Department of Political Science Publications

1-1-2008

A Supply Side Theory of Mediation

Mark J.C. Crescenzi

Kelly M. Kadera
University of Iowa

Sara Mitchell
University of Iowa

Please see article for additional authors.

A SUPPLY SIDE THEORY OF MEDIATION

Mark J.C. Crescenzi
University of North Carolina
crescenzi@unc.edu

Kelly M. Kadera
University of Iowa
kelly-kadera@uiowa.edu

Sara McLaughlin Mitchell
University of Iowa
sara-mitchell@uiowa.edu

Clayton L. Thyne
University of Kentucky
clayton.thyne@uky.edu

Abstract: We develop and test a theory of the supply side of third party conflict management. Building on an existing formal model of mediation (Kydd 2003), we consider several factors that increase the pool of potential neutral mediators and the frequency of mediators' efforts to manage interstate conflicts. First, we argue that democratic mediators face greater audience costs for deception in the conflict management process because the media in democratic states is more likely to uncover attempts by democratic mediators to provide false information. Second, we argue that information in the global mediation marketplace becomes more accurate as the international system becomes more democratic because there is a wider network of vigilant free presses, which increases the costs of deception for potential mediators. Third, as disputants' ties to international organizations increase, this also raises the costs that mediators incur for dishonesty in the conflict management process because these institutions provide more frequent and accurate information about the disputants' capabilities and resolve. Empirical analyses of data on contentious issues (1816-2001) provide support for our theory, with third party conflict management occurring more frequently if a potential mediator is a democracy, and as the average global democracy level and the number of shared IO memberships between disputants rises. We also find that powerful states serve as mediators more often, and that trade ties, alliances, issue salience, and distance influence third party decisions to mediate.

While mediation has been studied extensively in international politics, few scholars have examined the supply side of mediation, leaving us with underdeveloped answers to several important research questions. How many potential mediators exist in a given situation? When do potential mediators choose to offer their services to conflicting parties? What are the characteristics of potential mediators that make them more likely to intervene? How do supply side mediation factors influence the likelihood of successful mediation efforts? Bercovitch and Schneider (2000, 146) emphasize this weakness of the mediation literature: "Unfortunately, we do not know the reasons why certain actors become more active in the mediation market, nor whether features such as impartiality are an important asset in a mediator's inventory of attributes." Examining the supply side of mediation more carefully is important because the set of mediation cases observed empirically may not be random if mediators and disputants are strategic in their choices for mediation offers and acceptance of third party involvement (Greig, 2005; Terris and Maoz 2005). This strategic process on the supply side creates linkages between decisions by third parties to mediate and the success of those mediation attempts.

Our paper focuses on one question stemming from this supply side puzzle that emerges from two discordant claims in recent research: mediators are more attractive to disputants when they appear impartial (Wall and Lynn 1993), but that very impartiality seems to jeopardize the credibility and, thus, the performance of mediators (Kydd 2003). How do mediators deal with these conflicting characteristics? We know that mediators derive many benefits from mediation, such as a boost in public opinion, heightened international prestige, influence over the disputing states, and the stability of economic and security ties, which gives potential mediators a strong incentive to position themselves as neutral and impartial (Bercovitch and Schneider 2000). At the same time, Kydd cleverly demonstrates that when mediators care solely about peace, this single-minded focus introduces the possibility of lying to disputants for the best of reasons. The mediator has incentives to convince disputants that each side has low costs for war even if one or both sides may have high costs for war because this information will

make peaceful negotiated settlements more attractive and mediation efforts more likely to succeed. Yet, if disputants know that mediators have incentives to provide false information, they are less likely to turn to mediation as a tool for conflict management. Thus, mediators face a dilemma: they need to signal impartiality to attract more customers, but their efforts at mediation may be less successful if they cannot credibly communicate information to disputants.

Kydd (2003) argues that mediators biased in favor of one disputant are more likely to be successful than neutral mediators because they have an advantage in signaling information credibly. However, Kydd's solution provides only one possible mechanism for resolving the mediator's dilemma. In this paper, we focus on an alternative solution: the influence of the global democratic community and its institutions on the supply of credible, neutral mediators. We argue that the global democratic community serves as a complementary source of credibility for mediators through its norms and institutions.[1] We theorize carefully about how systemic and institutional democratic processes influence choices by potential mediators, distinguishing when states actually mediate from when they choose to remain on the sidelines.[2] We focus on how transparency created by the global democratic community influences potential mediators' decisions, and ultimately, the supply and attractiveness of mediators.

A global democratic community disciplines mediators to tell the truth, making them more credible and appealing to disputing states. This transparency effect is strongest for potential democratic state mediators, although the systemic effects of the democratic community provide better information for all mediators in the conflict management marketplace. We move beyond democratic processes by examining additional factors that influence the credibility and appeal of potential third party managers. These include political (alliance) and economic (trade) similarities between potential mediators and disputing states (Werner and Lemke 1997). We also test the notion that conflicting parties prefer certain types of mediators, such as powerful and proximate states. Thus, while our theoretical model focuses on the global democratic community and its institutions, we attempt to provide a comprehensive model to

explain the supply side of mediation by arguing that trade and alliance ties can enhance the credibility of potential third party mediators.

Empirical analyses of the Issue Correlates of War (ICOW) project's dyadic Western Hemisphere data on territorial, maritime, and river issue claims (1816-2001) support our theory. Third party conflict management occurs more frequently when the international system is more democratic, when the potential mediator is democratic, and when the number of disputants' shared IO memberships increases. Powerful states serve as mediators more often, while short distances, trade relationships, and alliance ties between potential mediators and conflicting parties (especially the target) make third party mediation more likely. However, while the global democratic community and ties between mediators and disputants have strong effects on *whether* disputants turn to third party mediation, they have little effect on the *success* of particular state mediation attempts.[3] This demonstrates the importance of thinking about mediation supply side and selection effect issues more carefully.

A SUPPLY SIDE THEORY OF MEDIATION

Much of the third party conflict management literature focuses on when mediation occurs and the factors that enhance its success, such as mediator neutrality. In an attempt to identify who mediates, Bercovitch and Schneider (2000, 151) theorize a three-step mediation process. Whether contending parties will be amenable to mediation, they argue, is a function of their preferences and beliefs, their capabilities, their attributes, and the structure of the global and regional systems. In the second stage, the choice of a particular mediator is a function of power, preference, proximity, and the price of mediation. Finally, mediation success depends on the mediator's strategies, skills, and beliefs.[4] Focusing on the second stage of this process, the authors develop an expected utility model of a potential mediator in a two-party conflict. The model incorporates fixed and variable costs for mediation, as well as the distance between the mediator's ideal position and the preferences of the conflicting parties. The model "suggests that potential mediators, if they ever want to be chosen by conflict parties, move

rationally towards a neutral position" (Bercovitch and Schneider 2000, 152-153). Similarly, Fisher (1995) and Young (1967) find that successful mediators are fair and impartial. Scholarship on democratic institutions suggests that the neutrality of courts involved in domestic disagreements builds citizens' confidence in their state's use of international courts (Caldeira and Gibson 1995). However, Bercovitch and Schneider (2000, 149) contend that a neutral stance is not sufficient for a mediator to be selected; rather, it must be coupled with the third party's ability to promote an agreement through the use of leverage, power, and influence. Thus, it is no surprise that the United States served as a mediator more often than any other state in the Cold War era.[5]

Many conflict management scholars view neutrality as an important factor for explaining mediation success. However, recent formal models demonstrate that the effectiveness of neutrality may depend on the mediator's ability to provide credible information and the mediator's preference for the outcome of the dispute. Rauchhaus' (2006) model focuses on the mediator's provision of private information, which is modeled separately from the mediator's bias. His model predicts that "both biased mediators and impartial mediators are expected to serve as effective mediators, and impartial mediators are generally expected to outperform biased ones" (Rauchhaus 2006: 208). Similarly, Kydd (2006) argues that mediators with moderate levels of bias and long-run reputational concerns may be more effective. In contrast, Smith and Stam's (2003) model suggests that neither biased nor unbiased mediators will alter the intra-war bargaining process. Yet, mediators might be effective through offers of carrots and sticks, mitigating the commitment problem between the disputants.

Our model builds upon Kydd's (2003) formal model, and incorporates Rauchhaus' (2006) view that mediators help to resolve private information problems. Kydd (2003) argues that in order to be credible enough to prevent conflict escalation, mediators must be biased in favor of one side. Because unbiased mediators have incentives to avert war between the disputants, "only mediators who are effectively 'on your side' will be believed if they counsel restraint" (Kydd 2003, 597). Kydd's (2003) study poses an interesting dilemma. Impartiality improves disputants' confidence in a mediator, but

may threaten the mediator's credibility and diminish its prospects for successful mediation. A mechanism for making impartial mediators credible would resolve this dilemma. In order to identify such a mechanism, we consider supply-side factors in the mediation marketplace that influence the frequency and quality of information about interstate disputes, as well as domestic institutional factors that influence the credibility and impartiality of particular mediators. Credible mediators are able to mitigate private information and commitment problems more readily in the conflict management process, making disputants more likely to accept offers of mediation assistance.

We begin by incorporating the democratic community's influence into Kydd's (2003) conflict mediation model. We argue that the global democratic community influences the supply of neutral and credible mediators through three primary mechanisms: 1) the mediator's regime type, 2) the level of global democracy, and 3) disputants' shared memberships in international organizations. We elaborate on each of these mechanisms formally in the next section.

The Basic Bargaining Game

The study of strategic incentives and mediation is captured nicely by Kydd (2003) in a simple bargaining game between two players. Player 1 (P1) and Player 2 (P2) attempt to resolve a dispute over a one-dimensional bargaining space. Player 1 does not know P2's level of resolve, thus adding the key ingredient of uncertainty that breeds conflict. The role of the mediator (M) is to signal P2's resolve to P1. It does so after Nature determines P2's resolve and signals it to M. Kydd's model includes a parameter to capture the noise of the signal that the mediator receives from Nature, denoted as ε, which is assumed to lie between 0 and 0.5. Lower values of ε would occur when Nature sends mostly correct information about P2's resolve, while higher values of ε would imply greater noise in the information Nature sent to the mediator.[6] After receiving the signal from M about P2's resolve, P1 makes a take-it-or-leave-it offer to P2. P2 either accepts the offer or the two states engage in conflict.

Interestingly, Kydd concludes that the mediator must be biased towards P1 in order to convey credible information about P2's type. Only a friend's advice to cut a deal is credible. This is driven by the assumption that the mediator's payoff for a peaceful resolution is some proportion ($-1 < \beta < 1$) of P1's piece of the pie (x): βx. When β is positive, the mediator is biased in favor of P1, and has an incentive to work to increase x. When β is negative, M is biased in favor of P2 and works to minimize x. When $\beta = 0$, M is unbiased, since it has no incentive to alter the agreement. M's payoff for a conflict outcome is $\beta x - c_m$, where c_m is the mediator's cost of war. No matter what the value of β, M prefers a peaceful outcome. Herein lies the problem in terms of the mediator's credibility. Kydd demonstrates that unbiased mediators ($\beta = 0$) always have an incentive to send the signal that P2 has low costs for conflict and thus high resolve. Only for certain levels of bias ($0 < \beta^* < \beta < \beta^{**}$) can M credibly signal high resolve to P1. The implication is that unbiased (or P2 biased) mediators will be less successful in their endeavors because they cannot credibly signal P2's resolve. Only when a mediator that is biased in your favor tells you to cut a deal do you have an incentive to listen.

