

With a Little Help from my Foes: A Model of Spill-Over-Effects on Security in Wars of Conquest

Soeren C. Schwuchow*

BTU Cottbus-Senftenberg

Abstract

This article addresses two fundamental problems in the modeling of inter-state conflict in general and of wars of conquest in particular: First, how does the presence of third countries affect the strategies of both aggressors and victims, even if the third countries are not involved in the conflict? Second, how can the asymmetric distribution of risks between aggressors and potential victims be included in the modeling? In a model that considers both problems, we examine how the threat of aggression may create positive spill-over effects on security between a potential victim and a third country, even if these do not form an implicit or explicit military alliance, and even if the third country is a potential future aggressor. By modeling preferences as state-inconsistent, we are able to account for the consideration that a potential victim should be risk-averse, since she is facing the threat of being eliminated once and for all, whereas an aggressor should be risk-neutral, since she is just fighting for more wealth. A counter-intuitive result, which has hitherto not been explored in the literature, is that it can be rational for aggressors to attack only highly risk-averse victims, although these victims produce more defensive arms and thus less appropriable wealth compared to their less risk-averse counterparts. In this case the aggressors are – paradoxically – deterred by the higher attractiveness of victims that can be more easily overcome. We extend our analysis to address the relation of cultural and technological change to warfare: If technological development leads to asymmetric military capabilities, there will be a potential for military aggression. However, if technological change leads to symmetric military capabilities, there may be no latent gains from appropriating others' wealth. This result helps to better understand why throughout history inter-state wars have frequently ushered in eras of relative peace.

JEL classification D74; H56; N40.

Keywords deterrence, security spill-over, state-inconsistent preferences, production of arms

Disciplines (micro-) economics, game theory

*BTU Cottbus-Senftenberg, Chair of Microeconomics. P.O. Box 10 13 44, 03013 Cottbus, Germany. Phone +49-355-692983. e-Mail: soeren.schwuchow@b-tu.de.