

REPUTATION AND CIVIL WAR:

Why Separatist Conflicts Are So Violent

Barbara F. Walter
University of California, San Diego
bfwalter@ucsd.edu

August 2008

CONTENTS

List of Figures
List of Tables
List of Maps
Acknowledgments

PART ONE: THEORY

Chapter 1: Introduction

Chapter 2: Reputation Building and Self-Determination Movements: Theory and Hypotheses

PART TWO: EMPIRICAL TESTS

Chapter 3: An Experimental Study of Reputation Building and Deterrence
(co-authored with Dustin Tingley)

Chapter 4: A Statistical Test of Government Responses to Self-Determination Challenges

Chapter 5: A Statistical Test of Ethnic Group Decisions to Seek Self-Determination

Chapter 6: Case Study: Indonesia

Chapter 7: Case Study: The Philippines

PART THREE: IMPLICATIONS

Chapter 8: Reputation Building and Deterrence in Civil Wars

Appendix 1
Appendix 2
Appendix 3

Bibliography

Chapter 2

Reputation Building and Self-Determination Movements

This chapter applies the chain store model on reputation and entry deterrence to self-determination disputes in an attempt to explain why they are so difficult to resolve short of violence.¹ What we will see is that the reputation theory helps explain why some ethnic minorities seek self-determination while others do not, why some groups delay making demands, and why some governments are willing to negotiate while others are not. In the process, it underscores the amount of strategizing that occurs between governments and ethnic groups, and the ways in which private information shapes how governments and ethnic groups choose to behave.

The chapter is organized into three sections. The first walks the reader through the logic of reputation building, explaining how repeated play and incomplete information create strong incentives for governments to fight early challengers. In section two I describe how governments would behave if the theory were correct and draw out a number of hypotheses for testing. In section three, I shift the focus to ethnic

¹ See especially Spence (1973), Rosenthal (1981), Kreps and Wilson (1982), Milgrom and Roberts (1982), Dixit (1982), Schmalensee (1981, 1983), and Kennan and Wilson (1993). There is also a long literature on reputation and deterrence in political science. See especially, Schelling (1966), Lebow (1985), Alt, Calvert, and Humes (1988), Nalebuff (1991), Mercer (1996), Hensel (1996), and Toft (2001).

minorities and discuss how these groups are likely to respond to reputation building strategies being used by some governments. These hypotheses will then be subjected to a range of tests in the remaining chapters.

THE LOGIC OF REPUTATION BUILDING

Information asymmetries and signaling dynamics are key to understanding why self-determination movements are so difficult to resolve peacefully and why governments and ethnic minorities behave the way they do. To understand how reputation building works, assume that a country contains only one minority group, and that this minority group must decide whether to challenge the government for greater self-rule or accept the status quo.² If the group chooses to challenge, then the government must decide whether to accommodate these demands or resist them.³ If the government accommodates, it gets peace in return for some territorial concessions. If the government chooses to resist, it has a chance to maintain full control over its territory, but it must then pay the costs of fighting.⁴

When governments face only one challenger the logic of how to respond is fairly straightforward. Since there is little value in paying the costs associated with developing a reputation for toughness, strong incentives exist to accommodate.⁵ This does not mean

² By challenge I mean an explicit threat to use military force in the event that the government does not acquiesce to the demand. This is the same definition used by Lewis and Schultz, p. 4 APSR.

³ In reality, governments can pursue a variety of mixed strategies in response to ethnic separatists that are not reflected in the game theoretic framework I use. I have chosen to reduce the choices available to both the government and the ethnic groups down to two to simplify both the theoretical and empirical analysis. I attempt to correct for this simplification in the case studies presented in chapters six and seven by tracing the range of different strategies both governments and ethnic groups have chosen to pursue.

⁴ "Fighting" represents a continuum from group repression to outright war. The fact that governments choose to fight, however, does not mean that they are not also dangling concessions short of independence or autonomy to the rebels.

⁵ This assumes that the government will face this one challenger only once. If the government

that the government will always give in when faced with a single challenger.⁶ It does mean, however, that fighting under these circumstances will not have the added benefit of discouraging other ethnic groups from challenging the state.

