath of the Rodney King trial and the War in the Persian Gulf exemplify the use of force, and they seem to imply that the use of force cannot always be explained in the same way either. I will argue that concentrating on the possible use of force narrows the focus too much, and once the use of force is put into the proper context it will become clearer how to explain it.

Let us begin by defining a conflict somewhat loosely as any situation in which individuals or groups with incompatible goals act so as to interfere with each other’s ability to accomplish what they want. We might then distinguish among conflicts that are beneficial to all the participants (such as athletic contests that all participants want to win, but even the

losers enjoy participating in), conflicts that can only benefit some participants but not others (such as the conflict between a hunter and his prey), and conflicts that leave all the participants worse off than they would have been had they been able to avoid or limit the conflict in some way. While it can make sense to speak of conflict resolution and conflict management in all these cases, it is the last type of conflict that most people have in mind when they use these terms.

But why would a conflict ever occur if all the parties to it would be better off avoiding it? One possible answer is that strong emotions or cognitive errors of some sort have prevented them from seeing their true interests. However, game theory provides compelling examples of situations in which rational individuals choose outcomes they would all have been better off not choosing.

Two of these examples, the Prisoner’s Dilemma and the Stag Hunt, have become especially popular as a way of understanding why much of what happens in international politics seems to be contrary to everyone’s interests. In the Prisoner’s Dilemma game an outcome that is jointly preferred is not an equilibrium, while in the Stag Hunt there is more than one equilibrium but because of the risks associated with making a mistake the actors’ expectations may converge on one that is suboptimal.<sup>2</sup> The Prisoner’s Dilemma game is commonly interpreted as an illustration of what happens when agreements are not enforceable, and the Stag Hunt as an illustration of the problem of coordinating expectations. Both have been invoked in support of the claim that anarchy alone leads to violent conflicts.<sup>3</sup> But if true, this claim seems to offer little room for conflict management or conflict resolution short of establishing a world government.

However, it is not clear that either anarchy or these simple games can explain the occurrence of conflicts. Anarchy is constant but violent conflicts are relatively rare, and nearly always end in negotiated settlements of some sort. Thus if we are to explain why wars occur we must explain not why the participants were

<sup>1</sup>Consider, for example, the Conflict Resolution Center at my university. Its function is to settle disputes between students.

<sup>2</sup>In the Prisoner’s Dilemma two prisoners can escape prosecution if neither confesses, but the district attorney has cunningly offered each an incentive to confess whether the other does or not. The Stag Hunt is based on a story told by Rousseau to illustrate the problem of cooperating in the state of nature: two individuals can capture a stag if they cooperate, but if one does and the other does not the cooperator would have been better off hunting small game on his own.

<sup>3</sup>Waltz used Rousseau’s story of the Stag Hunt to illustrate his discussion of what he called “third image” explanations of international conflict (Waltz 1959, 167–168). Jervis paired a simple 2x2 game representation of this story with the Prisoner’s Dilemma game in an extremely influential article on anarchy and the security dilemma (Jervis 1978).

unable to reach an agreement but why they had to fight before doing so, and it is not immediately obvious how fighting could have helped them overcome the problems exemplified by the Prisoner's Dilemma or the Stag Hunt.

Moreover, if these simple games explain why individuals may be unable to cooperate when it is in their interest to do so then overcoming the problems they exemplify is a necessary condition for the creation of armies, and therefore for the occurrence of organized military conflict. Thus cooperation is part of the problem, even if it turns out also to be part of the solution. The use of Rousseau's story of the Stag Hunt is especially ironic in this context, since experience in hunting and domesticating large animals may have helped teach human beings how to hunt and control each other.<sup>4</sup>

There is at least one other possible explanation of inefficient conflict between rational actors, which is suggested by the strike (or lockout).<sup>5</sup> In a strike an organization of employees seeks to increase employees' gains from a contract by preventing the owners from profiting from the firm or industry until they agree to terms that are more favorable for the employees. However, in doing this the employees also harm themselves. Thus whatever the terms of the agreement that ends a strike, the strike itself is costly for both sides and both would have been better off accepting the agreement before the strike rather than after it. While they have conflicting interests concerning the terms of the wage bargain, they therefore have a common interest in avoiding strikes. And most of the time wage bargains are in fact negotiated without strikes.

In situations like these the terms "conflict resolution" and "conflict management" have natural interpretations: "conflict resolution" simply means agreement on the terms of a contract and "conflict management" refers to any efforts that might be made to minimize the costs of negotiation, which would chiefly involve avoiding a strike or reducing its length. And therefore conflict management requires some understanding of what might prevent immediate agreement on the terms of a contract—a question that is also relevant to violent conflicts.

Strikes, of course, may be accompanied by violence. However, there are two attributes of strikes that distinguish them from most violent conflicts. One is that even if force is used by labor or management a

wage contract leaves them both better off than they would be without one. In the more general case force is used in an attempt to make one's adversary worse off. Second, wage contracts are typically enforceable, whereas the parties to an agreement made in the context of the use of force must usually be concerned about whether the agreement will in fact be carried out.

These two differences are more closely related to each other than they may at first appear to be. Whether some contract makes one party better off or not depends on the baseline used for comparison. In adverse economic circumstances management may succeed in getting labor to agree to a wage agreement that leaves workers worse off than they were before, and the workers may therefore feel no different from someone who surrenders something valuable to someone else at gunpoint. Distinguishing between the two cases requires a distinction between what one possesses and what one owns. But this distinction rests on a definition of property rights, which may be contested and in any case has to be enforced.

However, we should not exaggerate the enforceability of contracts even when the definition and enforcement of property rights can be taken for granted. Wage bargains often include complex stipulations concerning working conditions and management prerogatives that can be evaded without provoking external sanctions.

Strikes are commonly regarded as examples of bargaining, and therefore one might hope that a theory of the bargaining process would help one understand why strikes occur. I will argue that there is reason to think that an understanding of bargaining will also contribute to an understanding of violent conflicts. However, bargaining theory takes the enforcement of agreements for granted, and if we are to understand violent conflicts we must consider what the consequences might be if agreements can be violated.

In the next section of the paper I will discuss what bargaining theory has to say about why inefficient conflicts occur. In the following section I will discuss the implications of this analysis for understanding the role of force and how people organize themselves to use it. I will then discuss what this analysis implies for understanding contests in the use of force between organized groups, and conclude with a discussion of conflict management.

## Bargaining

A strike is, at least in part, a dispute between labor and management about how to divide up the revenues

<sup>4</sup>On the role of cooperation in making conflict possible, see Hardin 1995. For overviews of the historical literature on organized violent conflict see Keegan 1993 and O'Connell 1995.

<sup>5</sup>Compare the following discussion with Fearon 1998, in which a similar thesis is defended.

of the firm. Thus it can be represented by a simpler situation in which two people are offered a sum of money if they can agree on how to divide it between them, but if they cannot agree they get nothing. If we assume they are both rational and self-interested, we can ask two questions: (1) What division will the two bargainers agree to? and (2) How long will it take them to agree?

These questions lead to two puzzles. The first is the result of the fact that rationality and self-interest alone are not enough to answer the question of what division the bargainers will accept. The second puzzle concerns the relation between the two questions just stated: if it is clear what division the bargainers should accept, then they should accept it immediately. But if that were true then bargaining as it is commonly understood (including strikes) would never occur. However, if there is no way of determining what division they should accept then how they reach agreement is a mystery, and therefore it is not possible to say how long it will take.

