The long-run effects of communication as a conflict resolution mechanism

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ABSTRACT

The paper studies an experimental conflict in a repeated game and tests the robustness of communication as an *intermediate* conflict resolution instrument. The results show a strong and persistent impact of communication. Most conflict parties refrain from conflict expenditures even after the opportunity for communication has expired. Third party involvement with punishment options does not enhance this effect while contesting one prize rather than multiple prizes reduces it. Conflict resolution is less successful even in the long term if initial conflict intensity is rather high.

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1. Introduction

Most conflict resolution processes involve communication between the opposing sides. Talking to each other is a simple, cheap and omnipresent instrument for reconciliation. However, communication does not end hostility automatically and many settlements collapse after a while. At the same time, we know too little about the factors that reduce the effectiveness of communication, in particular in the long-run. One reason for that deficit is that most peace talks occur unrecorded and in deliberate privacy. Moreover, conflict parties give contradicting reasons in case of failure. Since 'real' conflict data also suffer from selection and endogeneity problems (Abbink, 2010), this paper uses an experiment to study critical factors that jeopardize conflict resolution via communication.

The paper tests precisely how three typical problems influence the impact of communication as a settlement device. First, conflict *resolution* processes face temporary constraints. They occur only after initial conflict expenditures. This property distinguishes resolution from conflict *prevention* (Ramsbotham et al., 2011). The distinction matters because the concept of reciprocity suggests that an initial conflict history induces some contestants to retaliate against the opponent instead of seeking an accommodating agreement. Conflict intensity can also have an adverse effect on communication quality, e.g. when the conflict parties refuse even to shake hands.[1] As an additional temporary constraint, contestants talk with each other but eventually go home. For example, at the end of World War I, the Stab-in-the-back myth suggested that the German Army had been betrayed by the civilian politician who had signed the Armistice in 1918. This nationalist myth effectively undermined post-war rapprochement and destabilized the Weimar Republic (Barth, 2003).

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[1] This happened at the first high-level talks between Serbian and Kosovo officials after the end of their armed conflict.

The temporary constraints also relate to the second typical feature of conflict resolution that I study in this paper. The economics textbook approach to conflict resolution relies on credible commitments and/or the enforcement of contracts by third parties (Schelling, 1960; Williamson, 1983). However many accommodating agreements do not satisfy these preconditions.[2] This paper studies whether third party interventions with targeted sanctions can replace such arbiters and support 'pure' communication.

As a third feature of conflict resolution processes, the paper takes into account that it is particularly difficult to make accommodating agreements between conflict parties when prizes are indivisible.[3] Theories of (static) social preferences (e.g. Falk and Fischbacher, 2006; Fehr and Schmidt, 1999; Köszegi and Rabin, 2006; Mago et al., 2016) suggest that conflict parties face a coordination problem. The contestants are ready to give up resources in order to implement an outcome that is both efficient and fair. At the same time, they are reluctant to act cooperatively because they fear exploitation by the opponent. Therefore, they want to match the expenditure of the opponent in symmetric binary conflicts with multiple prizes. Now communication can help the contestants to coordinate on the most efficient equilibrium, i.e., the sharing of the prizes at minimum expenditure. However, once prizes are non-divisible and people care about ex-post outcomes, such coordination is not feasible.

In the experiment two opposing parties are locked into a conflict situation, more specifically a variation of the Tullock contest (Tullock, 1980).[4] They compete either for one indivisible prize or for multiple prizes (one per round). After some periods a window of opportunity arises in some conflict games. The contestants can communicate with each other in order to settle the conflict. In some cases a third party joins the communication and may even be able to punish misbehaving contestants. However, this window of opportunity closes eventually and the contestants fall back into the initial conflict situation until the end of the experiment.

The results show that contestants typically cannot achieve a cooperative outcome without communication. Conflicts with a high level of pre-communication conflict intensity also see less cooperation. However, in most conflicts communication reduces expenditure to a minimum level where it remains until the very end of the experiment, i.e. well after the end of the any verbal interaction. A detailed analysis of the communication shows that people are ready to cooperate if they can agree on a non-binding, mutually beneficial strategy. Hence, many conflict parties agree on a minimum effort level which maximizes the aggregate income and ensures equality in (expected) incomes. In the case of multiple prizes, some also agree on taking turns in winning which ensures an equitable outcome. If communication is de facto a necessary condition to end a conflict, the results also show that it is often not a sufficient one because of the aforementioned restrictions. Temporary constraints and contract incompleteness curtail the effectiveness of communication. In particular, conflict resolution is more likely to fail if an inseparable prize does not allow for equality of ex-post incomes. At the same time, third party interventions do not improve on this outcome even with a punishment option.

The next section describes how this study contributes to the literature while Section 3 the experiment in greater detail. Section 4 provides procedural details. Section 5 the behavioral predictions, and Section 5 documents the results. Section 6 discusses the implications of the results and concludes.

2. Contribution to the literature

Several studies provide clean evidence that communication restricts competitive and conflict behavior (Brandts et al., 2015; Cason et al., 2012; Harbring, 2006; Leibbrandt and Sääksvuori, 2012).[5] One mechanism in this context is the positive impact of communication on trust (Wuthisatian et al., 2017). My results qualify this insight because they show some mechanisms that limit the effectiveness of communication in the alignment of interests even in rather abstract environments like an economic lab experiment. More specifically, long-term commitment problems provide one reason. This observation is in line with previous evidence. Eisenkopf and Bächtiger (2013), for example, study the impact of communication on conflict *prevention* in the context of a common-pool problem. They show that communication can lead to a particularly unfair distribution of common pool resources if one side signals trustworthiness but exploits the common pool unilaterally afterwards.[6] However, the literature does not provide a systematic investigation into the limits of communication. This paper makes three contributions in this context.

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[2] The first Minsk Protocol from September 2014, an agreement to halt the war in the Donbass region of Ukraine, provides a recent example for such an incomplete and unenforceable agreement. Even a subsequent additional memorandum did not eliminate ceasefire violations and clarify different interpretations of the agreed text. Kimbrough et al. (2015) provide more examples.

[3] The fact that the Western Wall and the Al Aqsa Mosque are at the very same location is a major complication in the negotiations about the future status of Jerusalem amid the entire Israel—Palestine peace process. Since these holy sites of Judaism and Islam are inseparable each party wants to exercise control about them.

[4] The Tullock contest is arguably the most widely used model for the experimental study of conflicts (Abbink, 2010; Dechenaux et al., 2015; Kimbrough et al., 2017). It resembles key features of theoretical conflict models in political sciences (Favretto, 2009; Kydd, 2006; Sambanis and Shayo, 2013). The contestants can invest resources in order to increase the probability to win a prize. Any increase in investment simultaneously reduces the probability of the opponent to win the prize in the specific round.

[5] See also the survey in Dechenaux et al. (2015).

[6] The literature provides some experimental evidence on alternative mechanisms that address credibility problems in conflict resolution, for example side-payment agreements (e.g. Charness et al., 2007; Kimbrough and Sheremeta, 2013) or the commitment to a randomly determined outcome (Kimbrough et al., 2014). Kimbrough et al. (2015) show that even without binding contractual agreements individuals often avoid conflict by committing to the outcome of a conflict resolution mechanism.