The situation is more complicated when a government believes it could face a series of potential challengers over time. Here, a government has to consider that the game could be repeated as many times as there are separatist groups and that its behavior in the first period could affect decisions by other separatists later on. For example, when the predominantly Muslim republic of Dagestan sought independence in 1999 President Yeltsin and the new prime minister Vladimir Putin vowed to relentlessly protect “the links in the chain” that make up the Russian Federation.⁷ How often the game is likely to be repeated, therefore, fundamentally affects the incentives to fight or accommodate.

Repetition, however, is not sufficient to bring about reputation building behavior in the absence of uncertainty. In order for reputation building to make sense ethnic groups must also be unsure of how the government will respond when challenged. To understand the importance of incomplete information, assume that governments come in one of two types. A government can either be conciliatory and thus willing to part with some territory in return for peace, as the Swiss were willing to do with the canton of Jura in 1979. Or a government could be more extreme – unwilling to compromise at almost any cost – as Yeltsin and Putin have been with the Chechen Republic. One can think of this as the value a government places on maintaining a state’s territorial integrity. If

expects to face a single challenger multiple times (i.e., an ethnic group challenges repeatedly for increasingly higher stakes) the game would take on the dynamics of a repeated rather than a single shot game, and incentives to build reputation would emerge.

⁶ Some governments may refuse to concede because accommodation in this one case may itself be too costly.

⁷ Holmes (1999: B3).

ethnic minorities knew what type of government they were facing their behavior would be predictable. Faced with a government known to compromise, ethnic groups' optimal strategy would always be to challenge. Faced with a government known to fight, their optimal strategy would be to remain quiet. Either way, you would observe peace.

In reality, ethnic groups can never be sure what type of government they are facing and governments, especially conciliatory ones, can use this to their advantage. As long as ethnic groups are uncertain about the government's value for fighting versus acquiescing, conciliatory governments have incentives to behave as if they were tough – at least toward early challengers. Chinese leaders, for example, have long asserted that they will crush any moves toward secession. As one top official announced, “we will never tolerate ‘Taiwan independence.’ We will unswervingly oppose and curb secessionist forces and their activities.”⁸

Ethnic groups, of course, understand that governments have incentives to behave strategically and will, therefore, attempt to challenge only when they believe they are likely to face a government likely to make concessions. The trick for ethnic groups is to figure out the *likelihood* that they are facing a government that is not only conciliatory, but also has no incentive to bluff at a particular point in time.⁹ These are the times when an ethnic group's demands are most likely to be rewarded with a deal.

The theory discussed above reveals how two features of the strategic environment (repeated play and incomplete information) encourage reputation building and thus affect

⁸ Annual speech by Jai Qinglin, China's top political advisor, to the National Committee of the Chinese People's Political Consultative Conference, as printed on Chinadaily.com.cn, March 4, 2006.

⁹ Ethnic groups are likely to assign a probability that they are facing a conciliatory or non-conciliatory type. All else equal, the greater the probability that they are facing a conciliatory type, the greater incentive a group has to challenge.

incentives to cooperate and fight. This provides a starting point to understand the conditions under which conciliatory governments are likely to fight against an ethnic group and the ways in which reputational dynamics affect each side's behavior. In what follows, I analyze the specific strategies each of the parties is likely to pursue as a result of these dynamics, and develop a series of corresponding hypotheses to test.¹⁰

Implications for Government Behavior: Factors Affecting the Decision to Fight

Governments should be more likely to invest in reputation (i.e., fight a particular ethnic separatist) when the expected value of deterrence is high. At least three factors are likely to affect this calculation: the number of challengers a government expects to face, the value of the land these challengers occupy, and the costs the government would have to pay to fight for these lands. The more valuable future lands and the more costly it will be to fight for them, the more cost effective reputation building becomes.

The Number of Future Challengers: As discussed above, reputation building makes no sense unless a game is likely to be repeated. The greater the number of future challengers, the greater the value associated with deterrence is likely to be, and the more likely a government is to fight. As Boris Yeltsin asserted in the summer of 1994, “[w]e cannot stand idly by while a piece of Russia [Chechnya] breaks off, because that would be the beginning of the collapse of the country.”¹¹ In the case of self-determination movements, governments can estimate the number of future challengers in at least three ways: the absolute number of ethnic minorities in a country, the number of ethnic

¹⁰ Note that these hypotheses verbally elaborate on the chain store model but do not directly follow from it. I have chosen not to take the implications of the model too literally for two reasons. First, the relationship between governments and domestic ethnic groups differs in certain important ways from firms described in the chain-store model. Second, certain data limitations (described in chapters four and five) make it impossible to test the full implications of the model.