A plausible solution to the second puzzle is that agreement on a division of the money requires some information that the two bargainers may not initially possess, and if they do not have it the bargaining process provides a way of getting it. Thus the costs associated with delay in reaching agreement are the price that must be paid for the information required to reach it, and conflict management may therefore require finding an alternative way of supplying the information that is missing. However, an understanding of what that information might be requires a solution to the first puzzle. Let us therefore consider how it arises.

Since by assumption each bargainer prefers more money to less but neither will get any unless the other agrees, each bargainer's decision about what division to accept depends on her expectation of what the other will agree to. This is the sort of problem game theory was invented to solve, and the answer to it was supplied by John Nash and is therefore called the Nash equilibrium. All that the Nash equilibrium requires of rational bargainers is that their expectations be consistent, in the sense that given some expectation as to what each will do neither should have an incentive to deviate from it. Unfortunately every possible division of the money satisfies this requirement, and therefore game theory seemed at first merely to justify the common belief that any division of the money would be consistent with rational behavior and therefore nothing could be said about what rational bargainers would agree to.

Since it seems plausible that rational bargainers will not throw the money away and therefore will cer-

tainly agree to something, the question of what they will agree to may seem unimportant. However, the question of how long it will take them to agree is very important since even temporary disagreement can be extremely costly. Because an answer to this second question seems to require an answer to the first, the puzzle generated by the first question is more important than it appears to be.

Two types of solution have been offered to it.<sup>6</sup> One is that since every division would be a Nash equilibrium the problem is to coordinate the bargainers' expectations on one division rather than another. Thus the bargaining problem is at its core just another example of a coordination problem, though one that is complicated by the fact that the bargainers have conflicting preferences as to which division they coordinate on. And therefore salient divisions, conventions, or prevailing conceptions of fairness may lead the bargainers to focus their expectations on one particular outcome, and the costs associated with a failure to coordinate may deter them from deviating from what is expected. If two people are bargaining over the division of a sum of money all these factors may lead them to coordinate their expectations around an agreement that divides the money equally.

This answer to the puzzle implies that there are two possible explanations for a failure to reach immediate agreement. One is that the bargainers have failed to coordinate on a particular division of the money. Unfortunately it is not clear what they should do in this case. The other possible explanation is that they agree on how the gains should be divided but they disagree about how to measure them. This explanation is consistent with the suggestion that delay in reaching agreement is the result of a lack of relevant information.

The other solution to the puzzle posed by the existence of multiple Nash equilibria has two parts. One is to note that the definition of rational behavior given by the Nash equilibrium is incomplete, since in many situations it is consistent with behavior that is patently not rational. For example, suppose one of our bargainers thought he might gain if he threatened to detonate a bomb killing both bargainers if the other did not agree to his terms. If the other bargainer rejected his demand then the one who had made the threat would not want to carry it out, since the only consequence of carrying it out would be that he was killed along with the other bargainer. In other words, once the other bargainer refused his demand, carrying out the threat would no longer be part of a Nash equilibrium. A tighter definition of rational be-

<sup>6</sup>For a more extended discussion and references to the literature, see Kreps 1990, 551-571.

havior would rule out equilibria that contained such incredible threats, and such a definition provides one part of a possible solution to the puzzle of too many Nash equilibria in bargaining situations.

The other part of the solution is to require that the process by which offers and counteroffers are made be modeled explicitly, and any agreement then be the result of a (suitably refined) equilibrium combination of strategies in such a negotiation game. In modeling the bargaining process it is plausible that negotiators will prefer agreements that come sooner to agreements that come later, and even if a demand by one bargainer is accepted by the other an exchange of offers will require a finite amount of time. Ariel Rubinstein was the first to show that with these assumptions there is a unique combination of strategies that satisfy the requirement of sequential rationality just mentioned (Rubinstein 1982).

Because both bargainers prefer present agreements to future ones, Rubinstein's model implies that they should reach agreement immediately. Thus explanations of delay focus on the possibility that some of the information required by the bargaining solution is missing. In Rubinstein's model an obvious candidate for this role is the discount rates of the two bargainers. Since each bargainer presumably knows her own discount rate, the problem must be that this information is not common knowledge. And since each bargainer has an incentive to misrepresent it this problem cannot be overcome simply by having each bargainer reveal it to the other. Thus the only way each can acquire information about the other's discount rate is through observing what offers each makes and rejects in the course of the bargaining process, which provides a formal justification for the idea that the bargaining process allows for the revelation of information.<sup>7</sup>

Note that in the case of strikes one must distinguish between prestrike exchanges of offers and exchanges of offers once the strike has begun. Any exchange of offers prior to a strike takes place while the firm is operating, and therefore while labor and management are benefiting from some existing division of its revenues. If one is satisfied with that division but the other is not, then the fact that the satisfied party discounts future benefits provides it with no motivation to agree to any change in the status quo. It is rather the expected outcome of bargaining in the context

of a strike that might motivate the satisfied party to agree to make some concession. In bargaining theory the set of possible agreements is commonly called the bargaining frontier, and the outcome that would occur in the absence of agreement is called the disagreement outcome. Thus in prestrike negotiations labor or management threatens to revert temporarily to the disagreement outcome in order to renegotiate the terms of the wage bargain. However, if they share enough information about the consequences of doing so then this will not be necessary.

With complete information the outcome of Rubinstein's bargaining game is not an equal division of the money. Rather the bargainer who gets to make the first offer can take advantage of the fact that her adversary discounts future benefits and demand a larger share. Thus Rubinstein's analysis seems appropriate for situations in which there is no commonly accepted norm concerning how the money is to be divided, but each is simply out to get as much she can from the other. Because of Rubinstein's assumptions about how the bargaining process proceeds, each bargainer is able, in effect, to deliver a little ultimatum to the other: accept my demand now or pay the price of waiting until I consider yours later. The longer the other bargainer has to wait, the bigger the premium the one making the first offer can extract. In the limit one bargainer might be able to confront the other with a choice between accepting her demand and getting nothing at all. A bargainer able to deliver such an ultimatum (or take-it-or-leave-it offer) can successfully demand all the money.

Take-it-or-leave-it demands are usually not credible because they imply that the person making the demand would prefer no agreement at all to an agreement on any other terms, which is normally not true. However, such demands may be credible if one individual has many alternative bargaining partners. Then if one potential partner rejects a demand there are others to replace him. That is how an organization increases the bargaining power of workers: it prevents management from making many take-it-or-leave-it offers to individual workers. But if a bargain struck between management and a labor organization benefits all workers then individual workers may have no incentive to contribute to the support of the union. Thus workers face a collective action problem in capturing the potential gains from bargaining with management. Moreover, the fact that any bargain struck with management must be accepted by the union as a whole may be another cause of delay in reaching agreement.

The discussion so far has ignored some important complications even of such real-world conflicts

<sup>7</sup>Rubinstein's answer to the bargaining problem depends not just on a refinement of Nash's definition of rational behavior, but also on Rubinstein's specific assumptions about how bargainers are expected to negotiate with each other. While these assumptions are not implausible, they are not the only plausible assumptions one might make. For a survey of the literature on this subject, see Kennan and Wilson 1993.

as strikes, since it has assumed that the bargainers must agree on the division of a commonly known sum of money.<sup>8</sup> But in many actual bargaining situations the gains from agreement are not common knowledge, and bargainers may have an incentive to misrepresent information they have about them. For example, in bargaining over wages management may have an incentive to understate the expected revenues of the firm. Moreover, often the gains from agreement do not consist solely of a divisible good but instead take the form of stipulations about working conditions or management prerogatives. Even if each bargainer is able to evaluate all possible provisions of an agreement relative to each other these evaluations will not be common knowledge. And since both the Rubinstein solution and a norm of fairness imply that it is the values the bargainers place on an agreement that determines its terms, the bargainers will have an incentive to misrepresent these values.

