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On Third-Party Intervention in Conflicts: An Economist's View

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Abstract

The paper discusses some important issues in third-party intervention from the viewpoint of an economist. However, given the multi-disciplinary dimension of this topic, it is impossible to undertake such a discussion from a purely economic point of view. Therefore, the paper raises some issues that will be of interests to non-economists. It draws attention to some important research questions.

KEYWORDS: conflict, third party

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1. Introduction

The literature on intra-state conflicts is large and growing.¹ Within this literature, research on third-party intervention in intra-state conflicts has received very little attention from economists. The purpose of this paper is discuss third-party intervention in conflicts from the standpoint of an economist.

In the post-world war II era and the end of the cold war, there have been numerous third-party interventions in intra-state conflicts. These interventions have been in places such as Bosnia, Somalia, Haiti, the former Soviet republics, Vietnam, and Cambodia and have involved countries like Britain, China, France, and USA and international organizations like the UN. Between 1944 and 1999, Regan (2002) identified 150 intrastate conflicts of which 101 had third-party interventions. Intervention could take several forms: economic sanctions, mediation, negotiation, military intervention, etc. In this paper, I shall focus on military intervention.² And even military intervention can take several forms: peacekeeping, direct combat, or military assistance (e.g., equipment and weapons). I shall focus on direct combat and military assistance.

There is also the issue of the legitimacy of the intervener. For example, if the UN or African Union, or NATO intervenes in a conflict, it tends to have more legitimacy than if, for example, the USA alone intervenes. I shall take the legitimacy of the intervener as given.

Clearly, it should be clear from the preceding discussion that there are many factors to consider when it comes to third-party intervention in a conflict. This paper cannot address all of these issues. In what follows, I discuss some important issues in third party interventions in conflicts.

2. The intervener's objective function

A fundamental issue is the objective of the intervener. One cannot study third-party intervention without specifying what the objective of the intervention is. Because of the multiplicity of objectives, specifying a holistic objective function is not an easy task. Does the intervener have strategic interests and economic interests (e.g., oil, promoting democracy)? Is the promotion of an objective (e.g., democracy) an end or a means to an end? Is it humanitarian as in preventing a genocide? Does the intervener have a dynamic or static objective (e.g., does the intervener care about structure of governance after the conflict is over).

¹ See Blattman and Miguel (2010) and Collier and Hoeffler (2007) for surveys of the literature.

² Favretto (2009) studies a model that examines both mediation and military intervention. Dixon (1996) found that mediation efforts and third-party activities to open or maintain lines of communication are the most effective to resolving conflicts.

These questions have become more important in view of the recent mass revolutions in Tunisia, Egypt, Libya, and many Middle Eastern countries. Some have argued that the USA or Europe should not intervene because the alternative may be worse. I believe that research should focus on clarifying these issues. Invariably, some ethical considerations would have to be made.

3. Are interventions biased and should they be?

Interventions are usually biased where the third party supports one of the factions in the conflict. For example, using data from the International Crisis Behavior project, Carment and Harvey (2000) found that 140 out of 213 interventions in intrastate conflicts over the period 1918-1994 were clearly biased. In the post-war period, Regan (2000) also found that most interventions were biased.

In his empirical work, Regan (2002) found that neutral interventions were less effective in ending conflicts than biased interventions. Betts (1996) argued that the idea of impartial intervention is a delusion and Watkins and Winters (1997) argued that biased interventions may be desirable. Favretto (2009) presents a model that shows that expected biased interventions may be desirable because they force bargainers in a conflict to reach a settlement. This desirability of biased intervention responds to the normative question of whether interventions should be biased.

Amegashie and Kutsoati (2007) endogenized a third-party's choice of her ally while Amegashie (2010), Carment and Rowlands (1998), Rowlands and Carment (2006), Siqueira (2003), and Chang, Potter, and Sanders (2007) took the third-party's ally as exogenously given. According to Amegashie and Kutsoati (2007), if the third-party wants to minimize the aggregate cost of the conflict, then it should support the stronger of the two factions because that makes the relative strengths of the factions more unequal. This is an efficiency argument. There are clearly considerations based on equity why such a rule should not be followed. On equity grounds, there is a strong case for helping a weak faction that is fighting an *oppressive* and stronger faction. However, even on efficiency grounds, Amegashie and Kutsoati (2007) also found that if the conflict is not a one-shot interaction but may be repeated over time, then helping the weaker faction may reduce the cost of the conflict because it induces the stronger faction to enter into a cooperative (peaceful) agreement with the weaker faction.