¹¹ Yeltsin (2000: 58-9).

minorities that have not yet challenged, and the number of years a leader expects to be in office.

An important first step in determining who is likely to challenge and how much land is likely to come under dispute is to determine which groups have the possibility to mobilize against the state. One rough but easily observable measure is the number of ethnic groups in a country. Self-determination movements are almost always launched by ethnic minorities, and in particular concentrated ethnic minorities, that reside within a given country. All else equal, the greater the number of ethnic minorities in a country, the greater the number of self-determination movements a government can expect. This simple measure gives us our first hypothesis to test:

H_{1gov}: a government's decision to accommodate a group seeking self-determination will be inversely related to the number of ethnic groups in that country.

Governments interested in reputation building, however, are likely to distinguish between ethnic groups that have already challenged from those that have not. That's because fewer incentives exist to invest in toughness against later challengers, even if the absolute number of ethnic minorities in a country remains the same. Gorbachev, for example, was far more willing to negotiate with Estonia on independence, after Georgia, Azerbaijan, and Lithuania had already declared independence. This gives us our second hypothesis to test:

H_{2gov}: Governments should be increasingly willing to accommodate ethnic groups as the number of remaining challengers declines.

The number of ethnic groups in a country and the number of remaining challengers are not the only factors that are likely to determine how many separatist challenges a leader is likely to encounter. A leader's tenure in office should also make a

difference.¹² Leaders who expect to be in power for long periods of time, such as President Marcos of the Philippines or Suharto in Indonesia, can expect a larger number of challengers than those who expect to rule only briefly. The shorter a leader expects to be in power, the fewer challengers he or she is likely to encounter, and the less important reputation building becomes. The effect of a leader's tenure, therefore, gives us a third hypothesis to test:

H3_{gov}: A leader's decision to accommodate self-determination demands should be inversely related to the length of time he or she expects to be in office.¹³

The Value of Future Stakes and the Costs of Fighting for Them: Counting the number of challengers, however, does not address what is likely to be the main concern of governments. Reputation building is only important if the land that could come under dispute is valuable and the costs of fighting to keep this land is high.¹⁴ A government that expects to face future separatists who occupy relatively worthless land may have little interest in paying the costs to deter these groups. In this case it may be in the government's interest to grant concessions to all or most of the groups in order to avoid the costs of war. Similarly, a government that expects to face a series of weak opponents should be less concerned about building reputation than a government that expects to face

¹² The fact that leaders change and that different administrations may represent different types of leaders should not fundamentally affect the way the game is played; uncommitted administrations will still face strong incentives to invest in reputation and thus behave *as if* they were committed.

¹³ Although the theory predicts that most leaders will feel this way, some may not. Some individuals may care more about their historical legacy and will resist giving up territory even if they know they are likely to be office only a short time.

¹⁴ Why include the number of challengers at all? One of the challenges in testing reputational effects in civil wars is that data on the value of land occupied by ethnic groups is often rough and poorly measured. Including the number of ethnic groups, therefore, is a reliable proxy for the amount of land that could come under dispute, and therefore, the relative value of different pieces of territory to the government.

a series of more powerful and costly opponents. It makes no sense to fight the tough in order to deter the weak, if the weak are cheap and easy to defeat.¹⁵

This logic gives us two additional hypotheses to test:

H4_{gov}: A government's decision to accommodate separatist groups will be inversely related to the cumulative value of all the land within its borders that could come under dispute in the future.

H5_{gov}: A government's decision to accommodate will be inversely related to the costs of fighting all groups that could challenge in the future.

One of the conclusions to draw from the preceding analysis is that the reputation theory both complements and extends theories that emphasize the value of land as well as relative capabilities. Boris Yeltsin, for example, cared about the Chechen pipelines that carried oil from Central Asia to the Black Sea, and these interests almost certainly influenced his statement about "standing idle". What the reputation theory emphasizes, however, is that Yeltsin almost certainly factored in the potential for future losses in Uzbekistan, Tajikistan, Tatarstan and Turkmenistan. Governments and ethnic minorities care about each other's present interests and capabilities, but these calculations also depend on future interests and capabilities.