If the delay between offers in the bargaining process modeled by Rubinstein is small enough then the Rubinstein solution will deviate only slightly from the equal division that a norm of fairness might prescribe. However, a requirement that the bargainers receive equal benefits from agreement can have surprising implications. Suppose, for example, that the sum to be divided is \$100, and some benefactor has offered to pay a bonus of \$50 to one of the bargainers if agreement is reached. Then if the money is divided equally one bargainer will receive \$50 and the other \$100 and the gains from agreement will therefore be unequal. If the bargainers are to benefit equally, therefore, the bargainer whose gains will be supplemented must get only \$25 of the money to be divided and the other must get \$75.

Moreover, if instead of supplementing one bargainer's gains someone is expected to take some action that will cost him \$50 if no agreement is reached the effect is exactly the same: that person will gain from the agreement both the share of the money he receives, and the \$50 he would have lost if no agreement had occurred. Thus if the two bargainers' gains are to be equal, he must receive only \$25 of the money to be divided. This example illustrates the fact that there are two normative issues raised by bargaining: how the gains from agreement should be divided, and what disagreement outcome should be taken as the baseline from which the gains are measured. When we consider that the person who is expected to deprive one of the bargainers of \$50 in the event of no agreement may be the other bargainer, it also helps us understand one of the uses of force.

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<sup>8</sup>It actually rests on a stronger assumption than that, namely that the sum to be divided is infinitely divisible.

## The use of force

When we speak of violent conflicts or the use of force we normally have in mind conflicts in which people take actions that cause physical harm to other people or destroy things of value to them. While there may be people who derive utility directly from harming others, most harm is done because it is a way of achieving some other benefit. For example, if someone occupies a piece of land that I want, I may simply kill him in order to take it. However, instead of killing him I could force him to work the land and give me any food he produces above what is required to keep him alive. If all incentives to use force were like the first example then violent conflicts would all be like conflicts between predators and their prey. But the second example leaves unclear why physical damage would actually be done to the man or his property.

Bargaining theory provides a possible answer to that question. Seen in that context, force is a way by which individuals can manipulate the disagreement outcome in order to gain something at the expense of others, but both have an interest in avoiding its actual use. I might, for example, threaten to beat the man unless he agreed to share his harvests with me. But beating him prevents him from working. We will both gain, therefore, if I stop beating him and he begins working. Thus a situation in which the man is continually beaten and does no work is the disagreement outcome in a bargaining game in which he and I negotiate the terms on which he will work for me, and beating him may be a way of revealing information about the relative gains from agreement.

Given some expectation as to how the gains from agreement are to be divided I have an interest in maximizing the other person's gains by minimizing the expected value to him of disagreement. However, some threatened consequences of disagreement may not be credible. For example, I might threaten to kill the person I want to work for me if he refuses to comply, but if he refused and I killed him I could never benefit from his work. Thus threatening to beat him is more credible than threatening to kill him. However, if there are many alternative workers anyone that I kill might be replaced by another. This is another example of how the existence of many alternative bargaining partners can make take-it-or-leave-it demands more credible and therefore strengthen a person's bargaining power.

Like a firm dealing with many individual consumers, an organized group can make take-it-or-leave-it demands of many individuals, and thus the potential gains from the forcible redistribution of possessions or the forcible exploitation of the labor of

others provide a motivation for the organized use of force. Indeed, such organizations are sometimes spoken of as though they were firms selling a product for profit and sharing the proceeds among their members. The “product” of such an organization is protection, and what it “sells” is protection against itself. However, in some circumstances such an organization may find it profitable to supply genuine services to its “customers,” and thus it is not entirely ironic to think of it as a firm selling a product, though one that has the advantage of being able to harm people if they do not buy it (Gambetta 1993).

Like business firms, such organizations create the potential for three types of conflicts: conflicts with their “customers,” conflicts with competing “firms,” and conflicts within the organization over the division of its revenues. “Customers” could increase their bargaining power if they were organized, since then the exploiters could not make take-it-or-leave-it demands of individuals. However, if any agreements they reach benefit all individuals that are subject to sanction by the exploiters then they will have to overcome a collective action problem if they are to organize.

Competing protection organizations do not face that problem, since they can distribute the revenues from extortion only to their members. However, if one protection organization attempts to extort revenues from the “customers” of another protection organization then it must expect opposition from the other organization. This provides another, secondary, way that force becomes a means to an end, since one protection organization can use force to eliminate another protection organization and gain exclusive access to its “customers.” It can do that by destroying the competing organization’s instruments of coercion, disrupting it so that it can no longer function as an organized group, or threatening to punish its members if they do not agree to go out of business.

But forceful contests between competing protection organizations are risky and costly, and thus the leaders of two competing organizations may both prefer to reach an agreement rather than fight a contest in which each tries to eliminate the other. There are two types of agreement they might reach to avoid competing with each other: they can merge and share the revenues from extortion, or they can divide the “market” between them. In principle there are many ways they might agree to divide the “customers” for their “product” between them, but dividing them geographically is obviously the most efficient way of organizing coercion, and the most efficient division of territory is into contiguous blocks.

In trying to prevent the development of rivals a protection organization also protects its customers from

them. This is one of the means by which the “protection” that is “sold” becomes the genuine article. Another is the consequence of the fact that just as any parasite has an interest in the well-being of its host, so protection organizations that subsist on revenues extracted from others have an interest in their prosperity (Olson 1993). A third is a consequence of the fact that rival protection organizations have an interest in persuading customers to withhold support from their opponent. However, forceful contests between rival protection organizations are harmful to their customers, who must therefore hope that only one protection organization will seek to exploit them, but that it will be mindful of the possible emergence of rivals.

Conflicts within a protection organization over the division of its revenues can also provide a motive for the use of force. Dissatisfied groups within the organization can use force to kill or disable the leader and his supporters and capture the organization, or they can split off from the organization and form the nucleus of a competing group (possibly recruiting some of the organization’s “customers” to join them) with the same possible outcomes as the ones mentioned above. The probability of success of such a dissident group depends in part on its size, but in deciding whether to join each person must be concerned about the probability of success. Thus potential opposition groups face a coordination problem, which the leaders of the dominant protection organization can be expected to try to make as difficult as possible.<sup>9</sup>

Extortion can be enormously profitable and is characterized by large economies of scale. But for that very reason it attracts competition from both within and without. Thus over time protection organizations will participate in many conflicts leading to many consolidations and splits of organizations and divisions of territory among them (Wittman 1991). The same is true of firms. There are costs involved in both cases, and therefore in both cases there is a demand that some existing organizational structure be protected. In the case of markets this requires the protection of uncompetitive firms and such demands are therefore countered by the claim that the creation and destruction of economic organizations increases

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<sup>9</sup>Note the distinction between collective action problems, which resemble the Prisoner’s Dilemma and are the result of an inability to exclude noncontributors from benefiting from a collective benefit, and coordination problems, which are the result of the fact that the probability of success depends on the number of participants. Even if potential rivals do not face the former problem they still face the latter. Thus contrary to Jervis 1978, the problems exemplified by the Prisoner’s Dilemma and the Stag Hunt games can help support political institutions (Lichbach 1995, *x-xiii*).



aggregate human welfare. Since in the case of protection organizations this process often leads to violent conflicts such a claim can be expected to be more controversial.

