Security or Autonomy?
Moral Hazard and Intra-Coalition Conflicts

by

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Thesis submitted in partial fulfillment of the requirements for the degree of
Master of Arts in the Department of Political Science
in the Graduate School of Duke University
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Why do allies come into conflict with each other in the face of increasing external threats? This article answers this question by pointing out the moral hazard inherent to alliance politics. In exchange for security commitments from a protector, a protégé has to delegate part of her foreign policy autonomy to the former. I term this the ‘delegation in alliance,’ where the protégé is the principal and the protector the agent. A moral hazard arises when the protector misuses the delegated authority to serve her expansionist purpose. The growing external threats increase the probability of intra-alliance conflict by increasing the likelihood that the protégé will refuse the requests made by the protector. By using an imperfect information model, this article reveals the mechanism underlying intra-alliance conflicts based on the concept of moral hazard.
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List of Abbreviations and Symbols

Symbols

\[ A \] Protector
\[ B \] Protégé
\[ MD \] Delegation of More Autonomy
\[ SQ \] Status Quo
\[ E \] Expansionist
\[ \sim E \] Non-Expansionist
\[ H \] A High Level of External Threat
\[ L \] A Low Level of External Threat
\[ S_i \] Security Benefits from Solidifying the Alliance
\[ C_i \] Costs of Security Commitments
\[ D \] Benefits of Gaining Protégé’s Autonomy
\[ A_i \] Sacrifice of Autonomy

Abbreviations

GCC The Gulf Cooperation Council
ATOP The Alliance Treaty Obligations and Provisions Dataset
DIP The Ideal Points Distance
1. Introduction

In June 2017, Saudi Arabia, the United Arab Emirates, Bahrain, and Egypt severed their diplomatic ties with Qatar, accusing the regime of funding terrorist groups, including the Muslim Brotherhood and al-Qaeda’s affiliate in Syria (Wintour, 2017). The severing of diplomatic ties included imposing travel bans and halting land, air, and sea traffic with Qatar. In July, the Saudi-led coalition made 13 demands on Qatar as prerequisites to end the crisis, requiring Qatar to scale down its ties with Iran, cease to fund terrorist groups, and refrain from supporting opposition movements in the other Gulf countries. Qatar, however, refused to comply with these demands, intensifying the crisis to a further extent (Jazeera, 2017).

One puzzling aspect of the crisis is its timing. From the perspective the Saudi-led coalition, they are already fighting a war on two fronts. In Yemen, the Saudi-led coalition has been conducting military intervention to crack down on the Houthi rebels that are allegedly backed by Iran. Meanwhile, the countries have to cope with threats posed by terrorist groups like ISIS. Punishing an ally at this time point entails the risk of revealing their lack of solidarity to the alliance’s common adversaries. Then why did the countries choose to punish an alliance partner when external threats were imminent? From the Qatar’s perspective, the problem was equally puzzling. Given the anti-terrorism campaign and anti-Iran sentiment in the Gulf region, sponsoring Islamist groups and maintaining close ties with Iran will only deteriorate Qatar’s security environment. Why, then, did Qatar fail to moderate its
behavior before the crisis took place, and refuse to compromise after the Saudi-led bloc imposed punishment and demanded that it exercise restrain?

This article explains the puzzle by pointing out the moral hazard inherent in alliance politics. In exchange for the protector’s security commitments, the protégé needs to delegate part of her autonomy to the former. However, due to imperfect information about the protector’s intentions, the protégé is unable to tell whether the protector is using the delegated authority to serve her expansionist purpose. This creates the problem of moral hazard. And when external threats increase from a low to medium level, the protector is incentivized to demand more delegation from the protégé. Suspecting that the protector may be an expansionist, the protégé will refuse the demand when she deems it as unnecessary. This mistrust between alliance members offers an explain to intra-alliance conflicts.