Implications for Ethnic Group Behavior: Determining If and When to Challenge

If it is true that governments consciously invest in reputation building, then it must also be true that ethnic minorities understand this and adjust their behavior accordingly. If reputations have no effect, there is little reason to build them, and the practice should fall out of favor. In what follows, I argue that ethnic minorities are likely to rely on four markers to determine when governments are likely to be tough. If the

¹⁵ Work by Triesman (2004), for example, has argued that governments with limited resources may have strong incentives to appease early challengers in order to conserve sufficient resources to deter others.

theory is correct, these four factors should strongly determine if and when groups challenge.

The Past Behavior of the Government: The most obvious way ethnic groups can attempt to gauge a government's response is to observe how it has behaved in the past.¹⁶ A government that has granted independence or autonomy to one group has revealed itself to be conciliatory and is likely to make peace again in the future. President Habibie provided considerable information to other minority groups in Indonesia in 1999 when he agreed to a referendum in East Timor. According to one activist in Aceh, "[i]f East Timor [is] granted the right to vote on its future, then there is no reason Aceh should not be next."¹⁷ A single act of accommodation, therefore, can provide substantial information about a government and have dramatic effects on ethnic group behavior.

This simple observation gives us our first prediction about ethnic group behavior:

H1_{eg}: Ethnic groups should be more likely to seek self-determination if they observe government accommodation toward an earlier challenger.¹⁸

But past accommodation is not the only way ethnic groups can collect information about a government's likely future behavior. Ethnic groups can also estimate a

¹⁶ A distinction needs to be made, however, between concessions being made before a war has been fought, and concessions made after a war has been fought. Theoretically, it is those cases where a government has not been willing to go to war – where it has made concessions without paying the costs of fighting its opponent (such as the Czech Republic) that signal a lack of resolve. Governments that are willing to fight a war, whether they are forced to make concessions in the end or not, signal clearly to future challengers that self-determination will be costly and their reputation should not suffer as much as a result. This point is brought to light in chapter six in terms of Habibie's decision to grant independence to East timor but only after years of costly fighting.

¹⁷ Lekic (1999: A9).

¹⁸ One possible counter-argument is offered by both Robert Jervis and Daryl Press in their work on reputation building. They speculate that a government that concedes may have an incentive to redouble its effort in the future in an effort to recoup whatever reputational capital it has lost. If governments behave this way, then ethnic groups would be less likely to seek self-determination after observing government accommodation toward an earlier challenger, not more. This argument, however, is refuted by the empirical findings in chapter five that show that ethnic groups are more likely to challenge after observing such concessions, not less.

government's response based on the conditions under which conciliatory governments have fewer incentives to bluff. As discussed above, conciliatory governments have decreasing incentives to fight: (1) the fewer the number of potential future challengers, (2) the lower the value of future land, and (3) the weaker future challengers. These are the times when at least partial concessions are likely to be made.

The Number of Potential Future Challengers: Ethnic groups know that conciliatory governments only have incentives to fight if they believe numerous additional challengers exist, all of whom are waiting to see if the government will reveal itself to be irresolute. Basque leaders, for example, have consistently acknowledged that Madrid is unlikely to agree to a self-determination referendum not because they are fundamentally opposed to concessions for the Basques, but because this would "lead to similar demands from other autonomous regions, like Catalonia and Galicia."¹⁹ Potential separatists, if they are forward-looking, should be aware of the incentives governments have to behave strategically and be more inclined to challenge when additional challengers are few or absent. This logic gives us our second hypothesis about ethnic group behavior:

H2_{eg}: The greater the number of potential future challengers, the less likely ethnic groups are to seek self-determination.

The number of future challengers, however, is also likely to be affected by a leader's time in office.²⁰ Ethnic groups should also be less likely to seek self-determination against leaders who are expected to have lengthy terms in office. While President Suharto of Indonesia expected to be in power for decades and thus face

¹⁹ Anderson (2001:43).

²⁰ This assumes that government leaders care more about their own individual reputation than the reputation of their party or the government as a whole. It also assumes that leaders are not motivated to be tough in order to preserve their historical legacy.

numerous disputes over self-determination, President Habibie expected to be in power for less than a year. Reputation building under the conditions in which Habibie operated was less important and ethnic minorities should know this.

This additional distinction gives us one more nuanced hypothesis for testing:

H3_{eg}: The shorter a leader's expected tenure in office, the more likely an ethnic group is to seek self-determination.

