Revisionist Ally in Crisis Bargaining: To Support or Not to Support

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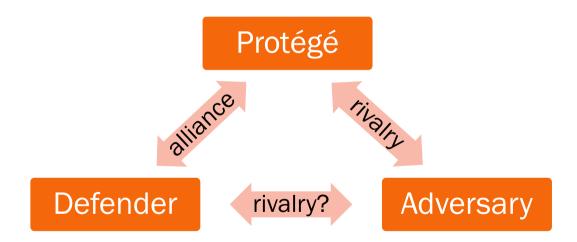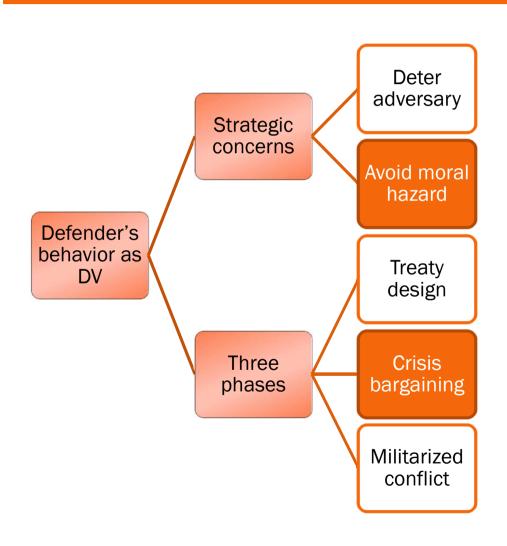
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Research Question

✎ When does a defender support or abandon a revisionist protégé who initiates a crisis?

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                    ┌───────────┐
                    │  Protégé  │
                    └───────────┘
              alliance        rivalry
    ┌───────────┐                    ┌───────────┐
    │ Defender  │  ←  rivalry?  →    │ Adversary │
    └───────────┘                    └───────────┘
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The Defender's Behaviors: What do We Miss?

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Defender's behavior as DV
├── Strategic concerns
│   ├── Deter adversary
│   └── Avoid moral hazard
└── Three phases
    ├── Treaty design
    ├── Crisis bargaining
    └── Militarized conflict
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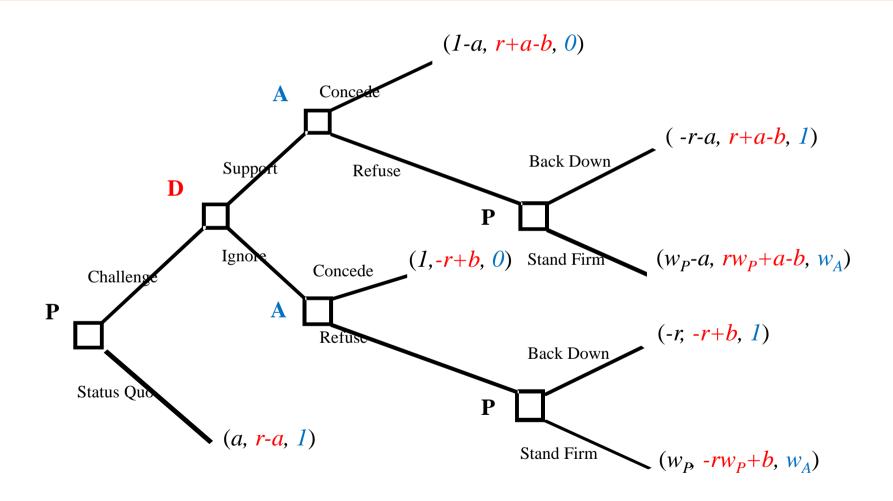| Concern / Phase	Deter adversary	Avoid moral hazard
Treaty design		A few
Crisis bargaining	Majority of research	?
Militarized conflict		Consistent with treaties?