In this article, I will first discuss a possible explanation for the Qatar Crisis from the existing literature on alliance politics and point out its weakness. Second, I will put forward an alternative explanation based on the concept of moral hazard. Third, I will use a Bayesian model to explain how the increase in external threats, at an appropriate level, increases the likelihood of intra-alliance conflicts. Finally, I will test the hypotheses derived from the model by a large sample analysis.
2. Perceptions of Threat

Walt (1997) suggests that alliances are formed to counterbalance external threats. Therefore, when external threats disappear, states will perceive the alliance to be unnecessary and disengage from it. According to Walt, we should expect the menace of terrorism to increase an alliance’s solidarity. In Qatar’s case, however, the opposite is true. The rift took place when the threat of terrorism was on the rise. Another line suggested by the reasoning is that today’s adversary may be tomorrow’s ally. Thus, states will adopt a détente policy toward an adversary that cannot be deterred. Snyder (1984) frames this as abandonment behavior in alliance politics. He argues that insufficient security commitments made by its alliance partner will make one country feel insecure and defect to the enemy’s camp. On the face of it, this appears to be a satisfactory explanation: Qatar defected from her allies in the GCC by reconciling with their strong enemy, in this case Iran and the Muslim Brotherhood. This defection irritated her allies and eventually resulted in the rift among the GCC members.

This explanation, however, has three flaws. First, it lacks empirical evidence. Both Weisiger (2016) and Leeds and Savun (2007) fail to find a statistically significant correlation between increases in external threats and alliance partners’ defection behavior. Second, when taking a close look at the Qatar crisis, we will find that rather than reducing, the GCC was actually increasing its security commitments to its members. For example, in 2014, during the 35th GCC summit in Doha, the
six members reached an agreement on establishing a joint military command, which comprises a joint naval force and a counter-terrorist body. The joint military command has an integrated intelligence and missile defense system, which enables the GCC and its military organ, the Peninsula Shield Force, to conduct concerted operations to fight terrorism (Gaub, 2014). Thus, instead of feeling insecure, Qatar should be assured by the measures taken by the other GCC members to fight terrorism. A third problem with the explanation is that abandonment entails costs. When choosing between staying in an alliance and abandonment, states have to do cost-benefit analyses. States defect from their allies only when the cost of defection is relatively low (Leeds, 2003; Benson, 2011). In this case, sponsoring the Muslim Brotherhood and facing international sanctions cannot form the basis for a profitable defection compared to cooperating with the GCC, as it entails the risk of being isolated by the Saudi-led coalition in the GCC and by international society in support of the War on Terror. Thus, there must be other factors driving Doha’s uncooperative behavior.
3. Explaining Intra-Alliance Conflicts

This article argues that the moral hazard existing within alliances helps to explain the timing of the Qatar diplomatic crisis. According to Morrow (1991), joining in an alliance entails a trade-off between autonomy and security. To combat external threats, the subordinate party has to delegate part of her foreign policy autonomy to the dominant party in exchange for the latter’s security commitment. Hereby, this article defines autonomy as states’ freedom to make foreign policy decisions according to their own will and their ability to put resources at their own disposal.¹

The delegation of such autonomy is accordingly divided into two types. First, the delegation of decision-making authority. To combat external threats, allies have to coordinate their actions, which will limit the range of maneuvers available to the protégé. Lake (1999) defines such concessions as one type of governance costs to form alliances. In addition, Snyder (1984) argues that in order to avoid getting entrapped by the conflict initiated by its ally, one country has the incentive to constraint the former’s behavior. This constraining policy, from the perspective of the party being constrained, means the sacrifice of its autonomy. Second, policy compensations. The protégé has to provide some compensation in exchange for the security benefits provided by the protector (Lake, 2007, 1999; Jervis, 1994). For example, to gain US protection, the Philippines has had to allow the US to establish military bases on

¹ Morrow (1991) define autonomy as the degree to which one country can pursue a change in status quo. This article does not adopt this definition as maintaining the status quo may be a country’s autonomous choice.
her territory. This article defines both concessions of decision-making authority and policy compensations as delegation of autonomy from the protégé to the protector.

