

Conflict Resolution: Role of Strategic Communication

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Abstract

This paper investigates roles of strategic communication in conflict resolution. Conflict is modeled as a two stage continuous-time war of attrition game between two players (e.g. the leaders of two states). With some positive probability, each state is suspected to be committed to its cause. In the first stage of the game, before the dispute becomes public, each state would send either a *strong* or a *weak* message. After observing the messages, state leaders can carry the dispute in public or back-down to resolve the conflict before it escalates. In the second stage, the escalation stage, two states play a war of attrition game. They choose, at each moment, whether to back down, attack or escalate. A leader who backs down suffers audience costs that increases as the public confrontation proceeds. Equilibrium analysis shows that escalation makes attack optimal action even for rational players instead of costly public confrontation. States who can generate higher audience cost (such as democracies) has disadvantage when the cost of attack is high or uncertainty on players' rationality is low. In equilibrium, the cost of attack increases the duration of escalation and makes the leaders more aggressive regarding the message they send.

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