Peaceful alternatives to asymmetric conflict
Reddmann, L.H.

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Summary

Conflict is a fundamental aspect of human society, shaping the trajectories of individuals, groups, and nations. Within groups, conflict can disrupt and reorder social hierarchies, resolve or foment wealth inequality, and overturn existing social norms. Between groups, conflict shapes populations, influences the formation of group identities, and can result in long-standing grievances between peoples. However, not all conflicts occur between equal parties. Conflict often arises when one party wants something that another tries to prevent, such as a military invasion between two countries or a hostile takeover in the business world. While previous research has shed light on many dynamics of such asymmetric conflicts, an open question remains: how can we reduce or resolve these conflicts, and specifically, how can we dissuade the attacking party from aggression? This dissertation aims to answer this question in three empirical chapters, utilizing both economic theory and experimental games.

Chapter 2 delves into one of the strategies a defending party might employ when confronted with aggression. Indeed, a defender might not only choose to fight or flee when confronted by an attacker but also attempt to “appease” the aggressive party through voluntary resource transfers. Historical examples, such as Britain's failed appeasement of Nazi Germany or China's successful tributary system, highlight the risk of exploitation of such appeasement strategies but also their potential to stabilize relations. Using two experiments, I examine whether defenders would opt to transfer resources as an appeasement gesture and whether such transfers effectively diminish aggression. The first study compares the attacker-defender contest (AD-C), a model of asymmetric conflict, with an extended version, the transfer attacker-defender contest (TAD-C), which includes an additional stage where defenders can transfer some of their endowment to the attacker. The second study uses a strategy method of the TAD-C for both attackers and defenders to replicate the results and to
better understand participants' decision-making. Overall, results suggest that asymmetric conflict can indeed be alleviated by providing the defending party with an option to transfer some of their resources to the attacker. However, results of the first experiment were mixed: a subset of attackers exploited transfers by aggressing the defender. Experiment 2 demonstrates that this behavior is, in part, moderated by social value orientation.

**Chapter 3** examines the potential of economic production opportunities as a means to mitigate asymmetric conflict and aggression. Drawing from theories of political economy and previous conflict research, this chapter posits that providing conflicting parties with alternative means for wealth generation might deter attempts at aggression and the ensuing conflict. Chapter 3 offers both a game-theoretic analysis and an experiment to test this idea. For both, I compare the AD-C to an extended version, the production attacker-defender contest (PAD-C). In the PAD-C, players have the option to invest some of their endowment in production to achieve a payoff. For a player's production investment to be successful, it must meet or exceed a "production threshold". The game-theoretic analysis suggests that the ease with which production can be achieved plays a pivotal role in determining levels of aggression and the distribution of wealth: when thresholds are relatively low (high), there is a reduction (increase) in aggression and defense, with wealth distributions becoming less (more) unequal. Indeed, the behavioral experiment confirms that providing opportunities for economic production can reduce the intensity of attacker aggression and conflict. Both parties continue to invest in conflict with high frequency, and defenders' persistent need for defense constrains their ability to invest in production. As a result, wealth disparities increase in favor of attackers.

**Chapter 4** investigates the dynamics of group cooperation and conflict under conditions of carrying-capacity stress. To sustain and support themselves and their members, groups need to cooperate on club goods to produce food, goods, or services (such as
healthcare and education). Conversely, groups can also cooperate on aggressing and appropriating resources from other groups or, if targeted by such aggression, on defending themselves. Carrying capacity stress arises when a group's collective needs surpass available resources or when returns from shared resources become unpredictable. In Chapter 4, I examine if and how carrying-capacity stress in the form of uncertainty around the peaceful production of resources via a club good relates to the emergence of out-group aggression and intergroup conflict. Through an experimental model, participants in groups of three could contribute to a local club good or engage in conflict with another group. To manipulate carrying-capacity stress, the group benefit from club good provision was made to be either predictable or unpredictable. The results reveal that under unpredictable conditions, attackers reduce their contributions to the club good and increase their aggression towards out-groups. However, this aggressive strategy is not beneficial, as it leads to unsuccessful appropriation attempts and reduces earnings for both attackers and defenders. Overall, this chapter underscores the importance of stable, predictable returns from shared resources in preventing wasteful conflict and promoting overall welfare.

Overall, this dissertation makes a significant contribution to the existing literature on (asymmetric) conflict, helping to answer the question of how such conflict can be mitigated and how an attacking party can be dissuaded from aggression. Across three chapters, I find that 1) both attackers and defenders utilize peaceful alternatives for wealth generation when available, 2) this reduces conflict and attacker aggression, but does not fully eradicate it, 3) both parties benefit from the reduction of conflict, however, 4) due to the consistent costs associated with defending against the threat of attack, peaceful alternatives disproportionately benefit attackers rather than defenders.