So how does the global democratic community influence this result, if at all? We argue that there are three mechanisms at work that influence the credibility of unbiased mediators in this model. The first mechanism deals with the institutional features of the mediator's home state, which influence the reputational, electoral, and policy failure costs for deception in the mediation process. The second mechanism focuses on the systemic effects of the global democratic community, which provides better and more frequent information about interstate disputes to potential mediators. Because the effect is systemic, it raises the costs of deception for all potential mediators, regardless of their individual characteristics. The third mechanism points to the supply of information provided by international organizations to potential mediators. As the supply of neutral information from international organizations increases, potential mediators face higher costs for deception.

We propose adding a simple cost function to Kydd's model that captures the costs mediators incur for sending false information: $-b(S_n - S_m)$, where b is the probability that the mediator will send an

incorrect signal to P1 about P2's resolve, and (S_n-S_m) captures the degree to which the signal sent by M

differs from the signal sent by Nature. We can think about this cost term as representing the

transparency of the mediator's environment, or the extent to which the mediator's motives and behavior

can be accurately discerned by the media, politicians, and citizens in its home state, and by the media

and international organizations in the international system.

In the appendix, we describe the equilibrium conditions for the revised model. By adding the

cost of lying component to the mediator's utility function, we can derive a threshold, *b**, or the tolerable

probability of being caught. As long as $b > b^*$, the mediator is motivated to stick to the true signal *even*

if it is impartial ($\beta = 0$).[7] As *b** increases, mediators will tolerate higher risks of getting caught.

Anything that causes *b** to decrease disciplines the mediator to stick to the true signal revealed to it by

Nature. The threshold is influenced in part by the degree of deviation from the true signal (S_n - S_m). For

example, smaller deviations from the true signal increase *b**. The mediator is more willing to venture

sending a false signal if it is a white lie, or if (S_n - S_m) is small. The mediator's costs for war, c_m, are

positively related to *b** as well. As the costs of failure increase, the incentive to use any means

necessary to achieve peace rises. On the other hand, the mediator is more likely to send a true signal as

b increases because the truth telling equilibrium condition, $b > b^*$, is more likely to hold. As noted

above, our theory focuses on three causal mechanisms that increase *b* in the model and raise the

mediator's costs for sending false information: 1) the regime type of the mediating state, 2) the influence

of the global democratic community, and 3) the influence of international organizations. While the

causal mechanisms are distinct, each produces the same effect in the formal model by increasing the

mediator's costs for deception and making truth telling more likely, even if the mediator is unbiased.

We elaborate on these causal mechanisms in the following three sections.

Credibility derived from the Mediating State's Domestic Institutions

We start with the first mechanism: the influence of the potential mediating state's institutional

characteristics. We assume that democratic states face greater costs for sending false information as

mediators because their deceptive behavior is more likely to be uncovered in the process of public

scrutiny. In other words, we assume that $b(S_n - S_m)$ is larger for democratic mediators compared to

autocratic mediators. One component, $(S_n - S_m)$, conveys that bigger lies represent bigger costs for the

mediator. This difference allows us to capture the degree of deviation from the true signal as a choice

for the mediator; when it tells the truth, it is zero. The other component, *b*, is larger for democratic states

than for autocratic states because the transparency of Western-style institutional processes makes it

harder for the mediator to fudge the signal in the interest of garnering peace. The process of public

scrutiny makes it more likely that the mediator's deceptive actions will be revealed and that the mediator

will pay a potentially greater audience cost for foreign policy failure. Because democratic mediators

have larger values of *b*, they pay larger costs for sending false information to P1 about P2's resolve.

Numerous scholars have argued that the transparency of democratic institutions, such as the free

press, generates greater credibility for democratic states' foreign policy behavior and higher audience

costs for foreign policy failure (e.g., Fearon 1994; Schultz 1998; Smith 1996; van Belle 1997; Downs

and Rocke 1995). Democratic states suffer greater costs for deceptive mediation because the false

information they provide to disputing states is more likely to be uncovered by the media and other

domestic constituencies. When a leader is found to be untruthful, he/she may suffer a variety of

domestic costs including a decline in approval, an inability to push a domestic agenda, and removal from

office in extreme situations. These higher costs translate into greater trust in the impartiality of

democratic mediators, which should in turn produce a higher likelihood for mediation by democratic

states relative to non-democracies.[8]

One recent example illustrates the high costs democracies face for deception in interstate conflict

management.[9] On a number of occasions, President Bush and other White House officials made several

claims about Iraq's program to develop weapons of mass destruction.[10] They argued that the United

States had uncovered information about Iraq's attempts to purchase uranium and high-strength

aluminum tubes from African states for the development of nuclear weapons, and used this evidence to

justify a hard line position on Iraq's WMD program. Several media outlets in the United States conducted detailed research on these claims, finding very little evidence to support the White House's position.[11] For example, *Washington Post* writer Joby Warrick (2003a) uncovered several sources claiming that Iraq never attempted to purchase uranium, and that Iraq's attempts to purchase aluminum tubes were unrelated to any supposed nuclear weapons program. Meanwhile, Joseph Wilson (2003), who was hired by the CIA to travel to Africa to examine the veracity of these claims, wrote a critical op-ed in the *New York Times* claiming that he found absolutely no evidence to support the claims.[12]

This deception produced costs on two fronts (domestically and internationally). Domestically, the revelation that President Bush and his officials provided faulty information eventually cost the President the support of the people. His near record-low approval rating has made it difficult for him to pursue his domestic agenda, and his party lost control of Congress in the 2006 elections. Though it is difficult to differentiate the costs derived from this deception from the costs derived from the insurgent violence and mounting US casualties, it is likely that the outrage against the war would be tempered if the US had found evidence of a thriving WMD program. The public has a high tolerance threshold when they are convinced that the costs are necessary to achieve a noble goal, such as preventing the spread of communism during the Cold War, and when they believe that their leaders make honest efforts to resolve a conflict peacefully.

Rhetoric from leaders opposed to the Iraqi War focuses chiefly on the pre-war deception to justify their opposition, rather than the mounting casualties. Senator Hillary Clinton's opposition to the Iraqi war highlights this contrast:

> If Congress had been asked, based on what we know now, we never would have agreed, given the lack of a long-term plan, paltry international support, the proven absence of weapons of mass destruction and the reallocation of troops and resources that might have been used in Afghanistan to eliminate [Osama] bin Laden and al Qaeda, and fully uproot the Taliban (Balz 2005).

The cost of foreign policy deception by American presidents has been examined more broadly as well. Alterman (2004) traces the costs of high-profile instances of Presidential dishonesty, regardless of policy outcomes:

> "Had FDR told the truth about Yalta to the country, it is far more likely that the United States would have participated in the creation of the kind of world community he envisioned when he made his secret agreements. John Kennedy's deception about the nature of the deal to which he agreed to insure the removal of Soviet missiles from Cuba also proved enormously detrimental to his hope of creating a lasting, stable peace in the context of cold war competition. [Lyndon Johnson's false assurances regarding the second Tonkin Gulf incident] destroyed not only his ambitious hopes to create a 'Great Society' but also his own presidency and most of his political reason for being. And Ronald Reagan, through his lies about Central America, created a dynamic through which his advisers believed they had a right to initiate a secret, illegal foreign and military policy whose aims were almost perfectly contradictory to the President's stated aims in such crucial areas as dealing with governments deemed to be terrorist."

These examples illustrate the audience costs that democratic leaders suffer for providing false information in diplomatic settings. Yet, domestic costs are only one source of the overall costs that mediators face for being deceptive. Being caught lying also reduces a state's international reputation and agenda setting influence in interstate negotiations. As Sartori (2005:125) shows, repeated play in diplomatic settings pushes states toward honesty in diplomacy: "States' leaders and diplomats often speak honestly in order to maintain their ability to use diplomacy in future disputes or negotiations." We believe that mediators have a similar incentive to behave as honest brokers, especially if they value the ability to mediate in future disputes. The Iraq example discussed in this paper provides a good example of international audience costs that deceptive mediators face when getting caught in a lie. The unsubstantiated claims made against Iraq have created costs for the United States when confronted with Iran's nuclear weapons program and its alleged role in supporting Iraqi insurgents. American attempts to link Iran with the Iraqi insurgents, for example, have been met with immediate criticism from a variety of sources (Cooper and Mazzetti 2007), while its efforts to convince the world of the impending threat from Iran's nuclear program were quickly dismissed by a variety of state and IO leaders (Afrasiabi 2006; Associated Press 2007).

If we consider the influence of a potential mediating state's political institutions on its decision to manipulate private information, we see that the transparency and oversight of democratic political systems disciplines democratic mediators to remain unbiased and honest, which satisfies one of the key criteria that makes a mediator an attractive option for conflict resolution.

Hypothesis 1: As a potential mediating state's democracy level increases, it is more likely to serve as a third party conflict manager.

Credibility Derived from the Global Democratic Community

The second source of credibility focuses on the systemic effect of the global democratic community. As the international system becomes more democratic, there is a larger global media presence that collects independent information about disputes. These systemic effects generate costs for deception for all mediators because the probability of a revealed lie increases.

With over half of the states in the world in the 21st century possessing democratic institutions (Mitchell, Gates, and Hegre, 1997), the supply of free presses has increased substantially as well. At the monadic level, van Belle (1997: 409) reports that the presence or absence of a free press coincides with the presence or absence of democracy 86% of the time. In addition to reducing the likelihood of dyadic militarized conflict (van Belle, 1997), free presses generate greater information and potential costs for disingenuous diplomacy. The global supply of free presses has risen dramatically in recent decades, corresponding with global trends towards increased democratization. In 1980, 46% of countries had partly free or free presses; this increased to 65% of states with free presses in 2006 (Freedom House, 2007). These trends suggest rising costs for deceptive mediators because the likelihood of being caught in a lie increases. In general terms, Halim (2002: 196) notes that, "Good relations with the media, backed by a steady flow of information and explanation between the mediator and media, is crucial to projecting an image of the mediator's neutrality, rationality, and efficacy."

As a more specific illustration, we can demonstrate the systemic effect of democracy and free presses using the Iraqi example presented earlier. Dozens of international media outlets contributed to

the uncovering of the truth about Iraq's alleged attempts to develop nuclear weapons.[13] When Secretary

of State Colin Powell identified a specific compound in northern Iraq as a terrorist chemical weapons

plant, for example, several foreign journalists traveled to the area, finding no evidence to support

Powell's remarks.[14] In a broader context, a recent study by two nonprofit journalism groups reports that

President Bush and his top aides made 935 false statements about the security risk posed by Iraq prior to

the 2003 invasion (Lewis and Reading-Smith 2008). As before, this deception resulted in substantial

domestic and international audience costs. The administration's future efforts to reprimand Iran for its

alleged nuclear weapons program, for example, were severely hampered due to its dishonesty in dealing

with Iraq. It was forced to prematurely authenticate Iran's claim that its nuclear ambitions were entirely

peaceful, in spite of support for tougher sanctions from Germany and the other five permanent members

of the UN Security Council (Economist 2008).

