

James Fearon, "Domestic Political Audiences and the Escalation of International Disputes," APSR September 1994

Fearon uses game theory to model a political attrition crisis:

Players: The leadership of two States in conflict over a given prize (hereafter referred to as "states")

Strategies: Each state can choose at any time to 1) attack, 2) back down, or 3) escalate the crisis.

Payoffs:

1) The prize in the conflict goes to the state that does not back down.

2) Both states suffer a war cost if military conflict ensues. This war cost incorporates military expectations, the value of the prize, and the cost of fighting. Fearon notes that the war cost indicates the "war resolve" of the state since lower costs will make states more willing to fight.

3) A state that escalates and later backs down suffers audience costs which rise over time with the level of escalation. These costs arise because domestic audiences use the crisis to determine how much to punish the leadership for its unsuccessful foreign policy while international audiences use the crisis to test the credibility of the state's threats.

Under complete information, war never happens. As escalation proceeds, audience costs rise while war costs remain constant. Thus both states can anticipate which state will be the first to reach a point where audience costs are higher than war costs. At this point that state is "locked in" to conflict since it prefers fighting to backing down. The other state thus gives up the prize on the first move and never escalates the crisis to begin with because it knows that it cannot force its opponent to back down.

Under incomplete information about "war resolve" the story changes. Neither state can anticipate the point of escalation where its opponent will back down. Moreover, both states have an incentive to convince their opponent that they are more resolute than they really are, since this would encourage the opponent to back down. But both states know about this incentive, so they disregard this information. Thus a signaling device is needed that can credibly convey information about resolve.

Fearon argues that publicly observable audience costs provide this signaling mechanism. States with high audience costs will only escalate if they are committed to using force. If they are not truly willing to fight, escalation will merely increase the size of the punishment the leadership will face when it later backs down. On the other hand, states with low audience costs are more likely to engage in "limited probes" in which they escalate even if they later intend to back down. Thus audience costs increase the information content in escalation by increasing the likelihood that an escalation is not a bluff.

Implications:

1) Relative capabilities and interests do not determine the outcome of a crisis already in progress. If capabilities and interests are observable before a conflict occurs, then leaders never enter the crisis to begin with since they can determine which side gets locked in first. Fearon concedes that these variables are important for determining whether a weaker state cedes a contest at the outset before escalation occurs. However, they cannot help us to predict the result of a crisis that has already begun.

2) For crises in progress, the state more sensitive to audience costs is always less likely to back down.

3) Fearon asserts that democracies on average have higher audience costs than nondemocracies because they are less insulated from domestic pressures, so his model may help explain the democratic peace.