The western state system is the product of a long series of increasingly violent conflicts among rival suppliers of protection to the inhabitants of territories over which the rivals fought. Innovations in both the organization and technology of these rivals sometimes led to advantages in these contests, but since none ever succeeded in eliminating all the others these innovations could be copied by the survivors in subsequent contests. As the scale of the contests increased the resources required for success increased as well, which led to increased demands for contributions from the inhabitants these rivals sought to control. In some cases the result was increased bargaining power on the part of the subjects, leading to what is now called democracy. In other cases the result was increasingly elaborate systems of coercion and control. Thus to paraphrase Charles Tilly, while states, of course, make armies, it is armies that have made states.<sup>10</sup>

The leaders of the advanced industrial countries that now cooperate in managing conflict within and among less fortunate societies often speak as though they were unaware of the violent past of their own societies, and the fact that the institutions they now command are the product of this violence. Both the international system and the liberal democracies would now be very different if World War II had been avoided by negotiated settlements between England and Nazi Germany and between the US and Japan, the US Civil War had been truncated by an early negotiated settlement between the Union and the Confederacy, or the US and French revolutionary wars had never occurred, and not many people now regret the fact that those opportunities for conflict resolution were missed.

Even so, it now seems hard to imagine organized violence within and among the liberal democracies that emerged from this process, a fact that raises three questions relevant to an understanding of conflict resolution today: (1) Is it possible to create a set of institutions that minimize the probability of violence? (2) If so, can those institutions be adopted by a process that can be relied on to be more peaceful

than the one from which the liberal democratic institutions of the West emerged? and (3) Can the liberal democracies facilitate such a process in places that do not have those institutions? Unlike theories of the bargaining process, a positive answer to all these questions would imply a blurring of the distinction between conflict resolution and conflict management, since the emergence of such institutions would not imply an end to conflict in the broad sense of that term but an agreement to pursue it by peaceful means that would itself never be broken, i.e., an agreement concerning the management of conflict.

Note that a positive answer to the first question does not imply positive answers to the other two, and a negative answer to the second question implies that short-term success by the liberal democracies in limiting violent conflict in other societies might inhibit the development of conflict-limiting institutions in those societies over the long run. Moreover, a positive answer to the first question and a negative answer to the second constitute, together, an inducement for violent revolution, since they imply that the gains from a conflict that led to the establishment of the requisite institutions would themselves not be subject to subsequent violent challenges. It is important to bear in mind the possibility that all good things may not go together.

An agreement to limit conflict would be of little significance if it were not expected to last. But any violent conflict whose purpose is to shape the terms of an agreement between the adversaries would have the effect of limiting conflict if the agreement it led to proved to be permanent. Thus there are two more general questions that are raised by this discussion: whether some types of agreements are more likely to be long-lasting than others, and how expectations about the permanence of any agreement are likely to affect the ability of adversaries to accept one without resorting to violence. It is in this context that the lack of an external enforcer of agreements becomes relevant.

Once an agreement is reached any renewal of violence would be the result of an attempt to renegotiate it, which would be pointless unless renegotiation is expected to lead to a change in its terms. This could only be expected if there had been a change in the distribution of the gains from agreement, which might be a result of a change in the expected value of the disagreement outcome or a change in the relative value of the agreement itself. But it seems utopian to expect that these will not change, and therefore the best one can hope for is that an agreement will facilitate renegotiation without violence.

The analogy with strikes may be helpful in think-

<sup>10</sup>What Tilly actually said was that "War Made States and Vice Versa," which is part of the title of chapter 3 of Tilly 1990. The seminal work on states as organizations in the protection business is Lane 1958. The idea is developed in Tilly 1985. The large literature on the relation between organized violent conflict and the development of the western state is usefully summarized in Porter 1994. The connection between war and democracy is discussed at length in Downing 1992.

ing about this issue. It seems unrealistic to think that the same wage bargain will always emerge from negotiations between labor and management, but perhaps one could hope that some institutional arrangements will facilitate renegotiation without a strike. However, just as an otherwise attractive wage bargain will seem less attractive to a union if it includes provisions that will weaken the union's future ability to strike, in evaluating an agreement that might be accepted in lieu of violent conflict the adversaries must consider whether it might affect their future relative bargaining power.

There is an important difference in this respect between agreements that lead to the merger of protection organizations and agreements that lead to a division of the market for protection: an agreement leading to merger will create a coordination problem for any potential group that wants to resort to force in future negotiations with the other members of the organization. If one of the parties to negotiations expects to be disadvantaged more than the other by this fact, these expectations will alter the expected value of the agreement and may therefore make it unacceptable.

If there is any reason to distinguish between interstate and intrastate environments as potential arenas for violent conflicts this is it. However, the frequency of intrastate violence shows clearly that the coordination problems posed by the mergers of protection organizations can often be solved, and therefore it would be a mistake to think that agreements leading to such mergers necessarily make subsequent violent conflicts among their members less likely than agreements leading to a division of territory between them. Thus Kenneth Waltz was right in saying:

The threat of violence and the recurrent use of force are said to distinguish international from national affairs. But in the history of the world surely most rulers have had to bear in mind that their subjects might use force to resist or overthrow them. If the absence of government is associated with the threat of violence, so also is its presence.... The most destructive wars of the hundred years following the defeat of Napoleon took place not among states but *within* them.... If the possible and actual use of force mark both national and international orders, then no durable distinction between the two realms can be drawn in terms of the use or the nonuse of force (Waltz 1979, 102–3, emphasis in original).

However, these statements are hard to reconcile with Waltz's subsequent claim that:

Although neorealist theory does not explain why particular wars are fought, it does explain war's dismal recurrence through the millennia.... The origins of hot wars lie in cold wars, and the origins of cold wars are found in the anarchic ordering of the international arena (Waltz 1988, 620).

Apparently it is the origins of *interstate* wars that are to be found in the anarchic ordering of the international arena, while the origins of civil wars must be found in government—which implies that neorealism actually has nothing to say about why violent conflicts occur.

According to Waltz anarchy leads to war because it creates a "security dilemma," which means that "measures that enhance one state's security typically diminish that of others" (Waltz 1988, 619). To my knowledge no one has ever explained in what sense such a situation constitutes a "dilemma" or shown how it could lead to war.<sup>11</sup> In any bargaining situation anything that increases the value of the disagreement outcome for one bargainer must also improve the terms of the agreement that she can expect to receive, which may imply some revision of the status quo. This has no effect on whether an agreement will be reached or how long it will take to reach it. Thus if the disagreement outcome is a military contest then increasing the expected value of such a contest for one side will worsen the terms of the agreement for the other side, but if an agreement is reached then the military contest will not occur. As defined by Herz and Waltz the security dilemma seems merely to be a consequence of the relativity of military capabilities, and therefore should have no bearing on whether negotiated settlements of military conflicts are possible or not.

Sometimes a security dilemma defined in this way is confused with another situation that has been most clearly discussed by James Fearon (1994, 1995). When one group expects over time to be at an increasing disadvantage relative to another group, it may have an incentive to use force in the present as a way of avoiding the necessity of accepting adverse agreements in the future. And since a group cannot commit itself in the present not to profit from future advantages, there may be no agreement that can be reached in the present to avoid a violent conflict.