The Order in Which the Challenge is Made: Just as conciliatory governments have greater incentives to fight early opponents, so too do ethnic groups have incentives to challenge late. Ethnic groups understand that each successive group that challenges a conciliatory government reduces the government's value for reputation building and increases the chances of accommodation. Ethnic groups, therefore, who wish to maximize the likelihood of gaining concessions should delay their challenge until other ethnic minorities have chosen to act. This gives us a fourth hypothesis to test:

H4_{eg}: The fewer the remaining ethnic groups, the more likely any ethnic group is to challenge.

This strategy, however, creates a dilemma. If ethnic groups are likely to benefit by challenging late, who would ever choose to move first? Theoretically, ethnic groups can solve this problem in one of two ways. First, they can coordinate their attacks, transforming the repeated nature of play into a one-shot game. Conciliatory governments facing a single coordinated attack would gain little by investing in reputation building and have more incentives to make a comprehensive deal with all groups. If the theory is correct, therefore, we should observe a clustering in the timing of attacks, with numerous ethnic groups choosing to challenge the government at the same time.

There is, however, a potential problem with this strategy that may reduce its practice in the real world. Clustering may solve the problem of early entry, but creates a second problem of coordination. Ethnic groups who wish to synchronize their challenges with other ethnic groups must do so despite living in different regions, following different customs, and often speaking different languages. Moreover, the government will almost certainly be working to thwart such coordination. A simultaneous attack, therefore, might be ideal in theory, but difficult to manage in practice.

A second, more realistic option for ethnic groups would be to wait until the more committed separatists moved first. As will be discussed below, some ethnic minorities are likely to place a higher value on obtaining autonomy or independence, making them more willing to challenge despite lower odds of success. The Ibos of Nigeria and Uzbeks in Afghanistan had been seeking independence since colonial times and were both the first groups in their respective countries to challenge their governments. Some ethnic groups may be more committed to independence because they have suffered greater discrimination, making the status quo unbearable. Other groups may find themselves with a strong patron willing to finance their challenge but unwilling to wait until the government is more likely to negotiate. Finally, a group may suddenly lose autonomy as a result of historical events; East Timor demanded independence as a result of being abruptly abandoned by Portugal in 1975. Thus, ethnic groups will always exist that are willing to challenge first because their value for self governance is so high.²¹

²¹ The theory of reputation has nothing to say about which groups are apt to move early in the sequence and which are likely to fight longer and harder for their goals. This question is addressed in much greater detail in the large literature on ethnic mobilization and rebellion. See for example Sambanis and Milanovic (2004) and Fearon and Laitin (2003).

How Valuable is Deterrence?: Finally, ethnic groups should also calculate a government's expected utility for deterrence over time. If the costs of fighting exceed any benefits to be gained by deterring additional entrants then reputation building will not be a rational strategy for the government to pursue and ethnic groups should act. Self-determination movements, therefore, should be more numerous when the value of future stakes is low, and when the costs the government would have to fight for these stakes is high. This logic gives us two final hypotheses for testing:

H6_{eg}: Ethnic groups should be more likely to seek self-determination when the value of all land that could come under dispute in the future is low.²²

H7_{eg}: Ethnic groups should be more likely to seek self-determination when the costs of fighting all potential future challengers is high.

Explaining the Outbreak of War

A key question, however, remains unanswered. If governments are consciously seeking to deter challenges, and ethnic minorities are actively seeking to avoid fighting, why would we ever observe war? Wars continue to occur because the information ethnic groups are able to collect is neither complete nor perfect. First, ethnic groups will never be able to perfectly assess when they are facing a conciliatory government willing to negotiate because governments have incentives to hide this information. Ethnic groups know that conciliatory governments have declining incentives to fight wars as the number of potential separatists declines, but they do not know exactly when these incentives will disappear. Ethnic groups may challenge, believing they are likely to be met with

²² Note that a more literal interpretation of the model would offer a slightly different prediction. According to the model, ethnic groups should be more likely to seek self-determination when the government's expected value for future conflicts is low. Here expected value would weight the value of land by the probability of winning a fight against the challenger and the probability of a challenge. I do not use this interpretation of the model because data on the probability of winning is not available.

concessions, only to find that the government is committed, or not yet willing to concede. It is during this transition period — when the gains from reputation building are increasingly dubious— that mistakes are most likely to be made.²³

Wars may also occur because of numerous information gaps. Ethnic groups, for example, can never be certain how long a leader will be in power, or when he or she will be replaced. This is especially true in countries with no set term limits or constitutionally established elections. The first four Prime Ministers of India, for example, ruled for widely different periods. Prime Minister Nehru ruled for seventeen years, while his successor, Prime Minister Nanda ruled for thirteen days.²⁴ Similarly, Prime Minister Indira Gandhi ruled for eleven years while her successor was in power for just two years. Anticipating which leader is likely to have a particularly long time horizon, and therefore greater incentives to fight, is difficult to do under these circumstances. New administrations are likely to bring greater uncertainty and a higher likelihood of war.

