Talking is Not Cheap

Costly signalling on the path to peace settlements in intrastate armed conflict, 1989-2002

Isak Svensson
Department of Peace and Conflict Research
Uppsala University
isak.svensson@pcr.uu.se

Prepared for the workshop on ‘Resources, Governance Structures, and Civil War,’ European Consortium for Political Research, Uppsala, Sweden 13 –18 April 2004. As this is a draft in an on-going dissertation research project, please do not cite without permission of the author.
ABSTRACT

In this paper, I argue that the fact that negotiations are politically costly in intrastate armed conflict creates a selection effect on the process from war to peace settlement. Previous research has failed to take this selection effect into account. Hence, while previous research has identified cost, complexity and the presence of third parties as important explanatory variables for negotiations and peace settlements, these variables may better be understood as indicators of the parties’ audience cost, which makes negotiations more or less costly. If we take the selection effect into account, we have theoretical reasons to expect that these variables will have different effects depending on which phase the belligerents are in. Employing censored probit with new data on intrastate armed conflict 1989-2002, I find that two factors that increase the audience cost of negotiations – duration of conflict and number of warring groups – have a negative effect on the probability of initiation of negotiations. Given that negotiations have been initiated, however, the effect changes and there is a positive effect on the probability of settlement. Furthermore, I find that the presence of a strong third party increases the likelihood of initiation of negotiations, but decreases the probability of conclusion of such negotiations in a peace deal. These findings are consistent with the theoretical expectations of a selection effect in the de-escalation process.
INTRODUCTION

Private information is argued to play a pivotal role in explaining why wars begin (Blainey 1988, Wagner 1999, Fearon 1992, Fearon 1995; Gartzke 1999, Wagner 1999). Consequently, how that information is revealed should be an important explanation of peaceful settlement of armed conflicts. Belligerents hold information unknown to each other, and at the same time they have incentives to bluff about such information. Being stuck in this “information failure”, rational actors may reveal their privately held information through costly signalling. Private information, such as the level of the belligerent’s resolve, may be shared in - and through - the path from fighting to settlement and the chances of a peace settlement should therefore change accordingly. In this paper, I develop an argument drawing on costly signalling theory in order to explain the initiation and outcome of negotiations in intrastate armed conflicts.

Armed conflicts within states are contests over recognition and authority. Hence, belligerents, especially governments, are sensitive to paying the “audience costs” of legitimising the enemy. To initiate negotiations with the opponent is by itself a sort of recognition and is therefore, under some circumstances, politically costly. The readiness of some actors to involve in politically costly negotiations - a costly signal - may reveal information about the belligerents’ degree of resolve. I argue that if negotiations sometimes are costly, we should expect to see a selection effect in the de-escalation process, which previous research has failed to consider. This gives us reason to question some findings in previous research, since the implications of signalling through politically costly talks have not been taken into account.

Previous research has identified cost, complexity, and third parties as important explanatory variables for initiation and outcome of negotiations in intrastate armed conflict. However, these factors have not been related to the process of de-escalation, and more specifically the process by which parties engage in costly signalling. These factors are better understood as indicators of the belligerent’s costs. If audience costs are increased, then negotiations should be less likely, but it should be more likely that those negotiations result in an agreement. In those situations onset of negotiations serves as a
costly signal, which reveals private information about the belligerent’s degree of resolve. Hence, the effect of the factors that increase the audience costs is different in the two steps of the de-escalation process. Likewise, if audience costs are decreased, then negotiations should be more likely, but belligerents should be less likely to come to an agreement in those negotiations. Hence, the effect of the factors that decrease audience costs is different depending on whether the belligerents have initiated negotiations or not. This paper explores and tests this argument, employing new data on intrastate armed conflict, 1989-2002. With the help of censored probit estimation technique, 101 armed conflicts are examined.

I find an empirical pattern consistent with the theoretical expectations of a selection effect in the de-escalation process. The two factors that increase the audience cost of negotiations, that is, duration of conflict and number of warring groups have a negative effect on the probability of initiation of negotiations. Given that the belligerents have initiated negotiations, however, conflict duration and number of warring parties have a positive effect on the probability of settlement. Furthermore, I find that the presence of a strong third party increases the likelihood of initiation of negotiations, but decreases the probability of conclusion of such negotiations in a peace deal. Strong third parties may force the belligerents to negotiate, but parties who are forced to sit down at the negotiation table have not revealed information about their resolve in the same degree as belligerents who negotiate voluntarily.