The Model

  Players: Protégé (P); Adversary (A); Defender (D);

  Parameters

   a : the benefits exchanged between P and D ($0 < a < 1$)

   b : D's benefits from an improved relationship with the Adversary ($0 < b < 1$); They are not necessarily enemies!

   r : reputation among allies, i.e. credibility of honoring commitment ($0 < r < 1$)

   w_P and w_A : the expected utility of war for P and A, respectively.

  Information structure

   P and D know w_P while A knows $w_A.$

   The distribution functions of w_P and w_A are common knowledge

   a, b, and r are common knowledge.

Game Tree

$(1-a, r+a-b, 0)$

A — Concede

$(-r-a, r+a-b, 1)$

Back Down

D

Support   Refuse

P

Ignore   Concede $(1, -r+b, 0)$ Stand Firm (w_P-a, rw_P+a-b, w_A)

Challenge   A

P   Refuse $(-r, -r+b, 1)$

Back Down

Status Quo   P
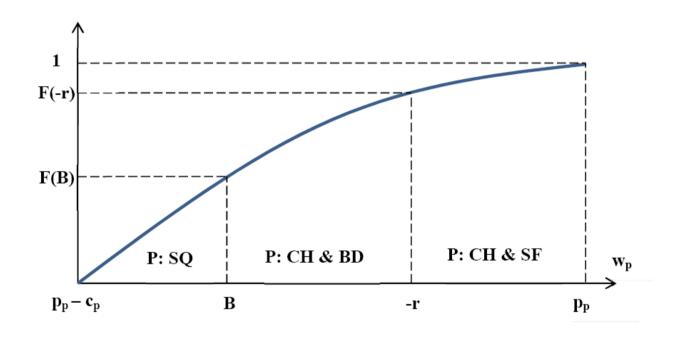
$(a, r-a, 1)$

Stand Firm $(w_P, -rw_P+b, w_A)$

Solving the game...

❧ Backward induction

❧ Cut-point strategy

  ○ Incomplete information

  ○ Each player has a _continuum_ of types.

  ○ The cut-point of types (hence strategies) is the key to the solution .

  ○ For example, we shall look for a Bayesian equilibrium in which the Protégé challenges if w_P exceeds some critical value and keeps status quo otherwise, and the same for the other players.
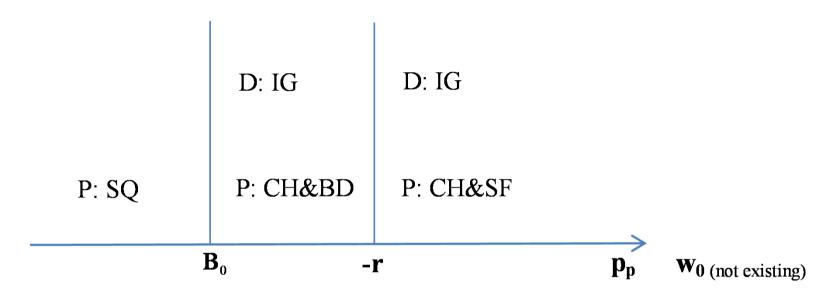
  ○ These strategies are usually called cut-point strategies; that is, given an interval of types, there exists a special type (the cut-point) such that all types to the left do one thing, and all types to the right do another.

Updating Belief

- These strategies are usually called cut-point strategies; that is, given an interval of types, there exists a special type (the cut-point) such that all types to the left do one thing, and all types to the right do another.

- Pr(back down|challenge)=?

Overview of Equilibrium

- The Protégé: *B* is the cutpoint between challenge and status quo; *-r* is the cutpoint between back down and stand firm.

- The Adversary: make decisions by updating the belief about the Protégé standing firm *after* observing the Defender's action.

- The Defender: choose strategy with respect to the relative value of *a*.

