

Name:

Shuhei Kurizaki

Organization & Title:

Ph.D. Candidate in the Department of Political Science at UCLA

Title of Research:

Diplomacy and Military Coercion in International Crises

Purpose of Research:

Uncertainty has long been claimed to be a fundamental cause of war. Accordingly, the literatures on deterrence and crisis bargaining have searched for credible information-revealing mechanisms that help state leaders overcome uncertainty and hence avoid inefficient fighting. What eventually emerges from these studies is an audience cost story of the origins of war. A key result of the recent literature on audience costs is that state leaders can credibly communicate their resolve by going public with their demands so as to establish a tying-hands mechanism by creating audience costs that they would suffer if they fail to follow through on the threats. Consequently, this line of argument leads to the conclusion that normal form of diplomacy may be irrelevant during a crisis because incentives to misrepresent resolve undermines diplomatic signaling.

However, the records of international history suggest that state leaders often go against the logic of audience costs by *staying private and seeking normal diplomatic communications*. If private diplomacy were irrelevant to conflict resolution as the standard rationalist explanations suggest, it would be puzzling that secrecy has been an enduring feature of modern diplomatic institutions for centuries. This puzzle raises questions as to when and why leaders rationally conclude that staying private is preferable to going public.

In principle, *ex post* inefficiency of going public opens up an *ex ante* bargaining range through private communications, which makes staying private preferable to going public in a crisis. If going public increases the risk of inefficiency, it should follow that the political risk of generating audience costs by going public should outweigh the benefits of enhanced credibility. In fact, very few international disputes become wars, and yet audience costs are rarely observed.

Content/Methodology of Research:

This study is a natural extension of the audience costs story. As noted at the outset, much of the literature on international crises and disputes has developed to explain why states take costly actions in public during a crisis. With a few exceptions, research in this area has not addressed questions as to when and why state leaders sometimes go private in the course of international bargaining. This paper addresses this shortcoming by extending the audience costs logic beyond its original concern.

In particular, it relaxes two assumptions commonly held by standard models of crisis bargaining with audience costs. I develop a crisis bargaining model to identify when and why private channels can *and* cannot achieve peaceful settlements, and to account for diplomatic records of private tactics and quiet maneuvers in a crisis. The resulting game shows that there exists a previously unknown equilibrium in which a private signal carries some limited credibility. It also shows that a private threat can win a concession from the adversary equally effectively as a public signal, and it also enhances the states' overall ability to resolve disputes peacefully.

Accordingly, the core contribution of this theoretical model is identifying the existence of an equilibrium in which a private threat works, and demonstrating its efficiency. In

particular, I show that there exist “public” and “private” equilibria to this game. The *public equilibrium* captures a conventional audience cost story, where only public threats can credibly reveal information. Conversely, in the *private equilibrium*, private threats are also rational. The merit of the model is that while simple in its structure, small twists to a canonical crisis bargaining model generate both the well known conventional result as well as previously unexplored new result simultaneously.

There are several principal results. First, I show that a private threat conveys only limited credibility, while a public threat is fully credible. In fact, a private threat does not improve the defender’s beliefs about credibility. Nevertheless, a private threat is equally effective as a public threat in that the former achieves successful deterrence at the same rate as the latter, despite its lack of informational benefits. This is primarily because a private threat makes a private concession attainable. These results suggest that *the rationality of a private threat comes not from its informational role but from its less provocative nature*.

Second, the model shows that the private equilibrium is (Pareto) efficient, where peaceful outcomes are possible under broader conditions than in the public equilibrium, as a private threat expands the range of peaceful settlements that are mutually acceptable. This efficiency result is driven by two facts: 1) a private threat can produce the equilibrium outcome – a private concession – that cannot arise in the public equilibrium; and 2) resorting to a private threat significantly reduces the *ex ante* risk of war.