Third, ethnic groups can also miscalculate the government's expected utility for fighting in any particular case. A group may overestimate its strength, or underestimate the value a government places on a piece of territory. The result would be a situation where the ethnic group expects a government to benefit from conciliation, but where the incentives to invest in reputation are still strong. The Ibos, for example, overestimated the amount of outside assistance they would receive in their fight against the Nigerian

²³ The unique sequential equilibrium shows that governments should fight against early challengers, play a mixed strategy in the middle, and then consistently acquiesce to the final challengers.

²⁴ Prime Minister Nanda served as interim Prime Minister of India after the death of Jawaharlal Nehru and was not expected to serve very long. He was followed by Lal Bahadur Shastri, who ruled from June 1964 until January 1966 when he died in office.

government, and therefore underestimated their capabilities.²⁵ Government behavior is influenced by a variety of factors that are difficult for would-be separatists to gauge, such as the costs and risks a government believes it would pay for future fights. Governments, for example, might choose to acquiesce to one strong challenger in order to conserve resources so that they can better fight a series of lesser opponents in the future.²⁶ Even under the best conditions, therefore, ethnic groups cannot know exactly how a government will respond to any given challenge.

The fact that ethnic groups cannot always correctly anticipate how a government will react does not mean that information gathering has no value or that it will not influence decisions to seek self-determination. Information about how a government behaved in the past, and on how many challengers it is likely to encounter in the future may not be a perfect predictor of how the government will behave in the future. But any information that reduces doubt about how a government will respond will also reduce the likelihood of war and be of great value to ethnic groups operating in an otherwise uncertain environment.

Additional Implications

Until now, we have analyzed the conditions under which governments have incentives to invest in reputation building, and the conditions under which ethnic minorities have incentives to challenge. We have also discussed those situations where ethnic minorities are most likely to miscalculate: in the middle of the sequence when it is not clear exactly when conciliatory governments will stop bluffing, in countries where an executive's tenure in office may vary widely, and in information poor environments –

²⁵ See Stremmlau (1977).

²⁶ See especially Triesman (2004).

environments when it is difficult for ethnic minorities to obtain information about the relative strength of the government and the relative value the government places on the territory under dispute. We have still not explained, however, a class of cases that does not fit any of these situations: self-determination conflicts that occur in seemingly information-rich environments.

The logic of the reputation theory implies that ethnic groups should almost always challenge a government that has shown itself to be conciliatory; a single act of conciliation should trigger a host of additional challenges. Conversely, ethnic groups should almost never challenge a government that has consistently refused to grant concessions in the face of multiple challenges; such a government is likely to be truly resolute. Yet, empirically we know that a number of groups have done the opposite. The Zomis, Mons, Shans, Kachins, and Karens of Burma have all launched armed challenges against a government that has granted no meaningful concessions to any of its many ethnic opponents. And the Chechens have been fighting a lengthy war against the Russians with no sign that Moscow will eventually concede.

These anomalies reveal limitations of the theory presented above. One of the simplifying assumptions made by the theory is that incomplete information is one-sided; only governments have private information and incentives to misrepresent this information. In reality, governments are likely to be equally uncertain about the type of separatist group they are facing. I believe that adding two sided incomplete information to the theory helps explain this seemingly irrational behavior by some groups.

Just as there are committed and uncommitted governments, there are also likely to be resolute and irresolute challengers.²⁷ One can think of “resoluteness” as the expected value ethnic groups place on gaining self-determination, which in turn is likely to be affected by factors such as the group’s commitment to self-rule, the value it places on the stakes over which it is fighting, its capabilities, and the costs it is willing to bear in order to attain its goals. Ethnic groups that are particularly resolute will be more willing to challenge despite low odds of success; their high value for gaining independence offsets the greater costs they are likely to incur. Less resolute separatists will require more certainty that the government is conciliatory before they will be willing to take action.