The outline of this paper is as follows. In the first part, the theoretical framework will be presented. In that part, I will briefly describe the strategic choice explanations of conflict, criticise previous research, and develop my argument about politically costly negotiations. In the second part, the research design for testing the hypotheses will be described. In the third part, the findings will be presented and thereafter, in the forth part, these results will be analyzed in relation to previous literature.
THEORETICAL FRAMEWORK
From a strategic choice perspective, wars result from the parties’ failure to credibly communicate information about their true resolve to each other (Blainey 1988; Fearon 1995). Armed conflicts should not be expected between fully informed actors. Given that war is always costly for the parties, rational actors should strive to achieve their goals without engaging in costly conflict (Fearon 1995; Lake and Rotchild 1998). Fighting destroys contested resources and therefore, “at the very least, the same ex post agreement could be reached without the use of force, and the resources that would have been expended in violence somehow divided between the parties ex ante” (Lake & Rotchild 1998:11).

Private information may partially account for the existence of war, despite its costliness. “Private information” is information known to one of the actors, but not to others. The parties’ level of resolve, such as the degree of willingness to suffer for a cause or the capability to continue to engage in armed conflict, is private information. Communicating private information is generally not credible due to the incentives for misrepresenting this kind of information. Three such incentives can be mentioned. First, parties may achieve better results in a conflict if they bluff about their true intentions. For example, even though they may not be willing to sacrifice substantially in order to reach their goal, by bluffing and trying to convince the opponent that they would indeed be ready for such sacrifices, they may reach results without paying the price. Thus, they may gain more at the negotiation table by playing tough. Second, some parties may be truly aggressive, but due to their national or international reputation they do not want to be seen as the aggressors. Third, if groups have strategies for achieving victory, such strategies cannot be revealed to their enemy (and thereby convincing them of the necessity of a solution short of war) because the chances of successfully implementing such strategies would then be jeopardised. (Fearon 1995; Lake and Rotchild 1998). Information failures, situations of asymmetric information where the belligerents have incentives to bluff about such information, are

---

1 This argument is based on the assumption that the actors, who are rational and unitary, know their own degree of resolve, and do not value killing and destruction for its own sake (Fearon 1992). For the argument that this reasoning also apply in situations where actors are motivated by relative (and not absolute) gain, see Powell, Robert. 2002.
constant in human affairs. However, the degrees and consequences are not. In the context of armed conflicts, these failures are especially acute.

Costly signals are mechanisms for communicating privately held information in a credible way and thus lessening the information failure. The logic of costly signals is that of separation of “types”. Different types of actors have different levels of cost-sensitivity and the cost of the signals separates these types of actors, distinguishing those that are ready to suffer cost from those that are not. Thus, some types reveal themselves through taking upon themselves costs that other types would be less willing to pay. “If discrete types take different actions, then observers can infer the actor’s type from its actions.” (Morrow 1999:87)

Given the central role of information in the explanations for peace and conflict, it is interesting to study how parties can credibly reveal information in, and through, the process from war to peace. As argued by Filson & Werner, “if private information is an important explanation for why war begin, one might then conclude that revelation of that information would be an important source for peace and the process by which that information is revealed an important part of the war termination process.” (Filson and Werner 2002:819) If previously unknown information is revealed along the path from fighting to settlement, this implies a selection effect - a process of rational self-selection. In such processes, the belligerents select themselves into the next step of the process, due to an underlying, unobservable variable: the degree of resolve.

**Previous research on negotiation and peace agreement**

Previous quantitative research has neglected to consider the implications of selection effects in the de-escalation process. In this paper I examine three explanatory factors that are important in previous research. I argue that these factors are better understood as indicators for the belligerent’s degree of “audience costs”. With audience cost, the parties have possibility to engage in costly signalling. Walter (2002) finds that conflict duration has a significant and positive effect on the probability of negotiations, but no effect on the probability of peace agreement. Mason & Fett (1996) find that conflict
duration has a positive effect on the likelihood of peace settlement. The way these findings are theoretically explained is that conflict duration increases the cost and thereby the disincentives for conflict. I argue, however, that this is not the only function of conflict duration. Conflict duration may also increase the audience cost and thereby create possibilities for costly signalling of private information.

Furthermore, a second factor can be re-interpreted in a similar way. Jackson finds that “the more additional parties there are to the dispute, the lower the success of negotiation” (2000:333). His explanation is that numbers of parties make the dispute more complex and therefore more difficult to resolve. However, additional parties do not only increase the complexity. They also function as an audience and thereby increase the potential reputation costs for the belligerents, especially for the government (Walter 2003).