Rothchild and Lake (1998) endorse forceful intervention but argue for impartiality. Strong interventions can be useful in equalizing forces and in creating a stalemate in which neither side can be victorious, thereby encouraging a negotiated settlement. The logic here is consistent with the aforementioned argument of Amegashie and Kutsoati (2007) in the context of a repeated conflict. Since helping a weaker faction can embolden it and encourage it to increase its

demands and prolong the conflict, Rothchild and Lake (1998) argue that pressure must be exerted on both sides to moderate their demands. This is consistent with Crawford (2001) who argues that, in the autumn of 1998, NATO inadvertently caused the Kosovo conflict to worsen by imposing a ceasefire on Serbia but failed to impose a similar pressure on the Kosovo Liberation Army (KLA). This allowed the KLA to "reconstitute quickly as a political and fighting force" and escalated the conflict (Crawford, 2001, pp. 513-514).

4. Do interventions worsen conflicts?

This question implicitly assumes that goal of the intervention is connected to only the conflict. As a yardstick for determining whether a conflict has worsened as a result of third-party intervention, Regan (2000), Elbadawi and Sambanis (2000), and Diehl et al. (1996) use the duration of the conflict as the objective function while Amegashie and Kutsoati (2007), Amegashie (2010), Carment and Rowlands (1998), Rowlands and Carment (2006), Siquera (2003), Chang, Potter, and Sanders (2007) Lacina (2006) and Heger and Salehyan (2007) use aggregate effort by the warring factions or fatalities in the conflict.

In his empirical analysis, Regan (2002) found that third-party interventions tend to worsen conflicts (see also Regan, 2000). Elbadawi and Sambanis (2000) also obtained a similar result in their empirical work. And Diehl et al. (1996) made a similar claim in the case of UN interventions.

Still on the preceding point, Lacina (2006) and Heger and Salehyan (2007) report that civil wars with interventions have significantly higher fatality levels than civil wars without interventions. Of course, there is the identification problem of whether interventions make civil wars worse, or whether really bad civil wars are more likely to provoke intervention. As pointed out below, this explains why some scholars have used expected intervention to deal with the endogeneity of actual intervention.

5. Why may interventions worsen conflicts?

While some of the aforementioned empirical studies (e.g., Regan 2000, 2002) have found that third-party intervention could worsen conflicts, exactly why this might be the case is not clear. There is a literature that emphasizes the moral hazard effects of third-party intervention in conflicts (e.g., Rowlands and Carment, 1998, 2006, Kuperman, 1996). This literature suggests that domestic groups which would not otherwise resort to political violence or escalate an ongoing conflict may be encouraged to do so by the prospect of outside support. One of the main examples used to support this argument is the Kosovo conflict of the 1990s (see, Grigorian, 2005).

In a May 31, 2006 op-ed in the New York Times, Alan Kuperman claimed that intervention in Darfur was emboldening the rebels to fight on because the rebels who benefited from intervention rejected a proposed agreement. In Kuperman (2003, p. 75; 2004, p. 67), he opined that *"Each time the West intervenes militarily on behalf of a subordinate group, it increases expectations of future such interventions ... and thereby encourages further uprisings."* And Mason, Weingarten and Fett (1999, p. 252) argue that biased interveners are "subsidizing the beneficiary's capacity to absorb the additional costs of conflict and to inflict damage on its rival." Therefore, in their view, this is likely to diminish the probability of a settlement ever being reached.

Other scholars argue that a lack of resolve and credibility within coalitions over the use of force create incentives for the escalation of conflicts (Regan, 1996, Diehl et al., 1996, Harvey, 1998, Walter and Snyder, 1999). Grigorian (2005) argues that empirical work on testing the moral hazard theory of third-party intervention may suffer from a selection bias. According to him, *"... the moral hazard argument may have a problem of selection bias. More specifically, we may be dealing with a case of systematically selecting observations on the dependent variable. Every case of escalation studied by the proponents of this approach is traced back to a minority's optimism regarding third-party intervention and its actions based on that optimism. Cases where similarly optimistic minorities behaved differently, therefore, have slipped through this methodological crack."* (p. 198/199).