Ethnic groups know whether they are resolute, but the government does not. If a government knew for sure that it faced a resolute challenger, it would have fewer incentives to fight, and concessions would be more likely. Knowing this, ethnic groups may have incentives to exaggerate just how committed they are and to attempt to signal that they are willing to absorb high costs to obtain independence.

Ethnic groups can signal this commitment by launching challenges when the government is more likely to fight. This could be early in a leader’s tenure, early in a sequence of challengers, or after observing brutal behavior by the government against another separatist group. A challenge under these conditions is apt to be interpreted as signaling resoluteness, and may convince a more conciliatory government to grant concessions earlier than it otherwise would. Thus, ethnic minorities could potentially be making three calculations when determining whether or not to challenge: (1) how much they value the benefits of independence, (2) how likely the government is to be tough,

²⁷There is a large literature in comparative politics, anthropology and sociology arguing that the strength of some group identifications, and the resulting nationalism is stronger in some groups than others.

and (3) how signaling resoluteness might help their cause. The result is that different groups are likely to have different incentives to move early or late.

An interesting conclusion to be drawn from this analysis of ethnic group behavior is that the effectiveness of reputation building is never as perfect as governments (or ethnic groups) might wish. Governments can invest in reputation building, but the effectiveness of this strategy will be somewhat reduced because ethnic minorities anticipate this type of behavior. Conciliatory governments can choose to fight early opponents, but this reputational investment will not serve to deter as many opponents as they would like. Many ethnic groups will still choose to challenge knowing that this type of bluffing is occurring and that an early challenge may convince a government that it faces a particularly determined challenger. Similarly, the effectiveness of ethnic group strategizing will also be reduced by the government's ability to anticipate their behavior and not concede. Because governments know that irresolute types may have greater incentives to move early, governments are more apt to fight these groups. What this means is that any effect that we do see in the empirical chapters offers particularly strong evidence for reputation building.

One final question has not been answered. If wars over self-determination occur because there is uncertainty about both government and the ethnic group resolve, why do conflicts last as long as they do? Once it becomes clear that both the ethnic challenger and the government are resolute, a deal should be struck that allows both sides to avoid the additional costs of war.²⁸ Part of the answer, I believe, lies with additional information gaps that exist between the two combatants, in particular information that is impossible to obtain without first engaging in battle. Just as there is incomplete

²⁸ See especially Fearon (1995).

information about resolve, so too is there incomplete information over a host of other factors critical to the outcome of war, such as the financing of war, or cost tolerances of each side.²⁹

A second part of the answer lies with problems both sides are likely to face credibly committing to a compromise settlement.³⁰ Governments may offer to transfer political and economic control to a particular province as part of a compromise settlement, but ethnic minorities will have little power to enforce this deal in the absence of a continued military threat. Ethnic minorities, on the other hand, may promise not to seek independence if greater territorial autonomy is granted, but may have difficulty convincing the government that they will not escalate their demands in the future. In cases where the terms of settlement create large opportunities for post-treaty exploitation, a decisive military outcome may be the only solution.

Conclusion

This chapter reveals the analytic power that comes from applying a relatively simple model from economics to a complicated problem in international relations. It also demonstrates the power of looking beyond the immediate structural conditions surrounding secessionist movements and analyzing the larger game that is being played between the government and its many ethnic groups over time.

In the next chapter I investigate the theory more closely using incentivized laboratory experiments. I do this for three reasons. First, lab experiments allow the researcher to manipulate the decision environment in specific ways. Instead of relying on

²⁹ For an excellent discussion of information that is likely to be revealed during war see Slantchev (2003).

³⁰ For a sample of the growing literature on commitment problems in civil wars see Fearon (1995), Walter (1997, 2002), and Powell (2006).

observational data from historical cases (which can be highly unreliable), these experiments allow me to alter the values of specific variables while carefully controlling other parts of the decision context. Thus, I can determine the boundary conditions in which specific behaviors should be observed. Second, experiments allow the researcher to obtain unambiguous evidence about causation. If the predicted relationships do not emerge in the context of a highly controlled (and properly constructed) environment, then the assumptions about how individuals process information and react to incentives must be wrong. Finally, experiments also reveal deviations from purely rational behavior, opening a window for additional theorizing about different patterns we may see in the real world. What we will see is that the reputation theory does appear to explain much of the behavior that emerges in a situation of repeated play and incomplete information, but not all.