Moreover, a third factor also influence the degree of audience costs. Third parties have been found to have an effect on the likelihood of negotiations and peace agreements. They may change the parties’ incentives for armed conflict and peace (Stedman 1996), provide security guarantees (Walter 2002), monitor the compliance of the belligerents (Fortna 2003), or facilitate the communication between the parties (Rubin 1994). However, as argued by Werner (2003), third parties may by their presence make the signalling between the primary parties less revealing. If the process from war to peace is considered from a self-selection perspective, then the role of third parties may be seen in a new light.

The problem with previous research in regard to these three factors is that it has not adequately addressed the influence of the process. For example, Mason & Fett (1996) study the conditions under which parties reach a peace settlement. However, due to the potential selection-effects in the de-escalation process, the conditions under which parties decide to enter into negotiations may change their effect once they entered into politically costly negotiations. Information may be shared in that process and therefore the likelihood of peace settlements may change accordingly. Mason & Fett (1996) investigate this process without distinguishing between prior or post a costly signalling
event, which do not take into consideration the possibilities of selection effects. Jackson (2000) focuses on the question of how negotiations can be successful, but the cases selected are negotiation-attempts, which may bias the sample. Walter (2002) does make a distinction between the phases of de-escalation, and finds, interestingly, that “the factors that bring governments and rebels to the negotiating table are very different from the factors that allow them to reach and sign settlements” (Walter 2002a:74). However, in the empirical analysis, she does not estimate both phases simultaneously, nor, in the theoretical analysis, does she discuss the potential of selection-effect in the de-escalation process.

**Initiation of negotiations as a costly signal**

Negotiated settlement should be more likely when information about the level of parties’ resolve is revealed. One way of revealing private information is to engage in costly signalling. While war is a sort of costly signalling by itself, I argue that in some circumstances it may be more politically costly to involve in negotiations. Especially this should be the case when the parties may be more sensitive to “audience cost”. Negotiations, as crisis, are “public events carried out in front of domestic political audiences”, and do therefore generate “audience costs” (Fearon 1994:577). Hence, when there is an audience watching the moves of the belligerents, and this audience may be affected by the decision taken by the parties, then the combatants may be reluctant to involve in any actions that may jeopardise their image. For example, if a government, by opening negotiations with the rebels, signals weakness this may inspire other groups to believe they can achieve their goals in the future. This may make it more likely for the government to face further escalation from other groups in the future. Thus, giving away recognition now may create reputation costs that have to be paid in the future. Governments, faced with several armed challenges against its authority, may have incentives to “invest in a reputation for toughness” (Walter 2003:139).

If one of the parties, despite the political cost implied in those measures, nevertheless engage in negotiations, the other side may draw conclusions about the level of resolve of that party. The costly signal of entering into negotiations may therefore differentiate between “types”. For example,
governments with the hope and willingness to pursue the military option should generally be more reluctant to involve in processes of de-escalation, while governments with more conciliatory intentions should be more willing to take the risks of de-escalation. In other words, political audience costs might differentiate between the two types of actors, because “the nice type is willing to take greater risks to establish mutual co-operation than the mean type” (Kydd 2000b:340).

The Egyptian President Sadat’s dramatic visit to Israel in 1977 illustrates this mechanism. By taking the political risk and cost of travelling to Jerusalem and openly addressing the Knesset – a huge audience cost in regard to own extremists and other Arab countries – the President was able to reveal credibly his level of resolve, and thereby increase the possibility of a settlement.

Why is the question of recognition so important in intrastate armed conflicts? Armed conflicts within states are marked by structural asymmetry. One of the fighting parties is the government, which is a recognised and legal (although not always legitimate) political entity. The other party, the rebels, strive for recognition as both a mean and a goal in their armed struggle. In intrastate armed conflicts, the problem of asymmetrical recognition is identified as one of the most important obstacles to negotiations (Zartman 1995). As Guelke argues, “a motive for insurgents to seek negotiations […] is that it gives them a measure of legitimacy, by underscoring the political nature of their demands and by the implication that the conflict cannot be ended without their participation in a settlement” (Guelke 2003:57).