  - Recall: share information with the Protégé

  - When the Protégé <u>stands firm</u>, choose a cutpoint of w_p for support

    - *Since $w_p \geq$ -r, a must be greater than a critical value (a-high bar); otherwise, the Defender will support even when the Protégé backs down.*

  - When the Protégé <u>backs down</u>, choose another cutpoint for support

    - *Then we have another critical value (a-low bar), under which the Protégé receives no support when it backs down.*

Case 1: Abandoning Troublemaker ($a < \underline{a}$)

D: IG   D: IG

P: SQ   P: CH&BD   P: CH&SF

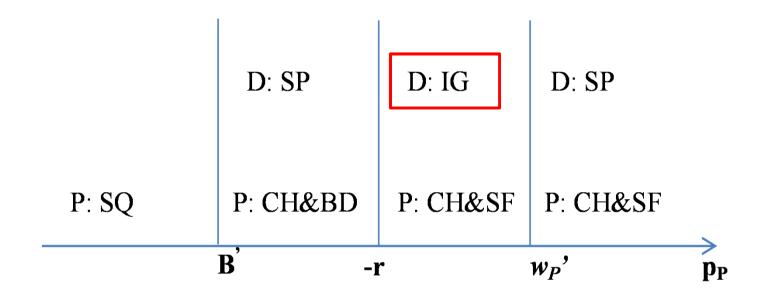B_0 $-r$ p_p W_0 (not existing)

- The Defender never supports the Protégé's challenge.
- Unable to update information, the Adversary will refuse when

$$w_A \geq \frac{F(B_0)-F(-r)}{1-F(-r)} = k_0$$

Case 1 (cont.)

- Compare Case 1 with the no-alliance model

- $B_0 > B$ (the counterpart in the no-alliance model)
  - The Protégé is less likely to initiate challenges when allying with the Defender than without an alliance.

- Given $B_0 > B$ and $k = \dfrac{F(B) - F(-r)}{1 - F(-r)}$ in the no-alliance situation, $k_0 > k$
  - The Adversary is more likely to concede with the Defender's presence.

Case 2: Separating Strategies ($\underline{a} \leq a < \bar{a}$)

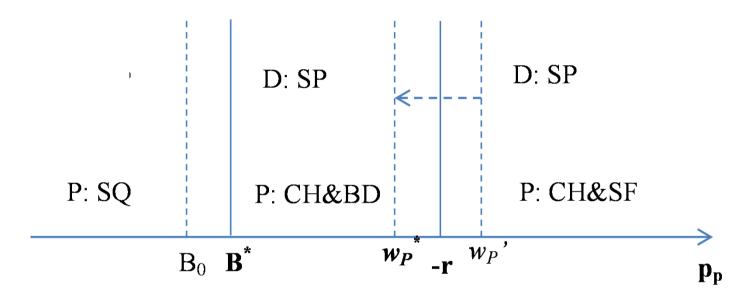|	D: SP	D: IG	D: SP
P: SQ	P: CH&BD	P: CH&SF	P: CH&SF

B'   -r w_P' p_P

- The Defender supports the Protégé's bluff (CH&BD).

- If the Protégé stands firm, it has the Defender's support only when w_P is sufficiently high (> w_P').

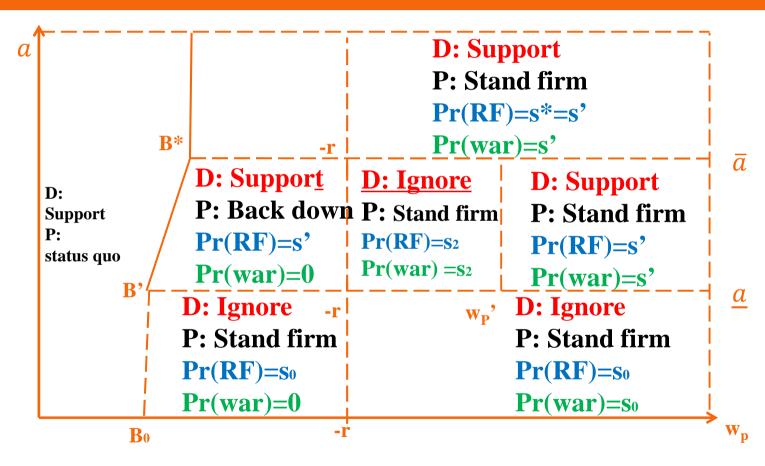- The Adversary is able to update information.