One conclusion from this discussion is that as the democratic community grows, we are more

likely to see democratically influenced mediators that are perceived as credible and unbiased. The

probability of getting caught lying is a function of the transparency of the mediation process and the

systemic environment. Mediators that are integrated with the democratic community are more likely to

get caught if they are lying, and a stronger democratic community brings more opportunity for

transparency. In other words, a vibrant democratic community produces a greater supply of the

preferred type of mediators, those that are credible and unbiased. As a result, there is a concomitant rise

in the frequency of using mediators. The norms underpinning dispute resolution in democratic societies,

as well as the transparency of democratic political processes, produce an important systemic

phenomenon.

Critics might contend that we are conflating credibility with supply, or that increasing costs for

mediator dishonesty might actually produce a larger pool of credible mediators, but a smaller group of

actual mediators. We disagree with this premise. While our theoretical model focuses on factors that

influence the costs for telling lies, it also recognizes that mediators gain benefits from successfully

managing conflicts, which is why Kydd's model assumes that mediators always prefer peaceful

settlement to conflict. Mediators stand to gain a lot for successful efforts including a boost in public

opinion, influence over the disputing states, heightened international prestige, and the stability of

economic and security ties. Mediators tied to the democratic community have specific interests in

getting involved as conflict managers to help ensure the survival of other democratic regimes (Kadera,

Crescenzi, and Shannon 2003), and to protect free and open markets. President Bush's last breath

mediation attempt in the Middle East, arguably an effort to improve his historical legacy, illustrates the

potential benefits of successful mediation well.

Hypothesis 2: As the global community becomes more democratic, potential mediators are more likely
to serve as third party conflict managers.

Credibility Derived from International Organizations

We also expect an increasing presence of international institutions to enhance the supply of credible

third party conflict managers. When Kantian values become deeply internalized, "states identify with

each other, seeing each other's security not just as instrumentally related to their own, but as literally

being their own" (Caporaso 1992; Gelpi 1997; Wendt, 1999: 305). Conflicts involving others take on

more importance as actors come to view security threats to one member of their community as

threatening to all. This parallels a citizen's attitude toward crime in her neighborhood. Even if her

home is not vandalized, she may be concerned because she views it as a threat to her community's

security. One common reaction towards neighborhood crime throughout the U.S. is to form a

Neighborhood Watch Program. These programs are institutions designed for the specific purpose of

dissuading criminal activity through organized monitoring of the neighborhood. Similarly, states

concerned by the magnitude or proximity of other states' violent interactions form regional or global

institutions to alleviate international conflict.

Global IOs augment the supply of credible mediators in a variety of ways. Already established

by previous research, IOs provide institutional mechanisms for third party mediation, meaning that as

the global number of IOs increases, IOs themselves are more likely to serve as conflict managers

(Authors 2005). Furthermore, as disputants' shared membership in IOs increases, they are more likely

to use third party mediators (Shannon 2005). We focus on the more indirect, or environmental, effects

that international institutions have on the provision of quality third party mediators. Because IOs

provide an alternative, independent source of information, they promote the transparency of states

(Grigorescu 2003), which in turn become more reliable, honest mediators.

We can once again turn to the Iraqi example to illustrate how the proliferation of IOs promotes

credibility. The UN's International Atomic Energy Agency (IAEA) was integral in uncovering the false

information provided by the Bush administration. In March 2003, for example, IAEA chief weapons

inspectors Hans Blix and Mohamed ElBaradei rejected the Bush administration's claim that Iraq had

attempted to purchase high-strength aluminum tubes for uranium enrichment. ElBaradei noted, "Based

on thorough analysis, the IAEA has concluded ... that these documents, which formed the basis for the

reports of recent uranium transactions between Iraq and Niger, are in fact not authentic." He added,

"We have therefore concluded that these specific allegations are unfounded" (Kralev 2003). The agency

also revealed that several of the documents that the White House had used to support their claims were

forgeries (Warrick 2003b). This example demonstrates how IOs help augment credibility in interstate

interactions by providing information about states' attempts to disperse erroneous information. As the

number of these institutions grows, the supply of credible third party conflict management efforts by

these organizations and their member states should increase as well.

Hypothesis 3: As the disputants' number of shared memberships in international organizations increases,
the likelihood that potential mediators will serve as third party conflict managers rises.

Additional Sources of Credibility

To summarize, our supply side theory of third party mediation suggests that increases in the strength of

the democratic community and its institutions will increase the stock of credible third party managers.

In the context of our model, we should expect each of these mechanisms to increase $b(S_n - S_m)$ – the cost

that a mediator incurs for sending an incorrect signal to P1 about P2's resolve. While the argument presented thus far represents the core of our theory, we extend our discussion in an attempt to provide a more comprehensive supply-side theory of third party conflict management. We anticipate that increasing levels of trade and alliance ties should also increase $b(S_n - S_m)$, thus augmenting the supply of credible mediators.

Beginning with trade ties, we expect that increasing levels of dyadic trade should decrease the likelihood that a mediator sends a false signal to its trading partner. Russett and Oneal (2001: 130) argue that increasing levels of trade should decrease the likelihood of conflict for a variety of reasons. For one, trade increases communication between states, which thereby creates a shared sense of identity and shared values, each of which decreases the likelihood of conflict. The same logic suggests that potential mediators should be less likely to send false signals to their trading partners to avoid jeopardizing these close relationships. Second, states that trade with each other often develop an infrastructure to share information, and the domestic media is likely to be interested in disputes involving its home country's trading partners. As the volume of information and number of potential whistle-blowers increases, it should be more difficult for a mediator to send a disingenuous signal. Third, a potential mediator has an incentive to stick to the true signal in economic terms because trade ties are likely to provide it with monetary benefits. When given the choice, it is reasonable to assume that states would prefer to trade with more trustworthy states. If a state proves to be distrustful as a mediator, then it becomes increasingly likely that it will also lose the beneficial trade ties that it has forged with the disputing state. Each of these reasons suggests that potential mediators with strong trade ties to disputing states should be apt to send true signals because they face greater costs for deception in the conflict management process, making them more attractive mediators.[15]

China's unique role in mediating the dispute between the US and North Korea over the latter's nuclear weapons program provides one example of this expectation. With over $2 and $300 billion in annual bilateral trade with North Korea and the US (respectively), China has been sought by both parties

15

as a mediator. North Korea trusts China because of its historical military support and its continuous economic relationship, while the US is confident that China would be very unlikely to jeopardize their existing trading relationship by showing dishonesty in the negotiations (Lam 2002; International Crisis Group 2006). Meanwhile, China would benefit greatly from an end to the standoff because it would help maintain the stability in the region. China's significant trade with both disputants enhances its ability to be perceived as a fair, unbiased mediator. This discussion leads to the following hypothesis:

Hypothesis 4: As the level of dyadic trade between potential mediators and the disputants increase, the likelihood that potential mediators will serve as third party conflict managers rises.

Like trade ties, military alliance ties should encourage a mediator to send truthful signals. Alliances such as NATO provide institutions and other mechanisms to assure the transfer of credible information (Risse-Kappen 1996). Thus, it should be more difficult for a state to send a disingenuous signal to its alliance partners, which should make it a more attractive mediator. Second, alliances are formed to enhance the security of the allied partners (Morrow 1991). The security is enhanced only if the allied partners can credibly demonstrate that they would come to each other's aid if attacked. Thus, it is imperative for a mediator to avoid sending disingenuous signals to its allied partners in any situation because this would jeopardize the trust upon which an alliance is based. While sending a false signal may avert war in an immediate instance, it is likely to have the long-term cost of weakening the alliance, which may come back to haunt the mediator if it has to depend on the alliance to prevent an attack on itself in the future.

Hypothesis 5: As the strength of alliance ties between potential mediators and disputants increases, the likelihood that potential mediators will serve as third party conflict managers rises.

Before moving to our research design, a brief explanation of our theoretical dependent variable is warranted. Thus far we have provided a simple modification of Kydd's (2003) model, and have provided a theory to explain why a variety of factors should increase the supply of credible mediators. However, our discussion differs from Kydd's model in that we have provided a theory to explain the *supply* of mediation, while Kydd's theory is interested in mediation *success*. As we alluded to in the

introduction, examining the decision to mediate is important because the set of mediation cases observed empirically may not be random if mediators and disputants are strategic in their choices for mediation offers and acceptance of third party involvement (Terris and Maoz 2005). This strategic process on the supply side creates linkages between decisions by third parties to mediate and the success of those mediation attempts. Thus, we must consider mediation attempts prior to mediation success both theoretically and empirically. We present tests to examine both the supply and success of mediation. Our results indicate that there is indeed a selection process linking the success of mediation with the original decision to mediate.

RESEARCH DESIGN

Research on the supply side of mediation has been hindered by the dearth of conflict management data spanning long time periods. For example, Bercovitch and Schneider's (2000) supply-side analysis of "who mediates," though innovative, examines only the total number of times states mediated in the Cold War era. This design introduces a potential selection bias by not accounting for situations where potential mediators remain on the sidelines even when clear opportunities for involvement are present. To evaluate decisions by potential mediators, we need to identify 1) a set of conflicts where mediation could have been offered, 2) a subset of cases in which third party conflict mediation occurred, and 3) criteria for determining which states should be counted as potential mediators. With respect to the first criteria, we utilize version 1.0 of the ICOW project's Western Hemisphere data on contentious issue claims (Hensel, 2001; Mitchell, 2002; Hensel et al, 2007).[16] The ICOW project identifies contentious issue claims based on explicit evidence of contention involving official representatives of two or more states over a particular issue.

The ICOW project provides data on three types of contentious issues: 1) *territorial claims*, where one state challenges sovereignty over a specific piece of territory that is claimed or administered by another state, 2) *maritime claims*, which involve explicit contention between two or more states over the

ownership, access to, or usage of a maritime area, and 3) *river claims*, which involve explicit contention over the usage or ownership of an international river. This database is useful for our purposes because the universe includes all disagreements over these issues, regardless of whether they were resolved peacefully, violently, bilaterally, with third party assistance, or not at all. For each contentious claim, ICOW records every distinct peaceful settlement attempt, distinguishing between bilateral negotiations and third party efforts.