In international politics such a situation can be created by the expectation that one state's military capabilities will be much greater in the future, which may give another state an incentive to use force in

<sup>11</sup>The classic presentation of this idea is in Herz 1950. One of the most influential treatments of it is in Jervis 1978.

the present to reduce them. However, the same situation can arise as a result of an expected change in the relative advantage of two groups subject to common political institutions. Fearon (1994) has explained the recent civil war in Croatia in this way, and Weingast (1998) has offered a similar explanation of the political crisis that led to the US Civil War. Thus if this is what the phrase “security dilemma” refers to, it can be the result of either anarchy or government but does not necessarily exist in either environment, which explains why a prominent realist could recently argue that only anarchy (i.e., partition) can resolve the current conflict in Kosovo, or provide a long-term resolution of the conflicts in Croatia and Bosnia (Mearsheimer 1998).<sup>12</sup>

The coordination problem faced by groups with an interest in using force in intrastate conflicts has another important implication as well. It is possible for groups of individuals who contemplate violence to coordinate their expectations sufficiently that they each expect to profit from using force, yet they lack an organization that could commit them all to an agreement that they might all prefer to the expected consequences of using force.

Consider, for example, the Los Angeles riot in the aftermath of the Rodney King trial mentioned at the beginning of this paper. Shared outrage at the verdict in that trial caused many blacks to congregate around the same traffic intersection, and their observation that the police chose to withdraw from the scene rather than try to control the crowd told them that individuals who decided to use force would not face either effective opposition or especially dire consequences. Thus each was free to vent his or her rage against white people or appropriate property from the many stores in the area, until a large enough military force was organized to oppose them. But if the leaders of this military force contemplated negotiations with the rioters there would be no one to negotiate with, and therefore quelling the riot required sufficient use of force to demonstrate to all the individuals involved that the balance of power between them and the police had been reversed.

Spontaneous demonstrations such as this one can have immediate revolutionary consequences if they occur in the capital of a centralized state (for example, Paris), and if the public authorities are unable

to alter the expectations that support them they can lead to recurring violence over the long run.<sup>13</sup> However, if no single organization develops that can negotiate an agreement and then persuade the dissidents to accept it then a negotiated settlement of such conflicts may be impossible. For example, in attempting to negotiate a settlement between rebels in Kosovo and the government of Serbia the US government has had difficulty in finding someone who could reliably speak for the rebels, and one of the main incentives for the government of Israel to agree to the creation of a Palestinian state seems to be the possibility that an agreement negotiated with such a state might reduce decentralized violence by Palestinians against the citizens of Israel. This, then, is another reason why peace between independent states can sometimes be more easily achieved than peace within states.<sup>14</sup>

When violent conflicts between competing protection organizations are settled by agreements leading both to mergers and to territorial divisions, the result will be a world of sovereign states, and that is how the western state system emerged. As Robert Randle said:

System-transforming multilateral wars have been concluded by correspondingly significant restorations of peace. It is these wars and their settlements that have structured the state system of the modern era: they have provided the matrix for interstate relations, including the context of subsequent wars and their settlements.... Peace settlements ... created the modern state system; they have characterized the relations of states and the international law of those relations; and it is through them, in part, that the modern state became what it is (Randle 1973, 506).

Thus sovereignty does not reflect an absence of agreements but is itself the result of agreement. There is, of course, no external enforcer of such agreements, but neither is there an external enforcer of constitutions. When states use force to renegotiate a previous peace settlement they appear to be the source of the problem, but when a new agreement is negotiated they re-emerge as part of the solution. And there is no reason to believe they could not be part of a long-lasting peace settlement.<sup>15</sup>

<sup>12</sup>Barry Posen has written that ethnic conflicts in the post-Soviet period can be understood as the result of the collapse of governments: when the Hobbesian sovereign disappears ethnic groups are faced with the security dilemma that results from anarchy (Posen 1993). This is exactly backwards. The sovereign is just an equilibrium, and may vanish if ethnic identity provides a more effective means of coordinating expectations than do the institutions of the state (Hardin 1995).

<sup>13</sup>As a former adviser to a Chinese leader has been quoted as saying, “There are so many people with grievances. They’ll wait for some public signal, and then they’ll come together when they know others will do the same thing” (Ziegler 1997, 20).

<sup>14</sup>For an argument that a lasting peace between Israel and the Palestinians requires one state and not two, see Said 1999.

<sup>15</sup>If the only factors contributing to the development of mod-

## War and conflict resolution

For a negotiated settlement of a violent conflict to be possible, the parties to the conflict must be groups that are capable not only of using force against each other but also of accepting a settlement. These are characteristics that states are commonly assumed to have, and as we have seen this is one reason why agreements between states may be easier to achieve than agreements between or among other groups. However, what is required is these two properties and not statehood, and therefore an understanding of interstate war is relevant to conflicts between other organized groups as well.<sup>16</sup>

States, of course, have an interest in managing their own conflicts, and therefore the fundamental puzzle raised by the occurrence of wars between them is why they are sometimes unable to avoid violence even though they have a common interest in doing so (Fearon 1995). In the literature on interstate war it is commonly assumed that in deciding whether to fight states face a choice between war and a negotiated settlement, and the problem is therefore to explain why they would ever choose war.

This is exactly like saying that labor and management face a choice between a strike and a negotiated settlement, and the problem is to explain why they would choose a strike. But a strike is not an alternative to a negotiated settlement, it is a means of achieving one, and the problem is not to explain why they would choose a strike rather than a settlement but why they could reach a settlement only after a strike rather than without one. And the same can be said of wars. Clausewitz's statement that "...war is simply a continuation of political intercourse, with the addition of other means" is often quoted, but misunderstood as an expression of the cynicism of a Prussian militarist. However, he meant the statement to be taken literally:

We deliberately use the phrase 'with the addition of other means' because we ... want to make clear that war in itself does not suspend

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ern states were institutional innovation and the elimination of organizations that could not compete their emergence would resemble Darwinian evolution by natural selection. However, there have been two other factors at work as well: imitation of successful organizations by unsuccessful ones, and the agreement of the successful ones. The interest of strong states in prolonging the existence of weaker ones, or creating them when they did not exist, allowed for the persistence of noncompetitive organizations to this day—clearly the Benelux countries have not been the survivors of a Darwinian process consisting of contests in the use of force.

<sup>16</sup>Much of the following analysis is developed at greater length in Wagner 1998.

political intercourse or change it into something entirely different (Clausewitz 1976, 605).

And he was right.

Otherwise one state could present another state with a take-it-or-leave-it demand as an alternative to war, and this is what much of the literature on the causes of war and deterrence implicitly or explicitly assumes. But since wars, like strikes, are not the result of one side's choice alone, but are instead begun and continued by both sides from one day to the next, it is only in retrospect that it may be clear that neither would have chosen such a strike or such a war if it had had the opportunity to make that choice. This is a fact that has important implications not only for deterrence and the significance of the distribution of power, but also for at least one version of the obsolescence of war thesis: if no one chooses horrible wars or can credibly threaten to fight one if the other side does not agree to its demands, then the fact that the last war was horrible will not necessarily deter states from fighting the next one.