Third, I show that a private threat works because the states send partially credible private threats when they could go public to enhance the credibility of their threats. While forgoing a fully credible public threat *reduces* the credibility of the threat, doing so makes it easier for the receiver to concede, as secrecy avoids provoking audience costs. This suggests that *a private threat works only in the shadow of credible public threats*. This result may explain why Theodore Roosevelt carried a big stick when speaking softly.

The key to these new results is that signaling takes place in front of *multiple* audiences, meaning that not only the sender but also the receiver must incur audience costs *ex post* when they experience diplomatic humiliation (e.g., backing down from threats and public acquiescence in threats). In particular, in the absence of the receiver’s sensitivity to its audience costs, the sender is not able to customize its signals and hence a private threat will not work. In other words, a standard audience cost claim that going public may be the only credible means of communication fails when audience costs for the receiver are not explicitly modeled.

This finding augments the literatures on crisis bargaining and audience costs, as it identifies when the conventional conclusion fails. While this model builds on a standard crisis game with audience costs, it identifies when and why leaders sometimes go public about their diplomatic positions *and* stay private at other times. In doing so, this model helps to explain why earlier models concluded that quiet normal diplomacy is irrelevant in a crisis, and when this conclusion does not hold.

What emerges from this study is a theoretical rationale for secret diplomacy. The literature often characterizes diplomacy as “cheap talk” because leaders can always afford to disavow diplomatic exchanges under the surface. The model presented here might help explain why secrecy has been a central feature of diplomatic institutions ever since what we know as diplomacy today, or the “French system,” was established in the seventeenth century and perhaps earlier.

Conclusions:

The main contribution of this paper is in identifying the mechanism of private threats and demonstrating its rationality. The rationality stems not from its informational advantage but from its less provocative nature. Private threats help the adversary to make a

concession by permitting the defender to save face with her public when doing so. The fact that private threats can be rational as well as efficient under reasonable conditions may provide a logical underpinning for apparent predominance of secrecy in diplomacy in general despite the popular perception that secrecy is socially inefficient.

On the other hand, the standard audience cost logic is at work for public threats. The rationality of public threats comes from the fact that the very action of signaling increases the risk of inefficient outcomes such as war. This is due to a dual role that a public threat plays: it enhances the states' ability to communicate their resolve with the adversary in a crisis; but it also makes it harder for the defender to concede. The driving force behind this logic is the fact that going public with military threats provokes domestic audience costs for both states in a crisis.

Contrasting the mechanisms of private threats to that of public ones demonstrates that the audience cost story can be extended to explain a much wider range of state behavior than originally envisioned. While a standard logic was developed to explain publicly demonstrated military coercion, it can also be extended to explain privately conducted diplomatic maneuvers.

What eventually emerges from this insight is a rationale for "normal" diplomacy as opposed to "coercive" diplomacy. The equilibrium logic developed here may account for why state leaders have maintained the current form of diplomatic institutions for (at least) three centuries. As such, this paper is part of a growing set of formal models that investigate the role of diplomacy in conflict resolution in order to fill the gap between the empirical facts and theoretical implications of diplomacy. Although the current diplomatic institutions were formulated as a stable communication system among city-states in Renaissance Italy, the rationality of private diplomacy resides not so much in its informational benefits but in its secrecy and its face-saving function.

Perhaps more interesting is that I derive the rationale for diplomacy from a standard rationalist framework that previously downplayed the role of quiet diplomatic communication. I agree with the rationalists and diplomatic historians that quiet diplomatic communication is less informative than provocative public confrontation. I argue, however, that informational inefficacy of private signals does not directly translate into the irrelevancy of diplomacy. This paper establishes this claim by identifying the private equilibrium where informational efficacy is not necessary for a private threat to work, and by demonstrating the efficiency of secrecy in crisis diplomacy. Diplomacy is not irrelevant in conflict resolution, but is rational. States are always better off with quiet normal diplomacy than public and provocative coercion. State leaders, hence, cannot rationally ignore a private threat simply because it is "cheap" talk.