The unit of analysis appropriate to our theory is a potential mediator for each year of a dyadic claim. To construct a set of such observations, we first consider every ongoing year of a dyadic claim. Because the ICOW project distinguishes between the challenger state, which seeks to change the status quo, and the target state, which seeks to preserve it, each case is a unique challenger-target-year combination. For all three issue types (territory, maritime, and river), there are a total of 9,181 claim dyad-years in the Western Hemisphere ICOW data from 1816 to 2001.[17] Next, we create a case for every potential mediator in each ongoing dyad-year of each claim. The set of potential mediators includes all states in the Americas plus the major powers as defined by the Correlates of War Project (Small and Singer, 1982).[18]

While this strategy for creating a universe of analysis makes our dependent variables extremely rare events (occurring in less than 1% of the cases), it has three key advantages. First, it eliminates the selection bias problem associated with analyzing only cases in which at least one mediator intervenes. By considering third parties that attempt settlements as well as those whose potential services were not rendered, we can identify the factors that determine when outside management will occur and which actors are prone to intercede. Second, it allows us to capture temporal variation in our independent variables. Third, we can examine the individual characteristics of each potential mediator, such as the mediator's regime type and its relationship with the disputing states, which provides the most direct test of our hypotheses.

For each potential mediator claim dyad-year, the primary dependent variable, *mediation attempt*, equals one if the potential mediator served as a third party conflict manager at least once in that dyadic claim in that year, and zero otherwise. A potential mediator's services were used in 276 of 168,031 cases (0.16%). As explained above, we are also interested in whether or not the attempt was successful, and if there is a linkage between the supply and success of mediation. Thus, we examine a secondary dependent variable, *mediation success*, which is coded 1 if the mediation attempt resulted in an agreement between the two parties, and zero otherwise. Just less than half (133) of the mediation attempts resulted in successful agreements.

Our theory specifies that three primary theoretical variables should affect the likelihood of mediation: the regime type of the potential mediating state (H1), the democratic nature of the global community (H2), and the disputants' shared memberships in international organizations (H3). Our first theoretical variable, *mediator's polity*, captures the regime type of the potential mediating state. Scores are calculated with data from the Polity IV project (Marshall and Jaggers, 2000). This variable captures the difference between a state's democracy and autocracy scores, with a mean of .17 and a range from -10 to +10. The second theoretical variable, *average global democracy*, captures the intensity of the global democratic community. This variable is calculated as the average Polity IV democracy score per year for all states in the international system.[19] This variable has a mean of 3.43 and ranges from .79 to 5.26. Our third theoretical variable, *shared IO memberships*, assesses the information provided by global institutions. This is measured as the count of global multilateral treaties and institutions calling for the peaceful settlement of disputes that both disputants have signed and ratified. Membership in qualifying institutions is measured through the ICOW Project's Multilateral Treaties of Pacific Settlement (MTOPS) data set, which records the signature and ratification of all multilateral treaties and institutions that explicitly call for the pacific settlement of political disputes among members.[20] We focus on this smaller set of IOs because they have an explicit mandate for managing conflicts among

member states and they are more likely to provide the kind of neutral information we described theoretically. This variable has a mean of 1.43 and ranges from 0 to 4.

Beyond our primary independent variables, we argued that increasing levels of trade ties (H4) and shared alliances (H5) should increase the supply of credible mediators. High levels of international trade increase the flow of credible information between states, attract the attention of media outlets, and provide economic incentives for states to assure the peaceful resolution of conflicts with their trading partners. To test this argument, we examine the level of dyadic trade between the potential mediator and the challenger, $Trade_{PM\text{-}Ch}$, and the level of dyadic trade between the potential mediator and target state, $Trade_{PM\text{-}T}$.[21] Strong alliance ties should also motivate peaceful conflict management because allied partners must maintain a trustworthy relationship to ensure the credibility of the alliance. We test this with two variables. $Alliance_{PM\text{-}Ch}$ captures similarities in foreign policy positions of the potential mediator and the challenger, while $Alliance_{PM\text{-}T}$ makes a parallel assessment for the potential mediator and the target. Both alliance variables are equivalent to Signorino and Ritter's (1999) measure of alliance portfolio similarities, or S.[22]

Having defined the variables that help to evaluate the primary components of our theory, we now turn to placing our analysis within the context of a broader understanding of mediation activity. We include several control variables that should affect the costs of mediation, and disputants' demands for external involvement. Some mediators are more attractive than others due to their power and mediation skills (Bercovitch & Schneider, 2000). To control for this, we include a variable for the potential mediator's capabilities as indicated by its CINC score (Singer, Bremer, and Stuckey, 1972). Ranging from zero to one, CINC measures a state's average share of global military, economic, and demographic power.[23] We also expect states farther away from conflicts to be less willing to mediate because the cost of mediation increases with distance. Greater distances between the capital cities of the potential mediator and the challenger, $Distance_{PM\text{-}Ch}$, and between the potential mediator and the target, $Distance_{PM\text{-}T}$, should discourage intervention. We include a gauge for the distance between capital

cities, based on the "great circle" distance formula (Fitzpatrick and Modlin, 1986). Next, we anticipate

that some types of conflicts should generate more outside management efforts than others. Conflicts

over highly salient issues and contests that have escalated to violent levels will draw more outside

attention than less salient, non-militarized issues (Hensel 2001). Taken from the ICOW data, *issue*

salience taps a variety of issue attributes, each of which is thought to increase the issue's value to one or

both sides.[24] Finally, conflicts between states with vastly different military and economic capabilities

may generate less interest from potential mediators than those between relative equals. Potential

mediators are apt to view highly asymmetric conflicts as situations where their services are more likely

to be rejected. Thus, we should observe fewer mediation efforts in such cases. *Relative Capabilities*$_{Ch/T}$

captures the relative power asymmetries between the challenger and target state by dividing the

challenger's composite CINC score by combined CINC score of the dyad. Higher values indicate more

pronounced power advantages for the challenger, which should diminish the likelihood of outside

mediation. This variable ranges from .0002 to .9998.

EMPIRICAL ANALYSES

We present our empirical analyses in Table 1. The primary tests of our theory come in Model 1, where

we use logistic regression with "mediation attempt" as the dependent variable. As we noted earlier, this

is the best test of our theory because it eliminates potential selection bias that may arise if we focused

exclusively on the success of mediation. To be sure, in Model 2, we switch the dependent variable to

"mediation success." Selection bias is examined explicitly with a Heckman probit model in Model 3

(Heckman 1979).

Beginning with Model l, we find strong support for our primary theoretical arguments. The first

hypothesis predicts that mediation will be more likely as the democracy level for each potential mediator

increases. This hypothesis is supported with a positive and significant coefficient for *mediator's polity*

(p<.001), which suggests that increases in a potential mediating state's democracy score significantly augment its likelihood of being found to be an acceptable mediator.

[Table 1 here]

Beyond statistical significance, we can gauge the substantive effects for the independent variables by calculating each variable's marginal effect on the dependent variable when holding all other variables constant at their means or modes. The *Clarify* program was used to estimate predicted values for the statistically significant variables in Table 1 (King, Tomz and Wittenberg, 2000; Tomz, Wittenberg and King, 2003). The results for these calculations are presented graphically in Figure 1. In this figure, each significant independent variable is plotted with the probability of a mediation attempt on the Y axis, and the entire range of each independent variable on the X axis. In Figure 1a, for instance, we see that the likelihood of mediation increases by 95.7% as regime type varies from its minimum to maximum value, which indicates substantively strong support for the first hypothesis.[25]

[Figure 1 here]

The second hypothesis predicts that the supply of impartial mediators will increase as the average democratic level in the international system grows, which should make disputants more likely to utilize mediation services. Again, we find strong support for this hypothesis with a positive and significant coefficient for *average global democracy* (p<.04). The substantive effect shown in Figure 1b is similar in magnitude to the previous variable, with a 108.8% increase in the likelihood of mediation when the average global democratic score is altered from its minimum to maximum value. Thus, we find strong support indicating that a more widespread global democratic community significantly increases the probability that potential mediators help manage the conflict.

Our third hypothesis suggests that the provision of credible third party conflict management should increase as global institutions proliferate. We find strong support for this argument with a positive and significant coefficient for *Shared IO memberships* (p<.014). Thus, we can safely conclude that international institutions strongly tied to the democratic community provide a trustworthy source of

22

information through enhanced transparency and higher costs for lying. As shown in Figure 1c, substantive effects for global institutions are similar in size to the effects for average global democracy levels. As we move from the minimum to the maximum value for global institutions, the probability of third party mediation increases by 99.2%. These results parallel prior research, which finds that increases in the claimants' joint IO memberships make institutional third party conflict management more likely (Authors 2005). Our analyses do not directly link state mediators to their institutional memberships, but this would be a fruitful path for future work.

Beyond our primary hypotheses, we also predicted that increasing levels of trade and alliance ties should increase the supply of credible mediators. We find that both trading relationships and alliance portfolio similarities significantly enhance the likelihood of third party mediation, but only when considering the relationship between the potential mediator and the *target* state. As shown in Figures 1d and 1g, a move from the minimum to the maximum trade level ($Trade_{PM-T}$) boosts the probability of mediation by 2881%. Increasing levels of alliance portfolio similarities with the target state ($Alliance_{PM-T}$) also spurs potential mediators into action, raising the probability of third party management by 269%.

Why might a potential mediator's ties to the target compel it to intercede whereas ties to the challenger do not? Considering alliance ties, the vast majority are defensive pacts, which commit states to intervene militarily on the side of a treaty partner that is attacked (Gibler and Sarkees 2004). Despite the high costs associated with such military interventions, states have historically come to the aid of their partners 75 percent of the time if attacked (Leeds, Long and Mitchell, 2000). Therefore, we infer that states allied with the target have higher incentives to mediate a crisis before it escalates. States allied with challengers, on the other hand, lack this incentive because few alliance pacts require intervention on behalf of an offensive state. Regarding trade connections, one might speculate that third parties trading with the target have more incentive to mediate a dispute in order to prevent disruption of the status quo trade partnership. Third parties trading with the challenger, on the other hand, may have less

incentive to mediate given that they, like the challenger, would likely benefit from a revision of the status quo. That is, they may prefer to let the crisis play itself out in hopes that the challenger succeeds in revising the status quo. This argument assumes, of course, that successful challengers will pass the benefits along to trading partners (Gowa and Mansfield 1993).

We also identified several variables that affect the supply of mediation, including those that may alter the costs of mediation and disputants' demands for external involvement. Several of the measures meant to capture these concepts are found to have significant effects on decisions by potential mediating states to intervene in contentious issue claims. First, a long distance between the potential mediator's and the claimants' capitals are found to diminish chances for intercession. Substantively, we find that distances between the potential mediator and the challenger (Distance$_{PM-Ch}$, Figure 1e) decrease the likelihood of mediation by -67.6%, while the distance between the potential mediator and the target (Distance$_{PM-T}$, Figure 1f) decreases the likelihood of mediation by -93.8%.