The moral hazard refers to the fact that when the protégé delegates autonomy to the protector, she is not sure whether the latter will misuse the delegated autonomy to damage her sovereignty. The protector’s incentive to act to the detriment of the protégé lies in the fact that the former is not the major bearer of the costs of actions taken by the its alliance partner(s). For example, in the 1950s, to avoid being entrapped in potential conflicts with the United States, the Soviet Union demanded China to exercise restraint on Taiwan Strait issues. Had such policy resulted in public backlashes, China rather than the Soviet Union bore the costs of losing its credibility for not taking Taiwan back. Therefore, the protector has the incentive to act more riskily over issues where the protégé is the major stakeholder. What’s worse, due to incomplete information about the protector’s intentions and the severity of external threats, the protégé is not sure whether the protector’s request for autonomy is appropriate or exceeds reasonable limits. In other words, she is not sure whether the protector is an expansionist who is taking advantage of the external threats to make unreasonable demands, or a non-expansionist who is only making reasonable requests to counterbalance external threats.

External threats complicate the situation by motivating both types of protectors to demand increased delegation. This mechanism works through two approaches. First, making security commitments entails costs. Such costs mainly arise in two ways. First, to combat a stronger enemy, the dominant country needs to spend more resources to defend its alliance partners. Second, to signal its benign intent, the dominant party needs to impose constraints on its own behavior. Lake (1999) frames it as governance costs of maintaining an alliance. Thus, when external threat increases, both types of the protectors have the incentive to ask for compensation from the protégé in reward for the resources they spend. Second, as mentioned
before, when the external threats grow stronger, the protector has the incentive to restrain the protégé to avoid entrapment (Snyder, 1984).

Compared with her counterpart, an expansionist protector has the incentive to demand the delegation of excessive autonomies from the protégé as she values dominance over the latter. Thus, the thresholds for two types of protectors to make demands are different. The expansionist are more likely to demand increased delegation, while the non-expansionist are less likely to do so. The problems is that due to imperfect information, the protégé does not know what the threshold is. Therefore, she can only judge the protector’s type based on her beliefs about the severity of external threat and the demand made by the protector. The protégé will refuse the demand if she perceives the demand to be unreasonably high relative to the threat level.

This will not be a problem when the external threats are sufficiently high. Specifically, when both parties reach the consensus that the external threat is stronger than the combination of the alliance partners, both types of protectors have a disincentive to punish the protégé because doing so will only worsen the security environment of the alliance. At the same time, the protégé is incentivized to accept the protector’s demand as she deems it necessary. Therefore, we will not see many conflicts in this scenario.

The likelihood of conflicts reaches its apex when the expectations of the two parties do not converge, that is, when the protector is incentivized to make demands but the protégé is not convinced by the situation to delegate her authority. In this case, the protégé perceives the threat to be moderate and substantive policy concessions are thus unnecessary. After observing that the protector demands increased delegation, the protégé tends to believe the protector is taking advantage of her difficulty to press for policy concessions. Therefore, she will refuse the protector’s demand. It is in this situation that intra-alliance conflicts are most likely to arise.
Aforementioned analyses considered, I expect the number of intra-alliance conflicts to be small when the external threats are either weak or sufficiently high. When the external threats increase to a medium level, intra-alliance conflicts are most likely to happen. In the following article, I will use an imperfect information model to illustrate the mechanism.
4. The Model

For intra-alliance conflicts to occur, three conditions must be satisfied. First, the protector has to demand an increased delegation of autonomy to a sufficient extent to make the protégé believe that her status quo autonomy is violated. Second, the protégé needs to refuse the protector’s demand. Third, the protector must punish the protégé for the latter’s uncooperative behavior. This model tries to show how the probability of conflict varies with the level of external threats.