If a government accepts to enter into negotiations with a rebel group this implies a sign of recognition. (Zartman 1985; Zartman 1995). Thus, negotiations are costly for the government side because they imply that the government does not have control over the territory, which is usually part of the very definition of a government. Furthermore, entering into negotiations removes one strong instrument for mobilisation of support, namely labelling
the rebels as “terrorists” who cannot be talked to. In addition, governments generally want to keep the sole authority to decide the management of the issues and may therefore be reluctant to involve in the kind of joint decision-making, which is implied in negotiations.

Not all negotiations should be expected to generate such audience costs. Belligerents may seek the negotiation table for a magnitude of reasons, not always relating to a quest for a peaceful solution of the conflict. “Negotiations may be a tactical interlude, a breather for rest and rearmament a sop to external pressure, without any intent of opening a sincere search for a joint outcome” (Zartman 2000). Hence, belligerents may sometimes seek the benefits of de-escalation without paying the price of recognition. Some negotiation attempts should therefore be regarded as non-costly events. Subsequently, secret negotiations should not generate audience costs. Furthermore, negotiations through intermediaries, where the parties never meet, should not be expected to imply audience costs. In addition, talks that are not relating to conflict issues should be expected to be less costly than those that do.

Note what it is that makes the negotiations costly in this explanation. In game theory it is generally assumed that communication per se is non-credible. Talk is cheap. However, the focus here is not on the discussion or the way it is conducted. Neither on exactly what the parties say to each other, at the tables or in the corridors. The interest here is the public act of negotiations, reported in news media. Thus, the cost is related, not so much to the content and process of the discussions, as to the fact that the parties are ready to talk to each other publicly.

---

2 The signal that the onset of negotiations communicates may be unique for the intra-state setting. In interstate wars, the question of legitimacy and recognition does not generally have the same importance, given that the parties already are recognised entities.

3 This argument is based on the assumption that the public is pro-continuation to the armed conflict, and not pro-conciliation, as conciliatory behaviour towards the enemy side here implies audience costs, which should not be the case if the public were pro-conciliation. As argued by Aggestam & Jönsson (1997:778), “active domestic groups in most conflicts rarely raise demands in favor of more accommodative strategies, but rather against further concessions and compromises.”
Audience costs may consist of conflict duration and number of warring groups. In order to test the implications of a potential selection effect in the de-escalation process, the following hypothesis is formulated:

**Hypothesis 1:** The larger the audience costs, the *less* likely that negotiations will be initiated, but the *more* likely those negotiations will lead to a peace agreement.

Onset of negotiations may serve as a signal about primary parties’ level of resolve. However, the presence of strong third parties may hinder this revelation process. When strong third parties enter into the conflict, the signalling of resolve between the primary parties might get blurred. The primary belligerents may become more uncertain whether the moves of the enemy signal something about the level of resolve, or whether they are merely due to outside pressure. Strong third parties, thus, may take away the potential to strategically use politically costly events.

Primary parties may, plausibly, have incentives to try to please an influential third party that wants the conflict to end peacefully. The parties, thus, have incentives to “stay in the process”, endlessly postponing an agreement and portraying themselves as peace-loving, while they have no real interest to solve the incompatibility or stop the fighting. In short, they may want to filibuster. Given that the signalling effect depends on whether negotiations are seen as voluntary or due to outside pressure, it is necessary to control for (potential) third party leverage. In order words, the existence of a powerful third party may make the onset of negotiations a less revealing signal about the level of belligerent’s resolve. Thus, one may expect that a strong third party may force the primary parties to the table, and should thereby be positively associated with the onset of negotiations. However, precisely because onset of negotiations is forced by powerful outside third parties, the presence of such parties will decrease the probability of peace agreements. Under these conditions, negotiations will become more likely, but agreement less.
To conclude this section, a second hypothesis is formulated in order to test another implication of the argument that parties self-select in the de-escalation process:

Hypothesis 2: If a strong third party is present, then negotiations will be more likely, but it will be less likely that those negotiations will lead to a peace agreement.
RESEARCH DESIGN

Data
In order to test the hypotheses above, I will use a new data-set from Uppsala Conflict Data Project (UCDP), that include armed conflicts from 1989-2002. Intrastate armed conflict is defined as a contested incompatibility that concerns government and/or territory, where the use of armed force between two parties, where one is the government of a state, and the other an opposition organization, results in at least 25 battle-related deaths (Eriksson 2002). The variables vary according to which rebel-groups that participate in the conflict and also through time. Thus, the unit of analysis is conflict-dyad-year. A conflict is included from the first year it reaches 25 battle-related deaths until it is coded as conflict termination. A conflict may terminate through peace agreement or through victory. If there is a lull in the fighting and the conflict is not terminated in any of the two ways mentioned above, the conflict-dyad is still included.