Second, we find that the relative power of the challenger to the target (*relative capabilities$_{Ch/T}$*) has no effect on the likelihood of mediation (p<.73). This suggests that power asymmetries between the disputing states play little role in attracting mediation. We do find that the salience of the specific issue under contention (*issue salience*) is important in attracting mediation. The greater the issue's salience to the challenger and target, the higher the probability of third party mediation ($p < .001$). As shown in Figure 1i, claims with the highest salience level (12) are 2218% more likely to witness mediation than the lowest salience claims. Consistent with previous work on mediation (Bercovitch and Schneider 2000), we find that strong states (*mediator's CINC score*) are much more likely to mediate than weak ones. In fact, the effect of state strength dwarfs that of any other independent variable. The strongest state (the US) is 8162% more likely to mediate than the weakest (St. Kitts and Nevis), and the mean predicted probability for US mediation in any given claim dyad-year is 0.011 (Figure 1h).

As we noted earlier, we expect that examining mediation attempts as the dependent variable will provide the most direct test of our theory. This is because mediators will intentionally select themselves

into cases where they expect to be successful, so our analyses would likely suffer from selection bias if we analyzed only cases resulting in successful agreements. Model 2 examines the variables explained above using "agreement" as the dependent variable. As we can see, we arrive at nearly identical results when using this alternative dependent variable. The variables for *mediator's polity*, and *average global democracy* are both positive and significant. However, the indicator for *shared IO membership* is insignificant, which suggests that the increased volume of credible information from IOs has more to do with decisions to mediate than the success of mediation. This is confirmed in Model 3, where we use a Heckman selection model to jointly estimate the likelihood of mediation and agreement. Interestingly, once state decisions to mediate are estimated jointly with the success of those efforts, almost all of the variables exhibit significant effects only on the first stage of decisions to mediate. This implies that mediators are forward thinking and anticipating the likelihood for success when making offers to disputants for conflict management assistance.

Finally, scholars have long recognized the dominant role that the United States has played in the Americas. We ran two additional analyses to examine how this dominance affects our results. First, we re-ran our analyses after dropping the US as a potential mediator. Second, we included a dummy variable for the US. With the US dropped as a potential mediator, the variable for *Mediator's Polity* drops from significance. Similarly, when we include the US dummy, the effect of *Mediator's Polity* and *Mediator's CINC* are diminished. These results are unsurprising for a variety of reasons. First, given that the US mediates in roughly one-third of the cases in our dataset, dropping it as a potential mediator leaves far fewer cases of mediation for analysis. Second, because the US dummy correlates with regime score and CINC, the dummy variable is simply capturing the same variation that we captured otherwise with our more theoretically-informed variables. Third, the results simply work to confirm that the US has played a dominant role in the Western Hemisphere.

In this paper, we argue that a vibrant international democratic community and a vast web of global institutions supply a healthy stock of credible, unbiased mediators. The democratic community influences the supply of unbiased mediators in three ways. First, as the international system becomes more democratic, the number of potential democratic state mediators increases. Democratic states face greater audience costs for deception in the conflict management process because they face greater scrutiny in the free press and because they pay domestic costs for foreign policy failure. Democratic mediators are more attractive to disputants because their domestic institutions enhance their transparency and credibility.

Second, we show that the global democratic community influences the amount and quality of information available for all potential mediators, whether they are democratic or autocratic. As global democracy levels increase, the amount of global media coverage for interstate disputes also rises because there is an extremely high correlation between democracy and the free press (Van Belle, 1997). Mediators have much better information about the issues at stake and the capabilities and resolve of the disputing parties in an international system populated heavily by democratic states. This increased marketplace of information makes it more difficult for mediators to be deceptive, generating additional audience costs.

Third, democracies have a tendency to create and join international organizations, so the number of global international organizations increases as the system becomes more democratic (Russett and Oneal, 2001). International organizations often overcome collective action problems by providing fair and neutral information. When disputing states jointly belong to a larger number of international organizations, this provides an additional source of unbiased information for mediators, clarifying the issues at stake and the preferences and resolve of each side in the dispute. This could happen both when IOs actively get involved in disputes as conflict managers or through a more passive effect of shared memberships in IOs, which increases frequency of interaction and opportunities for information sharing

(Mitchell and Hensel, 2007). Again, such enriched information generates greater costs for mediators who do not tell the truth because false information is more likely to be uncovered by these neutral organizations. Beyond these systemic effects, we also find that strong alliance ties and trade ties augment the supply of credible mediators.

In short, while biased mediators may be more attractive to disputants among the pool of potential mediators, this advantage declines as the global democratic community becomes more predominant. Unlike other functions of the democratic community (Kadera, Crescenzi and Shannon 2003), this predominance need not be tied to power as defined by capabilities because the institutional forces within democracies and democratic forces in the international system increase the quality and quantity of information, which provides neutral mediators with an additional source of credibility.

More broadly, our research demonstrates the benefits of bridge-building efforts between constructivist and rationalist approaches to studying world politics (Katzenstein, Keohane and Krasner, 1999; Fearon and Wendt 2002). Our contribution to this emerging literature is to take a rationalist mediation model and demonstrate that changes in the systemic environment, most notably the democratic community, alter the decisions mediators make about when and where to get involved. The vast majority of game theoretic models, including Kydd's mediation model, focus on strategic interaction in dyadic settings. Yet, constructivists have demonstrated that systemic environments and systemic norms can alter states' preferences and identities and thus the choices they make in strategic settings. Our research project shows that a global environment with more democratic states and norms for conflict management, as well a greater media marketplace matters at the dyadic level. Disputants are able to seek out credible and trusted mediators more readily in a global system that is democratic and transparent. Potential mediators do not shrink away from opportunities to resolve conflicts, but rather see the benefits that can accrue from more peaceful interstate and intrastate environments, including safer economic markets, improved diplomatic reputations, and improved agenda setting influence domestically and internationally. Our theoretical model and empirical findings show that the systemic

context within which diplomacy and mediation occurs influences both the supply of mediation attempts and the success of those efforts.

Taken together, our results suggest one plausible causal mechanism by which systemic democracy fosters peace. The greater supply of mediators provided by the democratic community and its institutions helps diffuse contentious issues before they reach the stage of deadly violence. In addition to augmenting the supply of quality mediators, the democratic community's and global institutions' pacific efforts seem to be fairly effective once the parties reach an agreement. The democratic peace has an important top-down effect that assists third parties in the resolution of conflicts in world affairs. The transparent nature of democratic regimes and global institutions enhances their abilities to market credible and impartial mediators, opening up greater possibilities for resolving conflicts and pushing the system closer to a Kantian peace.

REFERENCES

Afrasiabi, Kaveh L. 2006. "Russia Plays a Double Game Over Iran." *Asia Times*, 4 November 2006.

Alterman, Eric. 2004. "When Presidents Lie." *The Nation*, 7 October 2004.

Associated Press. 2007. "UN Nuclear Watchdog Chief Expresses Concern about Anti-Iran Rhetoric from US." 28 October 2007.

Balz, Dan. 2005. "Hillary Clinton Crafts Centrist Stance on War." *Washington Post*, 12 Dec 2005.

Barbieri, Katherine. 2002. *The Liberal Illusion: Does Trade Promote Peace?* Ann Arbor, MI: University of Michigan Press.

Beardsley, Kyle C., David M. Quinn, Bidisha Biswas, and Jonathan Wilkenfeld. 2006. "Mediation Style and Crisis Outcomes." *Journal of Conflict Resolution* 50(1): 58-86.

Bennett, D. Scott and Allan Stam. 2000. "*EUGene*: A Conceptual Manual." *International Interactions*, 26: 179-204.

Berkovitch, Jacob and Gerald Schneider. 2000. "Who Mediates? The Political Economy of International Conflict Management." *Journal of Peace Research*, 37(2): 145-165.

Caldeira, Gregory A. and James L. Gibson. 1995. "The Legitimacy of the Court of Justice in the European Union: Models of Institutional Support." *American Political Science Review*, 89(2): 356-376.

Caporaso, James A. 1992. International Relations Theory and Multilateralism: The Search for Foundations. *International Organizations*, 46(3): 599-632.

Cooper, Helene and Mark Mazzetti. 2007. "Doubts Greet U.S. Evidence on Iran Action." *New York Times*, 13 February 2007.

Crescenzi, Mark J.C. and Andrew J. Enterline. 1999. "Ripples from the Waves? A Systemic, Time-Series Analysis of Democracy, Democratization, and Interstate War." *Journal of Peace Research* 36(1): 75-94.

Downs, George W., and David M. Rocke. 1995. *Optimal Imperfection: Domestic Uncertainty and Institutions in International Relations*. Princeton, NJ: Princeton University Press.

Economist. 2008. "Has Iran Won?" 31 January 2008.

Fearon, James D. 1994. "Domestic Political Audiences and the Escalation of International Disputes." *American Political Science Review* 88(3): 577-592.

Fearon, James D. and Alexander Wendt. 2002. "Rationalism v. Constructivism: A Skeptical View." Pp. 52-72 in Walter Carlsnaes, Thomas Risse, and Beth A. Simmons (eds.), *Handbook of International Relations*. Thousand Oaks, CA: Sage Publications.

Fisher, Ronald J. 1995. "Pacific, Impartial Third-Party Intervention in International Conflict: A Review and an Analysis." Pp. 39-59 in Vasquez et al (eds.), *Beyond Confrontation: Learning Conflict Resolution in the Post-Cold War Era*. Ann Arbor, MI: University of Michigan Press.

Fitzpatrick, Gary L., and Modlin, Marilyn J. 1986. *Direct-Line Distances (United States Edition)*. Metuchen, NJ: the Scarecrow Press, Inc.

Gelpi, Christopher. 1997. Crime and Punishment: The Role of Norms in Crisis Bargaining. *American Political Science Review*, 91(2): 339-360.

Gibler, Douglas M. and Meredith R. Sarkees. 2004. Measuring Alliances: the Correlates of War Formal Interstate Alliance Dataset, 1816-2000. *Journal of Peace Research*, 41: 211 - 222.

Gleditsch, Nils Petter and Håvard Hegre. 1997. "Peace and Democracy: Three Levels of Analysis." *Journal of Conflict Resolution* 41(2): 283-310.

Gleditsch, Kristian Skrede. 2002. "Expanded Trade and GDP Data." *Journal of Conflict Resolution*, 46(5): 712-724.

Gowa, Joanne and Edward D. Mansfield. 1993. "Power Politics and International Trade." *American Political Science Review* 87(2): 408-420.

Greig, J. Michael. 2005. "Stepping into the Fray: When do Mediators Mediate?" *American Journal of Political Science* 49(2): 249-266.

Greig, J. Michael. 2001. "Moments of Opportunity: Recognizing Conditions of Ripeness for

International Mediation between Enduring Rivals." *Journal of Conflict Resolution* 45(6): 691-718.

Grigorescu, Alexandru. 2003. "International Organizations and Government Transparency: Linking the

International and Domestic Realms." *International Studies Quarterly*, 47: 643-667.

Halim, Ahmed Abdel. 2002. "The Unique Role of Moderate Arab States." *The Washington Quarterly*,

25(4): 187-197.

Harding, Luke. 2003. "Revealed: Truth Behind US 'Poison Factor' Claim." *The Observer*, 9 February

2003.

Harrison, Ewan. 2004. "State Socialization, International Norm Dynamics, and the Liberal Peace.

International Politics, 41(4): 521-542.