4.1 The Assumptions

The Protector’s Incentive to Demand Delegation

This assumption is based on two considerations. First, the protector tends to restrain the protégé in the face of increasing external threats to avoid getting entrapped in conflicts (Pressman, 2008; Snyder, 1984). For example, to avoid getting involved in conflicts with the US, Moscow suppressed Beijing’s desire to unify Taiwan during the Taiwan Strait Crisis. Second, to deter a strong threat, the protector needs to make more security commitments to the protégé. As a consequence, she will demand more compensation from the latter.

Different Preferences of the Two Types of Protectors

I define an expansionist protector as a actor who does not respect its alliance partner(s)’ national sovereignty and who takes advantage of the alliance treaty to act to the detriment of its allies. Accordingly, I assume that a non-expansionist
does not attach much value to dominance over the protégé’s sovereignty. In contrast, an expansionist values such dominance. This is the key difference between an expansionist and a non-expansionist protector.

Incentive to Cooperate in the Face of High Threat

When the external threat is high, the protégé has an incentive to cooperate with the protector in order to improve her security environment. From the protector’s perspective, having disputes with her allies will reveal the alliance’s weakness to the strong enemy. Therefore, the protector is also incentivized to cooperate in the face of high threat.

4.2 Players, Structure, and Payoffs

The structure of this game mainly draws on Papayoanou (1997) and Vanberg (2001). There are three players in this game: Nature, the protector, and the protégé. At the outset of the game, Nature makes two moves. First, it chooses the type of protector. Second, it chooses the level of external threats the alliance partners face. After Nature’s move, the protector chooses whether to demand the delegation of more autonomy from the protégé. She can demand more autonomy be delegated (MD) or maintain the status quo (SQ). If she chooses to maintain the status quo, the game ends. If she chooses to demand the delegation of more autonomy, the protégé decides whether to refuse (R) or accept (A) the demand. If the protégé chooses to accept, the game ends. If she rejects the protector’s offer, the protector decides whether to punish (P) or tolerate (T) the protégé.
Figure 4.1: A Bayesian Model of Delegation in Alliances

Notes: Payoffs for the protector are shown first. A denotes the protector and B denotes the protégé.
Two parts of the game with incomplete information are the type of protector and the level of external threat. A low level of external threat (L) refers to a threat that the alliance partners can deter without changing the status quo policy and players can choose to act unilaterally to combat the threat. A high level of threat (H) refers to a threat that cannot be deterred by the current level of cooperation. Therefore, in this case, the protector needs to demand increased delegation from the protégé in order to combat the threat and the protégé is willing to sacrifice part of her foreign policy autonomy to cooperate with the protector. The problem is that both players have imperfect information about the level of external threats. Therefore, they are not sure how much effort should be made to deter the threat ex ante.

Second, the protégé has incomplete information about the protector’s intentions. Most foreign policy decision-making processes are classified, so it is unlikely that the protégé will have complete information about the protector’s true intent. There are two types of protector, expansionist and non-expansionist. Accordingly, the type space is given by \( T_A = \{\text{Expansionist}, \text{Non-Expansionist}\} = \{E, \sim E\} \). The protector’s payoff is a function of four components: 1) the security benefits from solidifying the alliance (\( S_i \)), where \( i \in \{H, L\} \); 2) the cost of making security commitments (\( C \)), where \( i \in \{H, L\} \); 3) the benefit of gaining dominance over the protégé’s autonomy (\( D \)); and 4) the cost of punishing the protégé if the latter refuses to delegate, which is denoted by \( (1 - \delta)D \).

Three points are worth noting. First, the parameter \( D \) distinguishes an expansionist from a non-expansionist. As mentioned before, a non-expansionist does not attach much value to dominance over the protégé’s sovereignty. Therefore, the \( D \) for a non-expansionist state should be far smaller than that of her expansionist counterpart. Here, I set \( D \) for the former to zero to simplify the calculation. Second, when the external threat is high, the protector gains more security benefits from coordinating with her allies. Therefore, \( S_H > S_L \). Third, when the external threat
is high, it is easier for the protector to win the consent of the protégé. Therefore, the protector can persuade the protégé to cooperate with a lower level of security commitment, which is captured by $C_H < C_L$.