Case 2 (cont.)

- Why does the Defender make an empty threat given BD?
  - By supporting the Protégé's bluff, the Defender will gain both benefits from the Protégé and the reputation among other allies.
  - No risk of involving real conflicts against the Adversary
- Why is the Defender more cautious given SF?
  - The Defender has to face the danger of fighting against the Adversary. Obviously, it does not want to risk wars unless w_P is sufficiently great.
- $B' > B$
- $k_0 < k' < k_2$
  - $\Pr(CD|SP) = G(k')$; $\Pr(RF|IG) = G(k_2) = G(0)$
  - The Adversary is most likely to concede when the Defender ignores the Protégé's challenge.

Case 3: Constant Support $(a \geq \overline{a})$

- The Defender supports all actions of the Protégé.
- $B^* > B_0$ and $B^* > B'$
    - The Defender is least likely to be a troublemaker in Case 3. Why?
- The Adversary is still unable to update information.

Equilibrium

ℬ In general, Pr(RF) = s = 1 – G(k)

ℬ s > s_0 > s' = s* > s_2

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Extension: EITM Framework!

- Theoretical concepts (and analogues)
  - Strategic interaction, utility maximization
  - Learning, Bayesian updating
- Statistical concepts
  - Binary logit/probit model
  - Bayesian statistics?
- Unification (equilibrium → hypotheses)

"Early-morning" Hypotheses...

- The Protégé is more likely to initiate challenges with an ally than without an ally.

- If the Protégé initiates challenges, conflicts are more likely to happen when an ally does *not* exist.

- If the Protégé *with an ally* initiates challenges ,

  - Conflicts are more likely to happen when $a < 2(b-r)$.

  - Given $a > 2(b-r)$, conflicts are less likely to happen when the Defender does not support the Protégé.

- Potential data

  - The Protégé and the Adversary: enduring rivalries (Thompson 2001)

  - a & b: Affinity of nations (Gartzke 2001), GDELT?

  - r : the Defender's frequency of honoring commitments; the number of allies the Defender has

Case Studies

Cases	Taiwan's pursuit of independence	North Korean nuclear crisis
Actors	Taiwan (P); the US (D); China (A)	DPRK (P); China (D); the US (A)
a (P-D)	Alliance: **not formal**;	Alliance: **formal**;
	Geo-: **less important**; other allies	Geo-: "**lip and teeth**"; the only ally
	Regime type: both are democracy	Regime type: both are authoritarian
	Econ-: trade partner; arms buyer	Econ-: relying on China's aid
	<	
b (P-A)	Both are major powers, with some interests overlapped but others contradictory.	
	≈	
r	"Strategic ambiguity"	Less international pressure
	≈	
Result	**"Abandoning Troublemaker"**	**"Separating Strategies"**

North Korean Nuclear Crisis

❧ **Status quo**: the Agreed Framework in 1994; the hostility between the US and North Korea

❧ **Challenge**: Pyongyang's restart of the nuclear program and the demand for the normalization of relationships with the US

❧ North Korea quitted the six-party talks and launched a long-range missile test and nuclear test in 2006 (**P: CH&SF**)

❧ China condemned the tests and voted for the UN Resolution 1695 and 1718 (**D: IG**).

❧ The US initiated a bilateral talk with North Korea, agreed to discussion normalization of US-DPRK and would start the process of removing North Korea from its list of terror-sponsoring states (**A: CD**)

Taiwan's Pursuit of Formal Independence

ɛ Status quo: Taiwan's *de facto* independence and regional stability

ɛ Challenge: Taiwan pursuing *de jure* independence

  o Referendum on the entry to WHO/UN under the name of "Taiwan"

ɛ The US: The Bush administration always opposed Taiwan's formal independence, when

  o Chen Shui-bian proposed referendum, which then failed in the legislature in 2004 (CH → BD);

  o Chen and the opposition party both proposed and conducted their own referenda in 2008 (CH → SF).