Heckman, James J. 1979. "Sample Selection Bias as a Specification Error." *Econometrica* 47(1):153-

162.

Hensel, Paul R. 2001. "Contentious Issues and World Politics: The Management of Territorial Claims in

the Americas, 1816-1992." *International Studies Quarterly,* 45 (1): 81-109.

Hensel, Paul R., Sara McLaughlin Mitchell, Thomas E. Sowers II, and Clayton L. Thyne. 2008. "Bones

of Contention: Comparing Territorial, Maritime, and River Issues." *Journal of Conflict Resolution*

52(1): 117-143.

Huntley, Wade L. 1996. "Kant's Third Image: Systemic Sources of the Liberal Peace." *International*

Studies Quarterly, 40:45-76.

International Crisis Group. 2006. "China and North Korea: Comrades Forever?" *Asia Report N°112*.

Available: http://www.nautilus.org/fora/security/0610.pdf.

Kadera, Kelly, Crescenzi, Mark, and Megan Shannon. 2003. "Democratic Survival, Peace, and War in

the International System." *American Journal of Political Science* 47(2): 234-247.

Katzenstein, Peter J., Robert O. Keohane, and Stephen D. Krasner. 1998. "International Organization

and the Study of World Politics." *International Organization* 52(4): 645-685.

King, Gary, Michael Tomz, and Jason Wittenberg. 2000. Making the Most of Statistical Analyses: Improving Interpretation and Presentation. *American Journal of Political Science*, 44(2):347-61.

Kralev, Nicholas. 2003. "Blix Says Iraq is Cooperating." *The Washington Times*, 8 March 2003.

Kydd, Andrew. 2003. "Which Side are You On? Bias, Credibility, and Mediation." *American Journal of Political Science* 47(4):597-611.

Kydd, Andrew. 2006. "When Can Mediators Build Trust?" *American Political Science Review* 100(3):449-462.

Lam, Willy Wo-Lap. 2002. "Beijing's North Korea Conundrum." Available: http://edition.cnn.com/2002/WORLD/asiapcf/east/12/23/willy.column/.

Leeds, Brett Ashley, Andrew G. Long, and Sara McLaughlin Mitchell. 2000. "Reevaluating Alliance Reliability: Specific Threats, Specific Promises." *Journal of Conflict Resolution*, 44(5): 686-699.

Lewis, Charles, and Mark Reading-Smith. 2008. "False Pretenses." Available: http://www.publicintegrity.org/WarCard/.

Marshall, Monty G. and Keith Jaggers. 2000. Polity IV dataset. http://www.bsos.umd.edu/cidcm/inscr/.

Mitchell, Sara McLaughlin. 2002. "A Kantian System? Democracy and Third-Party Conflict Resolution." *American Journal of Political Science* 46(4):749-759.

Mitchell, Sara McLaughlin, Gates, Scott, and Håvard Hegre. 1999. "Evolution in Democracy-War Dynamics." *Journal of Conflict Resolution* 43(6):771-792.

Mitchell, Sara McLaughlin and Paul R. Hensel. 2007. "International Institutions and Compliance With Agreements." *American Journal of Political Science* 51(4):721-737.

Morrow, James D. 1991. "Alliances and Asymmetry: An Alternative to the Capability Aggregation Model of Alliances." *American Journal of Political Science* 35(4): 904-33.

Oneal, John R. and Bruce Russett. 1999. "The Kantian Peace: The Pacific Benefits of Democracy, Interdependence, and International Organizations, 1885-1992." *World Politics* 52(1): 1-37.

Rauchhaus, Robert W. 2006. "Asymmetric Information, Mediation, and Conflict Management." *World Politics* 58: 207-241.

Regan, Patrick M. 2000. *Civil Wars and Foreign Powers: Outside Intervention in Intrastate Conflict*. Ann Arbor, MI: University of Michigan Press.

Risse-Kappen, Thomas. 1996. "Collective Identity in a Democratic Community: The Case of NATO," in Peter J. Katzenstein (ed), *The Culture of National Security: Norms and Identity in World Politics*, New York: Columbia University Press.

Russett, Bruce and John R. Oneal. 2001. *Triangulating Peace: Democracy, Interdependence, and International Organizations*. W. W. Norton & Company.

Sartori, Anne E. 2005. *Deterrence by Diplomacy*. Princeton, N.J.: Princeton University Press.

Schultz, Kenneth A. 1998. "Domestic Opposition and Signaling in International Crises." *American Political Science Review* 92(4): 829-844.

Shannon, Megan. 2005. *The Democratic Community and the Expansion of International Organizations*. Ph.D. dissertation, University of Iowa.

Signorino, Curtis S. and Jeffrey M. Ritter. 1999. "Tau-B or Not Tau-B: Measuring the Similarity of Foreign Policy Positions." *International Studies Quarterly*, 43(1): 115-144.

Singer, J. David, Stuart Bremer, and John Stuckey. 1972. "Capability Distribution, Uncertainty, and Major Power War, 1820-1965." in Bruce Russett (ed) *Peace, War, and Numbers*, Beverly Hills: Sage, 19-48.

Small, Melvin and J. David Singer. 1982. *Resort to Arms: International and Civil Wars, 1816-1980*. Beverly Hills: Sage.

Smith, Alastair. 1996. Diversionary Foreign Policy in Democratic Systems. *International Studies Quarterly* 40: 133-153.

Smith, Alastair and Allan Stam. 2003. "Mediation and Peacekeeping in a Random Walk Model of Civil and Interstate War." *International Studies Review* 5(4): 115-135.
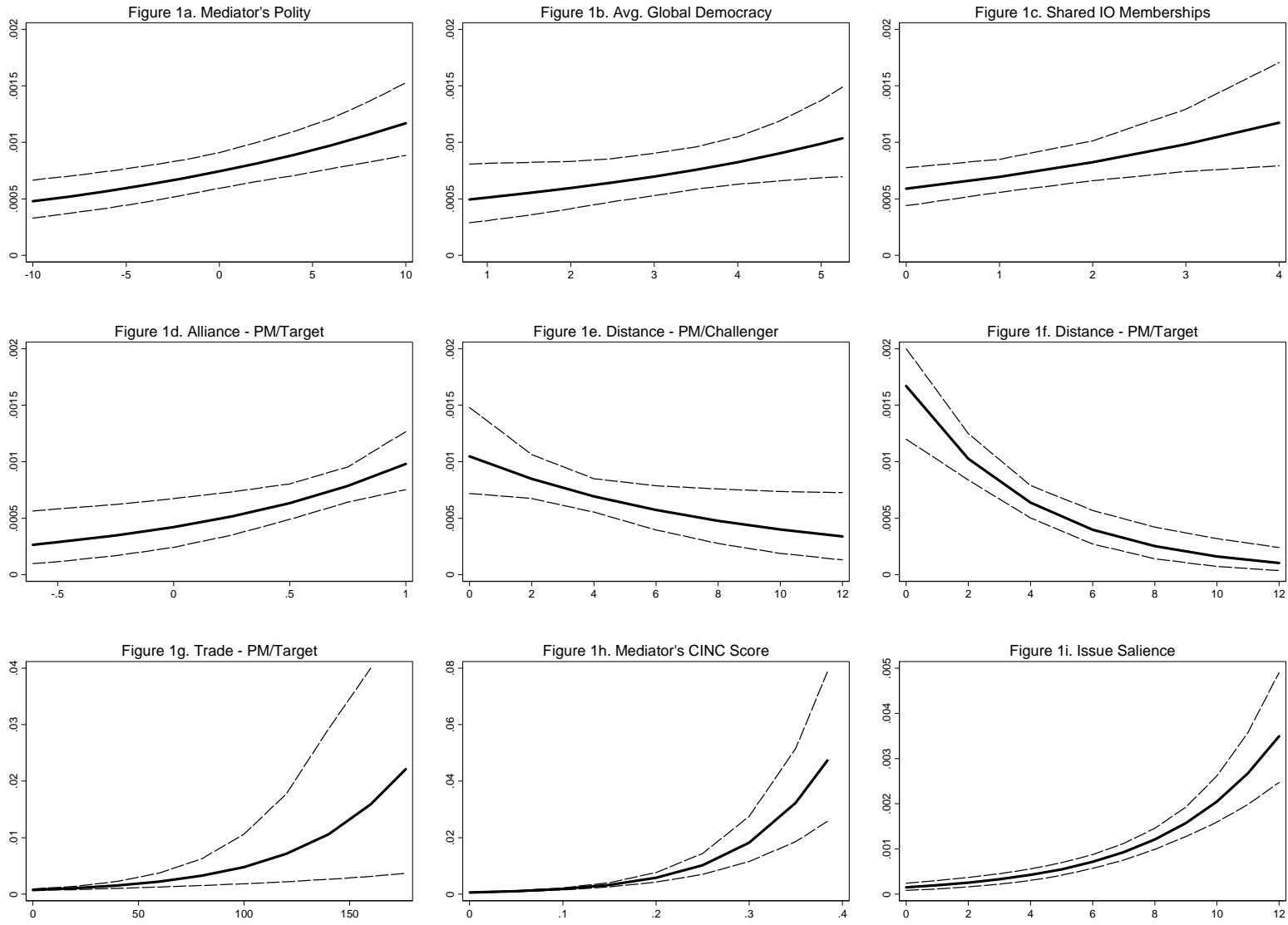
Terris, Leslie G. and Zeev Maoz. 2005. "Rational Mediation: A Theory and a Test." *Journal of Peace Research* 42(5): 563-583.

Tomz, Michael, Jason Wittenberg, and Gary King. 2003. *CLARIFY: Software for Interpreting and Presenting Statistical Results. Version 2.1*. Stanford University, University of Wisconsin, and Harvard University. 5 Jan. 2003. Available: <http://gking.harvard.edu>.

Van Belle, Douglas A. 1997. "Press Freedom and the Democratic Peace." *Journal of Peace Research*, 34(4): 405-414.

Wall, James A., Jr. and Ann Lynn. 1993. "Mediation: A Current Review." *Journal of Conflict Resolution*, 37(1): 160-194.

Warrick, Joby. 2003a. "U.S. Claim on Iraqi Nuclear Program is Called into Question." *Washington Post*, 24 January 2003.

Warrick, Joby. 2003b. "Some Evidence on Iraq Called Fake. U.N. Nuclear Inspector Says Documents on Purchases were Forged." *Washington Post*, 8 March 2003.

Wendt, Alexander. 1999. *Social Theory of International Politics*. Cambridge: Cambridge University Press.

Werner, Suzanne and Douglas Lemke. 1997. "Opposites do not Attract: The Impact of Domestic Institutions, Power, and Prior Commitments on Alignment Choices." *International Studies Quarterly*, 41(3): 529-546.

Wilson, Joseph C., IV. 2003. "What I Didn't Find in Africa." *New York Times*, 6 July 2003.

Young. Oran R. 1967. *The Intermediaries: Third Parties in International Crises*. Princeton: Princeton University Press.