As already noted, a strike (or lockout) can be understood as an attempt by labor (or management) to renegotiate the division of a firm's revenues by reverting temporarily to the outcome that would occur if labor and management could not agree: the closure of the firm. If we are to apply this analysis to wars, we must find counterparts to both the bargaining frontier (the set of possible wage agreements) and the disagreement outcome (the closure of the firm). In the literature on interstate war the disagreement outcome is commonly assumed to be a contest between military forces whose expected outcome is determined by the relative sizes of the two military forces, and the bargaining frontier is commonly assumed to be the set of possible distributions of a divisible good such as territory. However, this way of posing the problem is at best misleading, and often inappropriate.

As we have seen, the primary role of force in bargaining is to increase one's adversary's gains from agreement by worsening the consequences to him of continued disagreement. However, two can play that game, and therefore there can be competition in determining the relative value of the disagreement outcome. In the simple monetary example discussed above, for example, if there is \$100 to be divided and disagreement is expected to cost one person \$50 more than the other, then an equal division of the gains from agreement will give \$25 to the one who avoids a loss of \$50 and \$75 to the other, resulting in a \$75 gain from agreement by both sides. However, if they are both expected to lose \$50 from disagreement, then they will gain equally from agreement by dividing the money equally. Thus there can be com-

petition in punishment, and the punishment that one side can inflict on the other may have little to do with the relative size of its military forces.

Since this is true, however, each side has an interest in decreasing the amount of punishment the other can inflict, and therefore in destroying the instruments of violence available to the other side. Thus the role of force in bargaining provides the motivation for contests in which each side uses force to try to destroy or diminish the instruments of violence available to the other side, and the outcome of such a contest determines the disagreement outcome in any subsequent bargaining. It is this sort of counterforce contest that most people have in mind when they speak of wars, and since the expected outcome of such a contest will be influenced by the initial distribution of military capabilities this is what makes the relative military capabilities of states relevant to the expected outcome of bargaining between them.

However, since wars are conventionally defined as conflicts involving the use of force that lead to some minimum number of battle deaths, not every contest of this sort will count as a war, and some contests that count as wars will not take this form. For example, the recent airstrikes by the US and Britain against Iraq had as their stated purpose the “degradation” of Iraq’s military capabilities, thereby reducing that government’s future ability to inflict punishment on other states, but these strikes will likely not be considered part of the second US–Iraq war because the government of Iraq was unable to respond very effectively. On the other hand, violent conflicts that are customarily considered to be civil wars often involve contests in reciprocal punishment rather than counterforce competition between organized military forces.

Since the competitive use of force determines the disagreement outcome in bargaining between states and therefore the terms of any agreement they might reach, each state will want to choose the use of force that, taking into account the other state’s expected response, gives it the most favorable expected agreement. In the eighteenth century this was a stylized and cautious counterforce military contest between armies largely composed of mercenary soldiers. In the twentieth century this might be an updated version of such a contest, such as the one fought in the desert between the US and Iraq, or an exchange of strikes on urban populations using weapons of mass destruction. Thus one of the ways in which bargaining in the context of force is more complicated than the standard models of bargaining is that the disagreement outcome is not fixed but can be manipulated in a competitive way by the adversaries, and therefore

cannot be identified with any particular contest in the use of force. However, whatever the nature of the contest the adversaries can be expected to try to do their worst to each other in order to extract a more favorable agreement.

This fact implies another way bargaining in the context of force is more complicated than bargaining in the context of a strike. In a strike the disagreement outcome is just an extension of the bargaining situation: if no agreement is ever reached then the firm never resumes operations. If this were true of bargaining in the context of force then all wars would be total wars in which each side tried to do maximum damage to the other, but this is not true.<sup>17</sup> If the goal of conflict management is to minimize the costs of violence then if war cannot be prevented one would want at least to keep it limited, and therefore it is important to understand what explains the occurrence of limited wars. The answer to this question is to be found in an explanation of why a military contest would occur at all.

We saw in the case of strikes that the key to reaching an agreement on the terms of a contract is a common understanding of what the gains to each side from the contract will be. Since the magnitude of the gains to each side will determine the terms of the agreement, each side has an incentive to misrepresent information it has about the extent of its own expected gains. However, since bargaining itself is costly, the exchange of offers can provide a means of revealing this private information.

If the only missing information is information about the bargainers’ personal values, exchanging offers and counteroffers while being exposed to the costs of disagreement may be the only way of revealing it. However, even in the case of strikes other information may be relevant, including information about the effect of the strike on the future revenues of the firm and how union members will respond to its costs. Management and union leaders may disagree about these matters because they have private information about them that they have an incentive to misrepresent, but there are other ways of resolving these disagreements besides inducing these leaders to reveal their private information—the strike itself provides information about the likely effect of continuing it on the firm’s customers or the union rank-and-file.

Similarly, the expected outcome of total war depends on how both sides’ military forces actually perform, what actions potential third-party participants in the conflict actually take, and how non-leaders within the competing organizations respond to the

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<sup>17</sup>This is the basis for Clausewitz’s distinction between “absolute war” and “real war.” For a discussion, see Wagner 1998.

conflict. The leaders may have conflicting expectations about these matters because they have private information about them, but it is not necessary to induce the leaders to reveal their private information since war itself provides information about them.

But since this is so, it is possible to conduct military operations for the purpose of revealing that information, and *military operations conducted for that purpose need not be the military operations that define the disagreement outcome in bargaining*. As Clausewitz said:

When we attack the enemy, it is one thing if we mean our first operation to be followed by others until all resistance is broken; it is quite another if our aim is only to obtain a single victory, in order to make the enemy insecure, to impress our greater strength upon him, and to give him doubts about his future. If that is the extent of our aim, we will employ no more strength than is absolutely necessary (Clausewitz 1976, 92).

One of the important insights of both Clausewitz and Geoffrey Blainey (1988) is that war makes agreement possible by revealing information. That is one reason why limited war is possible, and why weak states, by demonstrating that they have been underestimated, can hope to gain by fighting strong ones. And it is also why attempts to determine the expected utility of war between two states by estimating the prewar distribution of military capabilities between them may be misleading.

However, that is not quite the whole story. To understand the rest it is necessary to examine the other component of a bargaining situation, the set of possible agreements. As noted, this is often assumed to be all the possible divisions of territory between two states, which can be thought of as a divisible good like money. In addition, it is often assumed that two states can accept any such division and not worry about how it would be enforced. Such assumptions sidestep two important issues that arise in the resolution of violent conflict: possible discontinuity in the bargaining frontier, and the enforcement of agreements.<sup>18</sup> Moreover, agreements can contain provisions about many other issues besides the division of territory between two competing organizations.

As noted above, not even money is infinitely divisible. The standard justification for assuming a continuous bargaining frontier in bargaining theory is that indivisibilities can be overcome by randomization: if it is not possible to award someone an eighth of a penny, one can award someone a lottery ticket consisting of a one-eighth chance of winning a penny. To

see why this might not work when force is involved, consider a bargaining situation in which the disagreement outcome is an all-out conventional war leading to the complete defeat of one side or the other, with the probability associated with each outcome determined by the prewar distribution of military capabilities, and assume that one side prefers the expected value of such a contest to the status quo and the other prefers to defend itself rather than capitulate. Such a war can be thought of as a costly lottery, and therefore even if there are no feasible compromises available as alternatives there ought to be at least one agreement that both sides would prefer to fighting such a contest, and that is a lottery with the same probabilities but without any associated cost.

Such a lottery could easily be arranged, but accepting it would entail that the loser of the lottery must capitulate to the winner. However, by assumption both states prefer the costly lottery of war to capitulation, and since war remains a feasible option there is nothing to prevent the loser from reneging on the agreement and fighting instead. This example shows that the problem of overcoming discontinuities is closely related to the problem of enforcing agreements.