The two dependent variables are estimated using two different population of cases. In the first equation (negotiation), all 1274 conflict-dyad-years are included, while in the second (peace agreement), only the 100 that have initiated negotiations are included. The dyads in the second equation have selected themselves into the population of negotiating dyads.

Dependent variables

Onset of negotiations
In this study I have two dependent variables. The first is onset of negotiations. Negotiations are defined as talks that are held between at least two of the warring parties. The talks have to be connected to one or more issues related to the armed conflict. (Uppsala Conflict Data Project, Coding Rules). Conflict related issues might include cease-fires, exchange of war prisoners, the creations of humanitarian zones, etc. Negotiations about future negotiations are not included in this variable. Note that secret negotiations are not included, nor are negotiations through intermediaries, where the parties
never meet. Onset of negotiations is coded as the first time negotiations occur, during the period 1989-2002.5

Peace Agreement
The second dependent variable is peace agreement. Peace agreements are defined as signed treaties which regulate the incompatibility, which are concluded between the warring parties, and which put an end to the violent conflict behaviour. Thus, peace agreements should address both the termination of use of armed force and the regulation or resolution of the incompatibility. To be included as a peace agreement, the parties in the conflict-dyad must sign the peace agreement. I only included peace agreements that lasted at least one year. Peace agreements can be signed before or after the end of the violent conflict behaviour.6

Independent variables
Audience costs
Two indicators are used as proxies for audience costs in this study. First, the numbers of other warring groups. Entering into negotiations with a rebel-group is more politically costly when there are other rebel-groups watching, than when there are no others (Walter 2003). The more groups that the government has an unresolved armed conflict with, the more costly to enter into negotiations with any of those groups. This is coded as numbers of rebel-groups that have been engaged in armed conflict, resulting in minimum 25 battle-related deaths, and where the incompatibility has not been resolved nor the rebel group defeated.

The second proxy for audience cost is conflict duration. The type of conflict that the belligerents have engaged in may also affect level of audience cost. The longer the conflict has continued, the more life, time and resources have been invested in trying to defeat the enemy. Given the polarisation, mobilisation-efforts and investments in propaganda, to talk to the enemy should be more costly longer conflicts than after shorter ones. This is coded

---

4 When this paper was prepared, Israel (Palestine) and Spain (Basque) were missing from the data-set. These cases will be included in the next version of the paper.
5 I plan to control for negotiations held before 1989 as well.
6 The data is from the conflict database at the Uppsala Conflict Data Program, www.pcr.uu.se
by counting the number of years since the conflict started, which is defined as the year when the conflict causalities reached the threshold of 25 battle-related deaths.\footnote{In some cases where that information was missing, I used the first year of battle-related death as a starting date instead.}

\textit{Strong third party}

How to measure whether, and to what degree, third parties exert pressure on the parties before they take the decision to initiate negotiations and sign an agreement, is difficult. There is obviously a high degree of uncertainty included in these interactions, and even the parties themselves cannot be sure whether there is third party pressure behind the primary parties’ actions. The actors, as well as the researcher, must try to identify indicators for such third party pressure.

I identify whether a strong third party was present the year negotiations were initiated. Third parties are actors who do not share the positions on the incompatibility of any of the primary parties, while they are active in order to resolve the conflict. Strength is coded as the military strength of the third party country relative to the military strength of the government. The data used is from the military expenditure database at SIPRI. Figures are in US $m., at constant 2000 prices and exchange rates, and are for calendar year. Figures in constant dollars are converted using the market exchange rate for all countries (SIPRI).

\textit{Conflict intensity}

Two control-variables are used in this study. Mason & Fett (1996), Walter (2002) and Jackson (2000), find conflict intensity to be an important explanatory variable for negotiations and their success. I therefore include a dummy-variable to measure conflict intensity, which is measured by whether or not there are more or less than 1.000 battle-related deaths per year being reported.\footnote{It would have been preferable to use the number of total deaths in raw numbers, without categorization, but I do not have reliable data on precise numbers of deaths.}
Conflict incompatibility
The second control variable is the conflict incompatibility. Whether the parties are fighting over territorial or governmental issues may be important in order to explain peace negotiations and agreements (Zartman 1995, Wallensteen 2002).