In addition to the critique of selection bias, scholars like Grigorian (2005) and Crawford (2005) do not think that the moral hazard argument is satisfactory. That is, they do not believe that intervention could lead to a perverse behavior on the part of the original combatants. The abstract of Grigorian (2005) reads: *"This piece provides a critique of the moral-hazard theory of third-party interventions. While the author agrees with the proponents of the theory that threats of intervention may have radicalizing effects on a minority's behaviour by reducing its risks in carrying out violence, he argues that this is an incomplete causal argument, if what we are trying to explain is escalated violence and not just minority radicalization. This criticism is based on two claims in particular. First, if the minority and the state observe the same third-party threat, they should both adjust their bargaining calculations. This means that such threats should affect the terms of settlement, and not the likelihood of violence. Second, he argues that cases where the minority radicalization results from explicit or implicit encouragement by third parties should not count as evidence supporting the moral-hazard theory. An internally consistent moral-hazard account requires an explanation of why third parties were unable to make their threats of intervention conditional on the minority's responsible behaviour. The piece also provides an alternative, informal analysis of escalated violence in response to third-party*

interventions focusing on the effects of incomplete information regarding the target-state's and the third party's preferences over a set of outcomes. The author uses evidence from Kosovo to compare the two arguments."

Many of the authors who advance the moral hazard argument do not model it explicitly. A few exceptions are Rowlands and Carment (1998, 2006) and Favretto (2009). However, a weakness of their formal model is the treatment of the size of the third-party's military support as exogenous and/or the assumption of complete information. Consistent with Grigorian's intuition in the preceding quote, Amegashie (2010) is a recent paper that provides a formal model and analysis of how incomplete information could lead to moral hazard behavior of combatants in response to a third-party's intervention in a conflict.

Amegashie (2010) focuses on biased intervention and studies a conflict with incomplete information and two combatants who fight over two periods. One of the combatants has an ally (i.e., a third party) who wants to assist him with military support in the conflict. The third party is fully informed about the type (strength) of her ally but not about the type (strength) of her ally's enemy. The third-party's ally is fully informed about the type of his enemy. There is a signaling game with one receiver (i.e., the third party) and two senders (i.e., the two combatants). If the third party and his ally are not too strong, there is a perfect Bayesian separating equilibrium in which the third-party's *expected* intervention worsens the conflict by inducing the enemy of the third-party's ally to over-invest in arms in period 1 in order to discourage the third-party from helping her ally or to back off entirely from intervening in the conflict in period 2. Hence the enemy of the third-party's ally displays some bravado (i.e., overinvests in arms). Not only does third-party intervention lead to an increase in the effort of the ally's enemy, it also leads to an increase in the *aggregate* effort (i.e., the sum of the factions' efforts) in the conflict. I find that if the third party will not intervene in a big way, then it might be better not to intervene at all. That is, third-party intervention may worsen a conflict if the size of the intervention is not sufficiently high. This result is consistent with the views of some scholars (e.g., Diehl et al., 1996) that a lack of resolve within coalitions over the use of force create incentives for the escalation of conflicts. Also, intervention on a small scale has been used to explain why the USA has not been successful in Iraq.

The preceding argument somewhat finds support in the empirical work of Elbadawi and Sambanis (2000). To deal with the endogeneity of third-party intervention, Elbadawi and Sambanis (2000) used *expected* intervention instead of actual intervention as the regressor in their empirical work. Elbadawi and Sambanis (2000) found that *expected* third-party interventions worsen conflicts.³

³ However, my argument for using expected intervention is different from Elbadawi and Sambanis (2000) because I am not arguing that expected intervention should be used as an instrumental variable in order to deal with the endogeneity of actual intervention. I am arguing that expected

Akcinaroglu and Radziszewski (2005) also reach a similar conclusion in their empirical work. And as Wagner (2007, p. 229) has observed: “*expectations about possible interventions may play a role in motivating an internal conflict even if outsiders never intervene in it.*”

Amegashie (2010) also finds that a third party may rationally mistrust his ally by ignoring the ally's private and valuable information. In Amegashie (2010) this mistrust exists because the third-party's ally has the incentive to misrepresent the ally's strength in order to attract more assistance from the third party. Such mistrust may also exist between allies who could be described as strange bedfellows; a marriage of convenience. An example of this mistrust is the occasional claims by the USA that its allies (i.e., the governments of Pakistan, Iraq, and Afghanistan) are not doing enough to rein in their mutual enemies in their various countries. This suggests that sometimes the USA does not believe what her allies claim to be the situation on the ground.

