

Thesis Abstract

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“Unequal Peace Proposals for Equal Contestants: Designing Information Indirectly” (*with Charles Zheng*) (Job Market Paper)

This paper studies conflict mediation between two players over a contested good of commonly known value in international conflicts context where a mediator’s power is limited. To capture these limitations, we study a model in which no negotiation mechanism exists that fully preempts conflict, a mediator proposes to the players a peaceful split of the contested good, anticipating the proposal to be rejected sometimes. If at least one player rejects the proposal, then conflict is triggered. Players have private information about their strength in the conflict, independently drawn from the same distribution. The mediator wants to maximize the contestants’ welfare, sum of the two players’ ex ante payoff, that incorporates not only the event of peace but also that of conflict. The outcome of conflict depends on the contestants’ warring efforts, which is determined by the posterior beliefs that players form about each other after observing mediation’s outcome. Using an indirect information design method that is constrained by the equilibrium condition, we find that despite the two contestants being assumed ex ante identical, the optimal peace proposal offers such a larger fraction of the prize to one side than to the other that the favored side always accepts it without fearing any part of its private information being revealed and subsequently exploited in the event of conflict.

“Favoritism in Manipulative Conflict Mediation”

In the literature on dynamic conflict management, a received insight is that full participation in the negotiation mechanism is not guaranteed by the revelation principle. This paper studies a conflict model where a mediator, who can offer economics incentives and for reputation and practical motivations would like to guarantee full participation in her negotiation mechanism, proposes a split of peace surplus to two players to minimize the probability of conflict. Players have private valuation for the prize. Participation is voluntary. Players decide whether to participate in the mediation and, if participation, whether to accept or reject the split. If mediation fails, conflict ensues, in which the continuation play depends on posterior beliefs that are indirectly determined by the proposal. Despite ex-ante identical rivals, a certain kind of biased proposals, called lopsided, are optimal if peace surplus is lower than a threshold and the equal proposal is optimal if otherwise. Lopsided proposals incentivize the favored player to always accept, thereby revealing no further information. The equal proposal, due to inducing a symmetric posterior information structure, violates full participation when the high type has optimistic forecasts of nonparticipation. Given such beliefs, randomized lopsided proposals, due to asymmetric revelation of information, are conflict minimizing splits subject to the full participation condition. When the prior is extended to a continuum of types, the equal proposal violates full participation while randomized lopsided proposals, which the favored player always accept, satisfy it.

“Peace Settlements with Possibilities to Renege”

This paper studies a conflict model where adversaries lack commitment and can renege on an accepted agreement. The primitive is such that no negotiation mechanism exists that fully preempts conflict. A mediator whose objective is to maximize welfare subject to renege-proof constraint proposes a peaceful split of the contested prize to two ex-ante identical rivals. By observing each other’s decisions, after a successful or failed mediation, adversaries learn about each other and update their forecast of conflict. Despite ex-ante identical players, the admissible optimal proposal is a biased proposal where the favored player always accepts and reveals no further information. This biased proposal is even more extreme than the biased proposal that maximizes welfare in a renege-banning model where players have full commitment. The same results hold when the objective of the mediator is minimizing probability of conflict.