Consider now a slightly less severe example of the same problem: a piece of territory that is very valuable, but whose value diminishes if it is divided or shared. Instead of dividing or sharing it one could use a lottery to award it to one side or the other as part of some overall territorial settlement. However, it is possible to use military force just to contest control over the territory without attempting total defeat of the other side, and therefore if the territory is awarded to one state there is nothing to prevent the other from taking it by force. If it succeeds, then the state that won the lottery could only overturn the outcome by fighting a larger war. But if awarding the territory to the other side is on the bargaining frontier it will prefer not to do so. This example illustrates yet another way in which limited war is possible, and shows that war itself can be a way of overcoming discontinuities in the bargaining frontier—it may provide the only enforceable lottery over otherwise discrete outcomes. If so, limited war can be considered part of a peace settlement.<sup>19</sup>

Limited war can also be the direct result of difficulties in enforcing agreements. As we have seen, the terms of any agreement are influenced by the

<sup>18</sup>These two problems are discussed at length in Fearon 1995.

<sup>19</sup>Note that if discontinuity were the only problem then the effect would simply be that the bargaining process might be characterized by multiple equilibria. The fact that war, however limited, might itself be a consequence of such discontinuities makes the problem potentially more serious.

disagreement outcome, and therefore perhaps by the relative military power of the two sides. But taking territory from one state and giving it to another can have the effect of altering their relative military power, weakening the one from which it is taken and strengthening the one to which it is given. If so, the agreement that led to the transfer is no longer an equilibrium, and the side that has been strengthened can then demand more. In that case the side from which the territory would be taken may prefer to fight a limited war to keep it, since if it loses the result is no worse than transferring the territory would have been, but if it wins it may be able to hold onto it.<sup>20</sup>

Thus limited war is the result of the fact that war is part of a bargaining process.<sup>21</sup> By the same token, since war is part of a bargaining process the expected consequences on any given day of fighting tomorrow need not seem very dire, even though the total war that defines the disagreement outcome would be horrible if it were fought, and, like a strike, a limited war might in the end last long enough to be self-defeating for both sides.<sup>22</sup>

Moreover, any territorial division determined by a limited military contest must be considered a negotiated settlement even if no actual bargaining takes place, since in deciding not to fight further when they are still capable of doing so both sides tacitly accept the territorial status quo as the alternative to a wider war. We have seen there are two distinct reasons why they might do this: limited war has provided sufficient information about the consequences of fighting a wider war that they are able to agree on a compromise settlement without fighting further, or fighting has settled the only issues about which they could not reach an enforceable agreement. In any actual case, of course, limited war may have had both these effects.

So far I have followed the standard assumption that the bargaining frontier consists of divisions of territory. This assumption reflects the fact that territory has often been the focus of interstate conflict, and territorial settlements have been among the most important provisions of peace treaties. However, there is no reason to restrict the bargaining frontier to the set of possible distributions of territory between com-

peting protection organizations. Historically, violent conflicts between such organizations have had outcomes that ranged from simple plunder (for example, one group's seizure of the annual harvest of another group) to the merger of the warring organizations, and the treaties that ended wars among members of the western state system have typically included provisions dealing not only with the drawing of interstate boundaries but also with how those states should conduct their internal affairs and who would rule them.

This implies that the set of feasible agreements is not necessarily given, as when some divisible good has to be divided, but may need to be invented. Moreover, agreements must be evaluated not only with respect to their implications for the distribution of current benefits but also with respect to their expected duration. The western state system is the product of a long series of inventive attempts by competing organized groups to devise agreements that would provide them with long-term benefits while protecting them from adverse future shifts in the distribution of those benefits.

In devising such agreements expectations of future benefits are both an opportunity and a problem. They are an opportunity because they offer the possibility of randomizing over future as well as present benefits, thereby creating new points on the bargaining frontier. This can be one of the effects of majority rule, for example. They are a problem because allocating future benefits may make enforcement more difficult, for example, if one group is expected to win every election. Sometimes the opportunity of including expected future benefits in an agreement makes common institutions possible. At other times the outcome may be a division of territory between separate organizations. However, even territorial divisions can be accompanied by commonly accepted rules and institutions, and therefore should not be confused with a one-time distribution of plunder.

## Conflict management

This analysis suggests three ways in which a third state might contribute to the management of conflict between two others: by helping to define the bargaining frontier, by providing public information relevant to determining the distribution of the gains from agreement, and by contributing to its enforcement. Of course, if such contributions are at all costly one might ask why a third state would want to make them. However, that is a question that I will not pursue here.

Third parties can assist in defining the bargaining

<sup>20</sup>It is important to note that the traditional literature on the balance of power assumes that transfers of territory influence the relative power of states.

<sup>21</sup>See also the discussion in Schelling 1966, 126-189.

<sup>22</sup>Conflicts that are commonly identified as civil wars may not even be a single military contest whose outcome is intended to influence the terms of a negotiated settlement, but sporadic and unrelated acts of violence that drag on for years, and the state of "civil war" may appear to many of the participants to be just the way life is.

frontier by being inventive in crafting the terms of agreements, by providing information that the adversaries lack, or by offering additional benefits such as financial assistance. In offering such services it helps if the third party has a lot of relevant experience, information, and financial resources. Because the US government has these attributes it can often be helpful in assisting in the resolution of violent conflicts. But if this were all that prevented adversaries from avoiding violence the management of conflict would be much easier than it is. Help in overcoming the other barriers to agreement is much more difficult to provide.

As we have seen, most models of the bargaining process focus on the role of private information about the preferences of the bargainers as a barrier to immediate agreement, and the role of bargaining itself as a way of revealing that information. One way a mediator can assist in reaching agreement is by providing an alternative way of revealing it (Myerson 1991). But as we have also seen, private information about the personal values of the leaders of two parties to a potentially or actually violent conflict is not the only barrier to agreement. Also relevant is information about relative military capabilities, and about how other actors will respond both to a violent conflict and to any agreement that might be accepted as an alternative.<sup>23</sup>

To some extent a third party can assist in promoting common knowledge about these matters by sharing information from its own intelligence services. However, the adversaries may not both believe what the third party reports, and the third party may not want to share all the information it has. Moreover, the most important factor about which adversaries have conflicting expectations may be the behavior of the third party itself.

It is unlikely that a third state's only interest in a conflict will be in arranging for a nonviolent outcome. Given the distribution of military capabilities between the adversaries, for example, an early settlement might require such adverse terms for the weaker side that a third party would not be willing to accept them, and would instead prefer to intervene in the conflict to support the weaker side. Conflicting expectations about the circumstances that would be necessary to provoke such an intervention might themselves prevent a peaceful settlement of a con-

flict. But the problem that a third state confronts in trying to prevent such conflicting expectations is nothing other than the familiar problem of extended deterrence, a problem that the end of the Cold War makes more difficult, not less.<sup>24</sup>

Note well that if such conflicting expectations lead to a military conflict and a third state does intervene, its intervention may lead to an end to the conflict because it supplies the information that was missing. But it would be wrong to infer from this that third parties can reliably manage conflict, since it may have been *ex ante* uncertainty about the eventual role that the third state would play that led to violent conflict, or its prolongation, in the first place. For the third state to have prevented the conflict would have required that it be common knowledge in advance what role it would play in the event that a violent conflict developed. But it is not clear how this can be expected in the post-Cold War environment.