Table 1: Mediation Attempts and Success in the Western Hemisphere, 1816-2001

	Logit Model 1 Mediation	Logit Model 2 Agreement	Selection Model 3 Mediation	Agreement
Transparency variables				
Mediator's polity	0.045***	0.047**	.014***	.015
	(.012)	(0.018)	(.004)	(.018)
Avg. global democracy	0.172*	0.233*	.062*	.115
	(0.083)	(0.121)	(.028)	(.135)
Shared IO memberships	0.168**	0.090	.067**	-.114
	(0.068)	(0.100)	(.023)	(.118)
Secondary sources of mediator credibility				
Trade $_{PM-Challenger}$	0.001	0.009	-.001	.017
	(0.008)	(0.007)	(.003)	(.020)
Trade $_{PM-Target}$	0.018***	0.017**	.007***	-.019
	(0.004)	(0.007)	(.002)	(.015)
Alliance $_{PM-Challenger}$	0.027	0.478	.016	.849*
	(0.324)	(0.502)	(.102)	(.512)
Alliance $_{PM-Target}$	0.856**	0.495	.309***	-.429
	(0.327)	(0.448)	(.101)	(.476)
Control variables				
Distance $_{PM-Challenger}$	-0.099*	-0.118*	-.036**	.110
	(0.047)	(0.069)	(.015)	(.068)
Distance $_{PM-Target}$	-0.238***	-0.187**	-.073***	-.081
	(0.049)	(0.069)	(.015)	(.062)
Relative capabilities$_{Ch/T}$	0.074	-0.664*	-1.36***	
	(0.210)	(0.322)	(.327)	
Mediator's CINC score	11.543***	11.611***	4.26***	
	(0.819)	(1.175)	(.321)	
Issue salience	0.264***	0.239***	.084***	
	(0.031)	(0.045)	(.010)	
Constant	-9.480***	-10.013***	-3.99***	-1.23
	(0.461)	(0.678)	(.156)	(.974)
Observations	157056	157056	157056	157056
Chi-square	416.20***	187.19***	29.39***	29.39***
Pseudo R^2 / Rho	.112	.100	.357	.357

Standard errors in parentheses. * significant at .05; ** significant at .01; ***significant at .001 (one tailed).

Figure 1: Marginal Effect of Decision to Mediate

Figure 1a. Mediator's Polity

Figure 1b. Avg. Global Democracy

Figure 1c. Shared IO Memberships

Figure 1d. Alliance - PM/Target

Figure 1e. Distance - PM/Challenger

Figure 1f. Distance - PM/Target

Figure 1g. Trade - PM/Target

Figure 1h. Mediator's CINC Score

Figure 1i. Issue Salience

Note: Figures generated from Table 1, Model 1.

[1] The systemic effects of democracy on global conflict management have been examined in other research. For example, Mitchell (2002) shows that as the proportion of global democracies has grown, non-democratic states have adopted a norm for third party conflict management even though they lack internal institutions and norms that would make them naturally amenable to outside mediation. For other research on the systemic democratic peace, see Crescenzi and Enterline (1999), Gleditsch and Hegre (1997), Harrison (2004), Huntley (1996), Kadera, Crescenzi, and Shannon (2003), and Oneal and Russett (1999).

[2] We use the term mediation interchangeably with third party conflict management. Our dataset includes third party involvement in multiple forms: good offices, inquiry, conciliation, mediation, arbitration, adjudication, multilateral negotiations, and peace conferences. When we refer to decisions to mediate, we are using the term broadly to include all forms of third party involvement in interstate conflicts.

[3] Other factors that capture the mediator's credibility are also found to have differential effects between the supply and success of mediation attempts, including distance, trade ties, and alliance ties to the target.

[4] Beardsley et al (2006) focus on the effect of three mediation styles on success: facilitation, formulation, and manipulation. Empirical analyses of the ICB dataset suggest that manipulation is the most effective strategy for helping the parties strike an agreement and abating a crisis. The timing of mediation efforts may also have an important effect on success (Greig 2001).

[5] Many other factors have been identified in the academic literature on mediation as important for understanding the supply side of third party intervention. These factors include conflict intensity and proximity (Regan 2000), conflict stalemate (Greig 2005), previous conflict management (Hensel 2001; Greig 2005), and conflict versatility (Terris and Maoz 2005).

[6] Kydd's assumption about the range for the signal error focuses on situations where the signal could be informative. His equilibrium results (as well as ours) hold for cases in which the error is informative, or less than or equal to 0.5.

[7] We can show that this threshold exists when $\beta = 0$. Work is in progress for other values of β.

[8] It is important to note at this point that we are not arguing that democratic institutions and norms inhibit lying on a moral level, nor are we arguing that mediators, individuals, firms, and governments associated with the democratic community are less dishonest by nature. The argument is driven more by the influence of the norms of institutional and economic behavior that have developed in Kantian environments. Transparency and reputation become important components of democracies for the sake of efficiency, contracting, profit, and dispute resolution. These norms then spill over into other aspects of political interaction, including mediation.

[9] Although we realize that this example is not a classical case of mediation, it is consistent with collective third party dispute resolution because the United States was acting on behalf of all states who were (allegedly) threatened by Iraq's WMD program.

[10] These claims came most famously in President Bush's 2003 State of the Union Address. Similar claims were made by Secretary of State Colin Powell and CIA director George Tenet before the Senate Foreign Relations Committee in the months prior to the President's address (September 2002), and by Colin Powell before the UN Security council (February 2003).

[11] There was also disagreement among US policymakers and bureaucrats, with some CIA officials claiming that there was no hard evidence about Iraq's WMD program and others, such as George Tenet describing the evidence as a "slam dunk".

[12] This op-ed piece generated personal costs for Wilson and arguably additional audience costs for the Bush administration as officials in the government revealed to the media via Robert Novak that Wilson's wife, Valerie Plame Wilson, was a CIA operative.

[13] In fact, there is evidence to suggest that the international media played a stronger role than the US media in discrediting claims from the White House because the US media feared appearing unpatriotic during a period of impending war (Fairness & Accuracy in Reporting 2007).

[14] For example, *The Guardian's* Luke Harding (2003) explained, "…the terrorist factory was nothing of the kind - a dilapidated collection of concrete outbuildings at the foot of a grassy sloping hill."

[15] While it is true that firms (rather than states) trade with each other, it is also true that states go to great lengths to establish friendly trading ties on behalf of these firms, which should result in the increased flow of information that we describe. For example, governments (not firms) sign preferential trading agreements, which significantly increases the amount of trade between member countries. This approach is similar to other arguments about the pacifying effects of trade (e.g., Russett and Oneal, 2001).

[16] This dataset is available at http://data.icow.org.

[17] Territorial claims are coded from 1816-2001, while maritime and river claims are coded from 1900-2001.

[18] In reality, all states could be considered potential mediators. However, some selection rule is necessary to limit the set of potential mediators in order to avoid inflating our data with zeros for the dependent variable. Our decision rule (all states in the region plus major powers) aligns with similar selection rules in the literature, such as those who used politically relevant dyads to analyze interstate disputes (e.g., Russett & Oneal, 2001).

[19] This variable is similar to the democratic community variable developed in Kadera, Crescenzi and Shannon (2003). Here we use a reduced form of their variable by removing the power capabilities dimension of the measure because our theory does not specify the role of capabilities tied to the democratic community.

[20] Relevant global treaties include the charters of the League of Nations and United Nations, declarations accepting the compulsory jurisdiction of the Permanent Court of International Justice or International Court of Justice, the 1899 and 1907 Hague treaties on the peaceful settlement of disputes, and the Kellogg-Briand Pact. This data set is available at <http://data.icow.org>, including documentation that lists the excerpts of the treaty or charter that call for the pacific settlement of disputes.

[21] Trade values are taken from version 1.1 of Barbieri's (2002) dataset. Her dyadic variables sum the total value of imports to state A from state B and the total value of imports to B from A. We make one very important modification to Barbieri's measures for dyadic trade, recoding missing data as zero. This is one of the steps Gleditsch (2002) advocates in improving such measures due to the enormous amount of missing data.

[22] This data was obtained from EuGene (Bennett and Stam, 2000). We use the S measures that are global and weighted.

[23] Bercovitch and Schneider's (2000:158) analyses support this assertion: the United States has engaged in by far the largest number of mediations (84), and other strong states are at the top of their list as well (United Kingdom-16, India-12, France-11, and the Soviet Union-5). It is interesting that many of the weaker states near the top of Bercovitch and Schneider's (2000:158) mediation list are located in the Middle East. Syria was the second most frequent mediator in the world from 1950-1990 (31 mediations), followed by Saudi Arabia (14), Sudan (9), Egypt (8), Libya (6), and Iran (5). While we do not capture regional conflict levels in our analyses below, this may become important in the future, especially when we analyze regions other than North, Central, and South America.

[24] The salience index combines six dichotomous dimensions, with each dimension contributing up to two points to the salience index, one point per claimant state for which the indicator is present, producing a range from zero to twelve. For more information about the index components, see Hensel et al. (2008: 130-131).

[25] We should note that while the substantive effects seem large, the rareness of the dependent variable produces small predicted probabilities in general. This is similar to other dyadic analyses of international conflict.

Some Preliminary Functions, from Kydd (2003)

<u>Basic concepts (based on Kydd's (2003) Table 1)</u>

Term and definition	Range
s = status quo division of the issue	[0, 1]
p = Player 1's chance of winning a conflict	[0, 1]
x = Player 1's proposal for his share of the issue	[0, 1]
$y = 1-x$ = Player 2's share of the issue	[0, 1]
k = upper bound on Player 2's cost of fighting	positive
ε = likelihood that the signal from Nature is in error	(0, 0.5)
c_i = player i''s cost of conflict	positive, c_2 bound by k
h = likelihood Player 2 has high costs	[0, 1]
h_H = likelihood Player 2 has high costs given an H signal	[0, 1]
h_L = likelihood Player 2 has high costs given an L signal	[0, 1]
A, B = boundaries of k between which Player 1's offer depends on k	positive

<u>Player 1's beliefs:</u>

$$h = \frac{p + k - s}{k}$$

$$h_H = \frac{(1 - \epsilon)\, h}{(1 - \epsilon)\, h + \epsilon\, (1 - h)}$$

$$h_L = \frac{\epsilon \times h}{\epsilon \times h + (1 - \epsilon)\, (1 - h)}$$

<u>Offers made by Player 1:</u>

$$x_H = \frac{\frac{1-\epsilon}{\epsilon}\, (p + k - s) + s + p - c_1}{2}$$

$$x_L = \frac{\frac{\epsilon}{1-\epsilon}\, (p + k - s) + s + p - c_1}{2}$$

Possible ranges for k, the upper bound on Player 2's cost of fighting:

$$A_H = s - p + \frac{\epsilon}{1-\epsilon} (p - s + c_1)$$

$$B_H = s - p + \frac{\epsilon}{1-\epsilon} (s - p + c_1)$$

$$A_L = s - p + \frac{1-\epsilon}{\epsilon} (p - s + c_1)$$

$$B_L = s - p + \frac{1-\epsilon}{\epsilon} (s - p + c_1)$$

Introducing b(S_n-S_m) to the mediator's utility function

In Kydd's original model, if conflict is avoided, the Mediator's utility is βx, where x is Player 1's offer, which is accepted by Player 2. And if conflict occurs, the Mediator's utility is βx-c_m.