Estimation technique
One way to statistically estimate a process with selection effects is to use censored probit (Reed 2000; Reed and Lemke 2001) Öberg 2003. With this technique it is possible to estimate jointly the likelihood of dyads becoming involved in negotiations and through those negotiations reach an agreement, controlling for any indirect effect. This indirect effect is a potential increase in probability for agreement because of the existence of negotiations. Furthermore, censored probit also gives a measurement of the degree of correlation between the two dependent variables’ error terms, which may be interpreted as an indication of an effect from an unobservable variable — in this case that hidden variable is thought to be the belligerent’s level of resolve.
FINDINGS AND DISCUSSION

The findings can be found in the second column of Table 1. As a criterion for statistical significance, a p-value of 0.05 is used. The standard errors are adjusted to clustering on conflict incompatibility. In the first hypothesis it was expected that the larger the audience cost, the less likely that negotiations will be initiated, but the more likely those negotiations will lead to a peace agreement. I find that duration of conflict seems to reduce the likelihood of peace negotiations getting started. Likewise, the number of warring groups also has a significant and negative effect on upstart of negotiations. However, given that negotiations have been initiated, the direction of the effect changes. Conflict duration and number of warring groups have both a significant and positive effects on the probability of peace agreement in negotiations. Hence, I find support for hypothesis 1.

Table 1 about here

The findings regarding hypothesis 2 are also reported in the second column of Table 1. In hypothesis 2, I expected that if a strong third party were present, then negotiations would be more likely, but those negotiations were less likely to lead to a peace agreement. I find support for hypothesis 2. The presence of strong third parties has a negative and significant effect on the likelihood of initiation of negotiations. Given that negotiations have been initiated, however, the effect changes direction. The signs change from negative to positive, while the effect remains significant.

The censored probit estimation gives a measurement of the degree of correlation between the two dependent variables’ error terms ( []). [] is significant, which is “consistent with the operation of a causal selection process” (Lemke and Reed 2001:460). This finding gives some support for the

9 I also tried to adjust the standard errors for clustering on dyads, instead of on conflict incompatibility, but that does not make any substantial difference to the results.
10 I also used another specification of strong third parties, and included inter-governmental organizations (IGOs) in that category. I found a similar, but less clear pattern. The effect of third parties, coded as either strong country and / or IGOs, was significantly positive in the first step and negative but not significant in the second step.
theoretical argument of a selection process. The negative sign of $r$ is an indication that the unmeasured variable - argued in this paper to be belligerent’s resolve - increases the likelihood of initiation of negotiations should decrease the probability of peace agreement.

The results in the second step contrast with ordinary probit estimations where the equations are estimated separately. Consider the first column of Table 1. In such estimations, strong third party has a significant and positive effect on both upstart of negotiation as well as the conclusion of negotiations in agreements. Neither number of warring groups, nor conflict duration has a significant effect on the likelihood of agreement. The (non-significant) effect is the opposite from the censored probit model in these cases: both conflict duration and number of warring groups are negatively correlated with the likelihood of agreement. The two control-variables, intensity of conflict and incompatibility, do not seem to affect the likelihood of agreement. The direction of those variables is the same as in the censored probit model. The results indicate that there are significant differences if the selection effect is included in the analysis compared to when it is not.

Belligerents seem to care about their audience cost. In situations where there are higher degrees of audience cost, actors seem to be sensitive to engage in actions that may negatively influence their reputation. Politically costly actions, such as initiation of negotiations under certain circumstances, seem to create a turning point in the conflict process. What we may be witnessing is a process of self-selection, where actors select themselves into later stages of a costly process. Initiation of negotiations may serve as a costly signal, revealing private information about level of resolve and thereby a process of self-selection takes place, which is observable in this empirical analysis. These results may be pertinent for previous studies on conflict termination and the role of third parties in this process.

The findings in this paper contradict the earlier findings by Jacksson (2000) on numbers of warring parties. Whereas he finds that additional parties have a negative effect on the likelihood of peace agreement, I find to the contrary that they have a positive effect. My findings seem to be somewhat counter-
intuitive: more parties seem to be positively, not negatively, associated with successful outcome of negotiations. An explanation may be that the signalling with political audience costs overrides the difficulties due to dispute complexity in reaching settlements.