Consider the current situation in Kosovo. The US government wants simultaneously to deter the Serbs from harming the Albanians in Kosovo, while convincing the Albanians that it will not support their independence. But the combined effect of these two messages may be to leave both Milosevic and the Albanians uncertain as to what the US would do if the Albanians insisted on secession and were on the verge of being decisively defeated by the Serbs, with the result that the conflict is prolonged until events provide an opportunity for the US government to answer that question. This may be a way of achieving some US objective in the Balkans, but it is not necessarily a recipe for minimizing violence, even if the outcome is eventual US intervention leading to a negotiated settlement. Moreover, while US intervention in Bosnia may have contributed to a more desirable resolution of the civil war there, uncertainty about what the US would do may also have prolonged it.

This is a problem that also arises in the context of enforcing agreements. Perhaps because the word "enforce" contains the word "force," it is commonly assumed that enforcement of agreements consists of confronting violators with superior force. This view is reinforced by the role that courts, police, and prisons play in enforcing laws within modern states, and by the misuse of the Prisoner's Dilemma as a way of identifying what distinguishes international politics from domestic politics. The great disparity in military power between the US and the parties to violent conflict in less fortunate countries might lead one to think that the US can reliably promote negotiated settlements of violent conflicts within and among

<sup>23</sup>It is because war supplies this information that there is often such a long gap between unsuccessful prewar negotiations and the peace negotiations that end the war—a fact that has helped sustain the unfortunate tendency to study crisis bargaining and peace negotiations in isolation from each other. This is one of the main points made by Pillar (1983) in his discussion of peace negotiations.

<sup>24</sup>For a discussion of some relevant issues, see Wagner 1993.



them by serving as an enforcer of agreements.<sup>25</sup>

But such reasoning rests on a misunderstanding of the role that force plays in preventing violent conflict within states. It is true that law enforcement authorities confronting small groups of lawbreakers can reliably make take-it-or-leave-it demands of them, and even when they do not work the scale of the resulting violence remains small so long as the miscreants remain less well organized than the authorities. But if the organizational balance shifts then so may both expectations and the scale of the resulting violence. Thus the superior force of the state is not the cause of the reliability of agreements but its result, and when the agreement that supports the police and other domestic institutions unravels then so does the state. A potential cause of such unraveling is an attempt by the state to enforce too much.

Moreover, when negotiated settlements are possible the distribution of the instruments of violence influences the terms of the settlement but not whether agreement is reached before or after violence occurs.<sup>26</sup> Thus superior power does not guarantee compliance even when its availability is not open to doubt. The enforcement power of the state, when it is effective, is the result not just of the greater amount of force available to the state but also of the credibility of its commitment not to compromise with lawbreakers, and therefore its ability to make take-it-or-leave-it demands. When this credibility is lacking it becomes possible to bargain with the enforcer, who then becomes just another party to the conflict.

Finally, the state does not just enforce agreements, and will not enforce every agreement. It also enforces rules, and will not enforce agreements that violate those rules. Thus in the United States the state is not available to enforce contracts between drug dealers and their customers, nor will it enforce contracts made under the threat of force.

One must therefore distinguish between the role of the US government as an enforcer of agreements made between the parties to a potentially violent conflict, and the role of the US as an enforcer of the rules of the game. The difference can be most clearly seen in the strangely split personality of Slobodan Milosevic as both war criminal and indispensable partner in the Dayton agreement that ended the civil war in Bosnia. Uncertainty about which role the US government will play is another source of potentially conflicting expectation about its behavior. For example, some have argued that the Dayton agreement rewarded Serbian

aggression, while the reluctance of the US government to accept negotiated settlements in Bosnia or Kosovo leading to a partition between the Serbs and their opponents seems to be the result of a desire to deter secessionist groups elsewhere.<sup>27</sup>

The problems just discussed are the result of a lack of common knowledge of when the third party will intervene and what agreements it will enforce. One might think that the probability of conflict would be diminished if the third party succeeded in making clear that it would never intervene to support one side of a conflict or the other, but would always enforce any agreement that the conflicting states both accepted. Then the third state could perhaps function as the impartial enforcer of agreements the lack of which, many people believe, makes life in the state of nature solitary, poor, nasty, brutish, and short, and therefore explains the depressing recurrence of violent conflict among sovereign states. But this would be wrong.

Consider some indivisible good that two states might fight over. If the good is controlled by one state, the other state prefers the expected value of trying to capture it to the status quo, and the state that controls it prefers to resist rather than give it up, then a violent conflict will occur to determine who controls the good in dispute. If there is some division of the good that both would prefer to fighting, a third party could potentially prevent a conflict by enforcing an agreement to divide the good. However, if the state that does not control the good prefers the status quo to the expected value of trying to capture it then a contest will not take place, but if the good were divisible then the dissatisfied state could hope to renegotiate the way it is divided, which could lead to a military contest designed to influence the other side's information about the true balance of power between them. Thus the enforcement of agreements does not necessarily reduce the probability of violent conflict, and may increase it. After all, the fact that agreements between labor and management are enforceable does not prevent strikes from occurring.

During the Cold War the US government tried to make credible the claim that it could not agree to small concessions to the Soviet Union because they would either strengthen the Soviet Union or weaken the alliance system that opposed it, and therefore lead to further concessions. Currently the Prime Minister of Israel is trying to make credible the claim that

<sup>25</sup>For a recent discussion of the importance of third parties in enforcing civil war settlements see Walter 1997.

<sup>26</sup>This is one of the main claims made in Wittman 1979. Support for it is presented in Wagner 1998.

<sup>27</sup>Anecdotal evidence in support of such concerns has been supplied by Timothy Garton Ash, who was told by Albanians in Kosovo that what stimulated them to abandon nonviolent protest in favor of violence was the Dayton agreement (Garton Ash 1999, 30).

Israel cannot agree to extensive territorial concessions to the Palestinians because they would weaken Israel and strengthen the Palestinians and therefore lead to further concessions. The lack of an external enforcer of agreements helped make the claims made by the US government more credible than they would otherwise have been, and perhaps helped convince the Soviet Union that an attempt to seize West Berlin, for example, would lead to a very big war. Conceivably the availability of the US as an enforcer of agreements between Israel and the Palestinians makes such claims by Israel less credible, thereby increasing the expected value to the Palestinians of further bargaining.

Thus the great resources available to the US government do not guarantee success in managing other people's conflicts, and the possibility of US involvement in them can lead to more conflict, not less.

## Concluding comments

In assessing the significance of this conclusion we should bear in mind that if conflict management means minimizing the costs of violence then it is an extremely narrow goal. It is the collective equivalent of trying to make sure that no shots get fired during armed robberies—a worthy goal that both robbers and their victims could agree with, but one that overlooks the disagreement between them as to who gets the goods.<sup>28</sup> Because it is so narrow, it is not likely to be the only policy objective. As we have seen, this makes conflict management itself more difficult. But it is also an inducement to wishful thinking and reasoning from possibly misleading analogies, since if all good things go together it is not necessary to make difficult choices between competing objectives.

The purpose of the preceding analysis has not been to suggest what those choices should be, but to provide a framework for thinking about them. Its main implications are that the problems are more complex than they are often assumed to be, and that good intentions do not provide immunity from the possibility of doing harm.

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<sup>28</sup> And there would not necessarily be general agreement that the best way to resolve that issue is a compromise.

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