In our extension of Kydd's model, if conflict is avoided and the Mediator tells the truth, then her utility is still βx. But if conflict is avoided and the Mediator lies, her utility is βx-$b(S_n$-$S_m)$, where b is the probability of getting being caught in a lie, S_n is the signal from Nature, and S_m is the signal the Mediator communicates to Player 1. If conflict occurs and the Mediator tells the truth, she receives βx-c_m, as in Kydd's model. But if conflict occurs and the Mediator lies, she receives βx-$b(S_n$-$S_m)$-c_m.

Calculating the Mediator's Decisions

Case 1: $k < A_H$

Whether Nature sends the H signal (Player 2 has high costs) or the L signal (Player 2 has low costs), Player 1 will offer its maximum, p, no matter what his beliefs are, and Player 2 will accept. So the Mediator gets bp if it tells the truth (because $S_n = S_m$) and βp-$b(S_n$-$S_m)$ if she lies. Unless $b = 0$, the Mediator is honest. This is different from Kydd's result, in which the Mediator is indifferent and babbling equilibria mix with truth-telling.

Case 2: $k \in [A_H, \min\{A_L, B_H\}]$

2.1: Nature Sends H signal to the Mediator ("Player 2 Has High Costs")

Utilities for the Mediator, for both telling the truth (U21t) and lying (U21l):

$$U21t = \left(1 - \left(h_H + (s - X_H)\left(\frac{1 - h_H}{s - p}\right)\right)\right) \times (-c_m)$$

$$U21l = -b(S_n - S_m)$$

Setting these two utilities equal to each other and solving for *b* yields a critical value, *b**:

$$b^* = -\frac{(k(-1 + \epsilon) + (p - s)(-1 + 2\epsilon) + \epsilon c_1)c_m}{2(k(-1 + \epsilon) + (p - s)(-1 + 2\epsilon))(S_m - S_n)}$$

Note that *b** is positive when $\frac{(k(\epsilon - 1) + (p - s)(2\epsilon - 1))}{\epsilon} < c_1$, which is always true because $0 < \epsilon \leq 0.5$.

The Mediator tells the truth whenever *b* > *b**; when the international system is more democratic, when the potential mediator is democratic, or when the number of disputants' shared IO memberships increases, this increases *b*, improving the chances that this condition is met.

Case 2.2: Nature Sends L signal to the Mediator ("Player 2 Has Low Costs")

Utilities for the Mediator:

$$U22t = 0$$

$$U22l =$$
$$\left(h_L + (s - X_H) \times \left(\frac{1 - h_L}{s - p}\right)\right)(-b(S_n - S_m)) + \left(1 - \left(h_L + (s - X_H)\left(\frac{1 - h_L}{s - p}\right)\right)\right) \times (-c_m - b(S_n - S_m))$$

Telling the truth is always better than lying in this case (U22l < 0). Since $\beta = 0$, there is no incentive to lie. But since Player 1 cannot see the signal from Nature, he can only conclude that the Mediator is credible when *b*>*b**, therefore the Mediator is only credible when the condition for truth-telling in 2.1 is also met.

<u>Case 3: $k \in [A_L, B_H]$</u>

3.1: Nature Sends H signal to the Mediator ("Player 2 Has High Costs")

Utilities for the Mediator:

$$U31t = \left(1 - \left(h_H + (s - X_H)\left(\frac{1 - h_H}{s - p}\right)\right)\right) \times (-c_m)$$

$$U31l =$$
$$\left(h_H + (s - X_L)\left(\frac{1 - h_H}{s - p}\right)\right) \times (-b(S_n - S_m)) + \left(1 - \left(h_H + (s - X_L)\left(\frac{1 - h_H}{s - p}\right)\right)\right) \times (-c_m - b(S_n - S_m))$$

Setting these two utilities equal to each other and solving for *b* yields a critical value, *b**:

$b* =$

$$\frac{(k+ p- s) \ (-1 + 2\,\epsilon) \ c_m}{2 \ (-1 +\epsilon) \ (k \ (-1 +\epsilon) + (p- s) \ (-1 + 2\,\epsilon)) \ (S_m - S_n)}$$

For the sake of simplification, let $F_t = (h_H + (s - X_H))\left(\dfrac{1 - h_H}{s - p}\right)$. Because F_t is the probability of Player 2 accepting Player 1's offer given that Nature has sent H to the Mediator and the Mediator has sent H to Player 1, we know that $0 < F_t < 1$.

Also, let $F_l = (h_H + (s - X_L))\left(\dfrac{1 - h_H}{s - p}\right)$. Because F_l is the probability of Player 2 accepting Player 1's offer given that Nature has sent L and the Mediator has sent H to Player 1, we know that $0 < F_l < 1$. The revised utilities for the Mediator:

$\mathtt{SU31t} = (1 - F_t) \times (-c_m)$

$\mathtt{SU31l} = F_l \times (-b\,(S_n - S_m)) + (1 - F_l) \times (-c_m - b\,(S_n - S_m))$

Setting these two utilities equal to each other and solving for b yields a critical value, $b*$:

$b* = \dfrac{c_m \ (-F_l + F_t)}{S_m - S_n}$

As long as $F_l > F_t$, $b*$ is positive. Because $x_H > x_L$, we know that $F_l > F_t$ is always the case, so $b*$ is always positive The Mediator tells the truth whenever $b > b*$; when the international system is more democratic, when the potential mediator is democratic, or when the number of disputants' shared IO memberships increases, this increases b, improving the chances that this condition is met.

3.2: Nature Sends L signal to the Mediator ("Player 2 Has Low Costs")

Utilities for the Mediator:

$\mathtt{U32t} = \left(1 - \left(h_L + (s - X_L)\left(\dfrac{1 - h_L}{s - p}\right)\right)\right) \times (-c_m)$

$\mathtt{U32l} =$
$\left(h_L + (s - X_H)\left(\dfrac{1 - h_L}{s - p}\right)\right) \times (-b\,(S_n - S_m)) + \left(1 - \left(h_L + (s - X_H)\left(\dfrac{1 - h_L}{s - p}\right)\right)\right) \times (-c_m - b\,(S_n - S_m))$

Again, we make substitutions for probabilities with complex forms:

$\mathtt{SU32t} = (1 - G_t) \times (-c_m)$

$\mathtt{SU32l} = G_l \times (-b\,(S_n - S_m)) + (1 - G_l) \times (-c_m - b\,(S_n - S_m))$

Setting these two utilities equal to each other and solving for b yields a critical value, $b*$:

$b* = \dfrac{c_m \ (-G_l + G_t)}{S_m - S_n}$

This is identical to the result in 3.1.

Case 4: $k \in [B_H, A_L]$

4.1: Nature Sends H signal to the Mediator ("Player 2 Has High Costs")

Utilities for the Mediator:

```
U41t = (1 - h_H) × (-c_m)
U41l = -b (S_n - S_m)
```

Setting these two utilities equal to each other and solving for b yields a critical value, b^*:

$$b^* = \frac{c_m \, (-1 + h_H)}{S_m - S_n}$$

We know that $h_H \leq 1$, so b^* is always at least zero. The Mediator tells the truth whenever $b > b^*$; when the international system is more democratic, when the potential mediator is democratic, or when the number of disputants' shared IO memberships increases, this increases b, improving the chances that this condition is met.

4.2: Nature Sends L signal to the Mediator ("Player 2 Has Low Costs")

Utilities for the Mediator:

```
U42t = 0
U42l = (h_L) × (-b (S_n - S_m)) + (1 - h_L) × (-c_m - b (S_n - S_m))
```

Setting these two utilities equal to each other and solving for b yields a critical value, b^*:

$$b^* = \frac{c_m \, (-1 + h_L)}{-S_m + S_n}$$

Because $h_L < 1$ and $Sn > Sm$, b^* is always negative. Therefore, there is no b that makes lying better than truth-telling. The mediator is always honest under this condition. Although the Mediator has no incentive to lie, Player 1 cannot see the signal from Nature and can only conclude that the Mediator is credible when $b > b^*$, therefore the Mediator is only credible when the condition for truth-telling in 4.1 is also met.

Case 5: $k \in [\max\{A_L, B_H\}, B_L]$

5.1: Nature Sends H signal to the Mediator ("Player 2 Has High Costs")

Utilities for the Mediator:

$$\text{U51t} = (1 - h_H) \times (-c_m)$$

$$\text{U51l} =$$
$$\left(h_H + (s - X_L) \left(\frac{1 - h_H}{s - p}\right)\right) \times (-b(S_n - S_m)) + \left(1 - \left(h_H + (s - X_L)\left(\frac{1 - h_H}{s - p}\right)\right)\right) \times (-c_m - b(S_n - S_m))$$

Setting these two utilities equal to each other and solving for *b* yields a critical value, *b**:

$$b* = \frac{c_m(h_H - 1)(s - x_L)}{(p - s)(S_n - S_m)}$$

We know that $s > p$ and $S_n > S_m$, so the denominator is negative. We also know that $c_m > 0$ and $0 \leq h_H \leq 1$. Therefore, if $s > x_L$, then any b will be larger than *b**, and the Mediator will tell the truth. If $s < x_L$, the Mediator will tell the truth if $b > b*$; when the international system is more democratic, when the potential mediator is democratic, or when the number of disputants' shared IO memberships increases, this increases *b*, improving the chances that this condition is met.

5.2: Nature Sends L signal to the Mediator ("Player 2 Has Low Costs")

Utilities for the Mediator:

$$\text{U52t} = \left(1 - \left(h_L + (s - X_L)\left(\frac{1 - h_L}{s - p}\right)\right)\right) \times (-c_m)$$
$$\text{U52l} = h_L(-b(S_n - S_m)) + (1 - h_L)(-c_m - b(S_n - S_m))$$

Setting these two utilities equal to each other and solving for *b* yields a critical value, *b**:
$$b* = \frac{c_m(h_H - 1)(s - x_L)}{(p - s)(S_m - S_n)}$$

This is similar to the result in 5.1, except that we now know the denominator is positive. Therefore, if $s < x_L$, then any b will be larger than *b**, and the Mediator will tell the truth. If $s > x_L$, the Mediator will tell the truth if $b > b*$; when the international system is more democratic, when the potential mediator is democratic, or when the number of disputants' shared IO memberships increases, this increases *b*, improving the chances that this condition is met.

Case 6: k > B_L

The signals from Nature and the Mediator are irrelevant. Utilities for the Mediator:

$$\text{U61t} = (1 - h) \times (-c_m)$$
$$\text{U61l} = h(-b(S_n - S_m)) + (1 - h) \times (-c_m - b(S_n - S_m))$$

Setting these two utilities equal to each other and solving for *b* yields a critical value, *b**:

$$b^* = 0$$

Lying is dominated by telling the truth. Babbling equilibria can occur when $b = 0$.