An interesting implication of the analysis in Amegashie (2010) is that a commitment by the third party to base her future military assistance (i.e., to withdraw from or stay in the conflict) on her prior beliefs *may be* welfare-improving. The welfare implication of commitment is ambiguous because although discretionary third-party intervention may cause the enemy of the third-party's ally to overinvest in arms in the current period, the third party can make a more informed decision in the future about her military assistance to her ally because the enemy reveals information about his level of military capability. If the benefit of the latter effect (i.e., making a more informed decision) dominates the cost of the former effect (i.e., the enemy overinvesting in arms), then a commitment to a given level of military support regardless of the conditions on the ground is not welfare improving. Otherwise, it is welfare improving. An obvious implication is that if the third party is not fully informed about her ally's enemy, then the fact that the current situation of the conflict looks very bad should not necessarily be used as the basis for withdrawing from the conflict. This is consistent with the view of George W. Bush and Dick Cheney on keeping American troops in Iraq.

In Amegashie (2010), it is not actual military support that worsens a conflict (i.e., the enemy of the third-party's ally overinvests in arms). Instead, it is the *expectation* of military support in period 2 coupled with the third-party's limited information about her ally's enemy that increases the intensity of conflict in period 1. This has implications for empirical work. It suggests that conflicts may worsen prior to a publicly known and biased intervention and may improve after the intervention. Indeed, this effect may exist even if the third party has already

intervention and actual intervention may be distinct explanatory variables in a regression that seeks to explain the intensity of conflict. Still, their finding suggests that expected intervention could have a negative effect on conflicts.

intervened in the conflict, so long as she is still not fully informed about the type of her ally's enemy. Hence, part of the reduction in the intensity of the conflict is not necessarily due to the intervention *per se*. Therefore, while a biased intervention by a third party may have a positive effect on a conflict, this effect may be overstated in empirical work (i.e., the relevant coefficient in regressions may be biased upwards).

In Amegashie's (2010) two-period model, the intensity of conflict in period 2 is increased not only because of signaling (as in period 1), but because the third-party's intervention reduces the ally's marginal cost of conflict leading the ally to be more aggressive than he otherwise would have been. This is consistent with the moral hazard literature mentioned above.

Finally, according to Werner (2000), the threat of intervention may cause the enemy of the third-party's ally to soften its demands and thereby increase the likelihood of resolution. This is similar to the logic in Favretto (2009). Therefore, intervention need not result in moral hazard behavior or worsen a conflict.

6. How should we model the military strength of the third party?

Formal game-theoretic work on third-party intervention assumes that the third party can deploy its full military strength. But this is not true in reality. The USA or NATO cannot engage in indiscriminate airstrikes even if they have the capacity to do so. They have to minimize civilian casualties. Therefore, a well-specified model may have to solve the third-party's problem as a constrained optimization problem where one of the constraints is the number of civilian casualties. In my view, this has important and very practical implications for the ability of the third party to intervene. Indeed, unanticipated numbers of civilian casualties in Iraq have angered some people who were sympathetic to the USA's mission. Also, models may need to explicitly specify the loss of lives vis-a-vis the loss of property (e.g., military equipment).

7. Conclusion

I have shared some thoughts on third-party intervention in conflicts. An important issue that needs further research is whether and how third-party intervention may worsen a conflict. This is a very fundamental issue because without an understanding of this issue, it is difficult to justify intervention unless, of course, the third party has other narrow and selfish goals. And here the effect of a third-party's intervention may even be extended to what will happen after the conflict is over. Should a third-party refuse to intervene on behalf of a weak group that is trying to get rid of a dictator because there is a risk of a worse dictator emerging?

Another issue that does not easily lend itself to analysis is whether intervention in an ethnic conflict is easier or tougher than in a non-ethnic (e.g., class) conflict. Perhaps in an ethnic conflict, the factions have a higher resolve than in non-ethnic conflict. Esteban and Ray (2008) develop a model which shows that that in the presence of economic inequality, there is a systemic bias toward ethnic conflict. This is because conflict requires each faction to supply labor (the combatants) and financial resources. Because the poor and rich are both represented in an ethnic group, it is easier to produce this "conflict" output relative to case of class conflict where there is homogeneity within the rich and poor classes. The rich in an ethnic group provide the financial resources and the poor provide conflict labor. As Esteban and Ray (2008, p. 2199) note "This is not at all to suggest that class conflict cannot occur. The point is that under the peace symmetry conditions identified in the paper—and under a large and robust set of departures from it—ethnic identities may be focal."

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