The results in my paper also differ from earlier findings by Walter (2002) and Mason & Fett (1996). Whereas Mason & Fett find that conflict duration has a positive effect on the likelihood of peace agreement, I find that this only holds for the second step of the de-escalation process, that is, given that negotiations have been initiated. Furthermore, Walter finds that conflict duration has positive effect on the likelihood of onset of negotiations, but no effect on the likelihood of peace settlement. To the contrary, I find that conflict duration has a negative effect on the upstart of negotiations, but has a positive effect on the probability of peace agreement in those negotiations.

Strong third parties influence this selection effect in an interesting way. The effect strong third parties have on the peace agreement is that they are able to force the parties to the table. Strong third parties may use arm-twisting to force the parties to talk to each other. However, given that they have entered into negotiations, strong third parties do not seem willing or capable of pressuring the primary parties to make concessions or to abandon the armed fighting. Hence, it seems to be easier to force the parties to enter into negotiations, than to have them sign peace deals. This may be because peace deals do not only imply the cost of recognition, as in political negotiations, but also concessions on the incompatibility. Furthermore, parties may be reluctant to commit to abandon their weapons, which may imply giving away instruments for influencing future decision-making.

The interpretation of the statistical evidence of a selection process should be done with caution, since \( \] may reflect correlated measurement error, or inappropriate estimator choices, rather than an omitted causal (unobserved) variable (Lemke and Reed 2001).

The findings in this study can be related to earlier studies on conciliatory signalling and trust-building processes. As argued by Höglund & Svensson (2003), the political cost of involving in conciliatory behaviour may partially
account for the difference in outcome in the two recent peace processes in Sri Lanka. The readiness of the Prime-Minister Wickremasinghe to take risky decisions and thereby generate audience costs, stands in stark contrast to the more cheap, and therefore less credible, strategies of the former Prime-Minister Kumaratunga. By taking risks, and increasing the own side's vulnerability for the sake of peace, credibility of the conciliatory signal was enhanced, and the initial phase of the peace process showed to be more successful, seen from a conflict resolution perspective. The linkage between political cost for the sender and the credibility of a conciliatory signal has been stressed in a number of other case-studies (Hoddie & Hartzell 2003; Kriesberg 1992; 1998; Kydd 2000; Mitchell 1991; 2000; Stein 1991).

The results in this paper can be used as a benchmark to speculate about the role of vulnerability and credibility in general. Strategic choice theory has been dominating the study of conflict, while “mediation and peacemaking are still strongholds of practitioners who rely mainly on psychological and sociological approaches” (Gilady & Russett 2002:392). Much of the conflict resolution literature, based in social-psychological research tradition, has dealt with the question of how to decrease the vulnerability of the primary parties and thereby increase the conditions that make negotiations more likely to come about. A possible implication of the argument explored in this paper is that decreased vulnerability may increase the probability of negotiations, but at the cost of decreasing the chances of reaching an agreement in those negotiations. For example, third parties may be needed in order to minimize the parties’ risk of image loss, information loss or position loss (Rubin 1994). However, precisely because those losses are minimised, the act of involving in negotiations will be less revealing from an informational perspective. Furthermore, if negotiations are initiated early in the conflict, then parties are less vulnerable to these losses. However, by showing themselves ready to take upon themselves these risks, they self-select themselves into a sub-group of actors, in which probability for settlement is higher.

The findings in this paper relate to the theoretically - and politically - important debate about the role of third parties in bringing a peaceful end to violent disputes. It has been argued that third parties may ease the parties’
security-concerns and, through their security-guarantees, increase the likelihood of peace settlements (Walter 2002). Other scholars have been more critical to the role of third parties, arguing that it may hinder the signalling process between the primary parties (Hoddie & Hartzell 2003). Likewise, Werner & Yuen (2003) find that, on interstate level, third parties may distort the revelation of information between the primary parties. My findings give some support of the more sceptical role of third parties. Strong third parties may indeed be important in bringing the parties to negotiations, but precisely because they are efficient in that endeavour, the primary parties will be less certain about the true level of resolve of the primary parties.

This paper also gives some support for the usefulness of thinking about conflict as a *phased* process. Although different conceptions and ideas flourish in the literature on exactly what distinguish different phases, there seem to be a common understanding that phases can be meaningfully separated. It is commonly assumed that the dynamics between the warring parties change dramatically once they start talking to each other (e.g. Mason and Fett 1996; Ohlson 1998:9; Saunders 1992; Stein 1989; Zartman 1989; Zartman 1995). For example, Pillar argues the opening of negotiation is a “turning point” (Pillar 1983). However, exactly what changes, and why, is not clearly spelled out. Self-selection through costly signalling provides a way to theoretically understand this process.

One may ask what happens once information about level of resolve has been revealed. Parties do not immediately reach an agreement, given that they have started to talk to each other, which indicates that there have to be other factors in order to explain the existence of peace agreements. The ambition in this study is not to maximise the explained variance of peace settlement, but rather to test an implication of the costly signalling argument to the context of de-escalation. Given that politically costly negotiations have been initiated, information about parties’ reservation points has been revealed. However, several possible agreements inside the parties’ reservation lines are usually possible. Some are more beneficial to one side than the other, and which one of those the parties choose may take some time to decide. This may be another function of negotiations.
CONCLUSIONS
In this paper, I have discussed if and why the onset of negotiations may affect the dynamics between warring parties. Under some circumstances, it is politically costly to negotiate, and this makes the process from war to peace one of self-selection. I have argued that previous research has failed to address this process of costly signalling. This gives us reason to re-examine the effect of three explanatory variables – conflict duration, number of warring parties and the presence of third parties – which have been used in previous research. Based on data on intrastate armed conflicts in the period 1989-2002, I found an empirical pattern consistent with the theoretical expectations of a selection effect in the de-escalation process. Duration of conflict and numbers of warring groups, which indicate higher audience cost, decrease the probability for negotiations, but increase the likelihood of peace agreements. Furthermore, I found that strong third parties influence this revelation process: they increase the probability that negotiations will get started, but decrease the likelihood that such negotiations will lead to peace agreements.

These findings are tentative and the results should of course be treated with caution. More data, additional control variables, and other types of specifications of the independent variables are needed in order to assess the robustness of the results.

The most interesting results in this study are twofold. First, the selection effect that is found may help explain how private information is revealed between belligerents involved in intrastate armed conflicts. The second interesting finding relates to how third parties influence, and possibly disturb, the signalling process between the primary parties. I see three possible ways of developing the project from here. First, the analysis should be broadened to include other variables that may be interpreted as indicators of audience costs (for example, level of democracy), which should also influence the process of self-selection. Second, it would be of interest to look at what happens during the negotiations, and how that may influence the likelihood of an agreement. Whether the negotiations were conducted while fighting, the length and location of the negotiations, and types of third party involvement during the
negotiations would be interesting variables to include in the analysis. Lastly, if talking sometimes is costly, then that may affect not only the likelihood of a peace agreement, but also, for example, the duration of the conflict and other types of conflict terminations. It could be interesting to examine how the self-selection influences other types of conflict endings as well.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Single Equation</th>
<th>Censored probit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>Stand Error</td>
</tr>
<tr>
<td>Peace Agreement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong third party</td>
<td>0,59**</td>
<td>0,22</td>
</tr>
<tr>
<td>Warring groups</td>
<td>-0,04</td>
<td>0,04</td>
</tr>
<tr>
<td>Duration</td>
<td>-0,02</td>
<td>0,01</td>
</tr>
<tr>
<td>Territorial</td>
<td>-0,24</td>
<td>0,18</td>
</tr>
<tr>
<td>Major Conflict</td>
<td>0,31</td>
<td>0,19</td>
</tr>
<tr>
<td>Constant</td>
<td>-1,94**</td>
<td>0,19</td>
</tr>
<tr>
<td>Negotiation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong third party</td>
<td>0,63**</td>
<td>0,15</td>
</tr>
<tr>
<td>Warring groups</td>
<td>-0,07**</td>
<td>0,02</td>
</tr>
<tr>
<td>Duration</td>
<td>-0,01*</td>
<td>0,00</td>
</tr>
<tr>
<td>Territorial</td>
<td>0,13</td>
<td>0,11</td>
</tr>
<tr>
<td>Major Conflict</td>
<td>0,08</td>
<td>0,12</td>
</tr>
<tr>
<td>Constant</td>
<td>-1,33</td>
<td>0,13</td>
</tr>
<tr>
<td>athrho</td>
<td>-12,5**</td>
<td>3,47</td>
</tr>
<tr>
<td>rho</td>
<td>-1</td>
<td>1,82e-10</td>
</tr>
</tbody>
</table>

Number of observations 1274  
Censored observations 1174  
Uncensored observations 100  
Standard Errors adjusted for clustering on conflict incompatibility.

* 0,05 level; **0,01 level
REFERENCES


Werner, Suzanne, and Amy Yuen. 2003. The Durability of Peace: Agreements, Enforcements, and Information.