The prior beliefs regarding the level of threat are given by $P(H) = t$, $P(L) = 1 - t$, where $t \in (0, 1)$. The prior beliefs regarding the protector’s intentions are given by $P(E) = p$, $P(\sim E) = 1 - p$, where $p \in (0, 1)$.

The protector is denoted by $A$ and has the following two action sets:

$$A^1_A = \{MD, SQ\}$$

$$A^2_A = \begin{cases} 
\{P, T\}, & \text{if } A^1_A = MD \text{ and } A_B = R \\
\emptyset, & \text{otherwise}
\end{cases}$$ (4.1)

For an expansionist protector, maintaining the status quo yields her a payoff of zero. If the protégé accepts her demand, she gains dominance over part of the protégé’s autonomy and thus gets $D$. When facing a high level of threat, both alliance partners can improve their security environment by uniting with each other. Thus, both of them receive $S_H$. As the protector needs to make security commitments to the protégé in order to win the latter’s support, the protector loses $C_H$. If the protégé rejects the protector’s offer, the protector can coerce the protégé into cooperating by punishing her, but the protector’s coercive behavior will reveal the rift within the alliance to the adversary. Thus, the protector loses $S_H$ and cannot improve the security environment. At the same time, striking a deal by coercion entails costs. Thus, the protector only gets a discounted autonomy from the protégé, which is captured by $\delta \in (0, 1)$.

We can calculate the payoffs for the protector in the context of a low threat level by substituting subscript $L$ for $H$. The relations between $S_H$, $S_L$, $C_H$ and $C_L$ have been mentioned before.
For a non-expansionist protector, maintaining the status quo yields her a payoff of zero. When facing a high level of threat, if the protégé accepts her demand, both alliance partners can improve their security environment by uniting with each other. Thus, both gain $S_H$ while the protector loses $C_H$ for making security commitments. Since the protector does not value the protégé’s autonomy, I just set $D$ equal to zero. If the protégé rejects the protector’s offer, punishing the protégé reveals to the adversary the lack of solidarity within the alliance. Thus, the protector loses $S_H$. But at the same time, the protégé needs to make security commitments to the protector in exchange for the latter’s cooperation, so she also loses $C_H$. Similarly, we can get the payoffs for the protector in the context of a low threat level by substituting subscript $L$ for $H$.

We can see that tolerating the protégé’s rebellious behavior is a dominant strategy for a non-expansionist protector. Thus, given these two action sets and the protector’s type, there are eight pure strategies to consider:

$$S_A = \{(MD, P \mid E; MD, T \mid \sim E); (MD, T \mid E; MD, T \mid \sim E);$$
$$ (MD, P \mid E; SQ, T \mid \sim E); (MD, T \mid E; SQ, T \mid \sim E);$$
$$ (SQ, P \mid E; MD, T \mid \sim E); (SQ, T \mid E; MD, T \mid \sim E);$$
$$ (SQ, P \mid E; SQ, T \mid \sim E); (SQ, T \mid E; SQ, T \mid \sim E) \}$$

The protégé’s action set is given by:

$$A_B^1 = \\begin{cases} \{R, A\}, & \text{if } A_A^1 = MD \\ \emptyset, & \text{otherwise} \end{cases} \quad (4.2)$$

Correspondingly, the protégé’s strategy set is $S_B = \{R, A\}$. By maintaining the status quo, she gains zero. By acquiescing to the protector’s request for delegation, she improves her security environment and gets $S_i$ where $i \in \{H, L\}$. The protégé believes the demand made by the expansionist protector to be unreasonably high.
Besides, acquiescing to an expansionist will embolden the latter to make higher demands in the future. Both factors considered, the sacrifice of autonomy is higher when facing an expansionist than a non-expansionist, which is captured by $A_E > A_{-E}$. If the protégé gets punished for her noncooperation, she cannot improve her security environment and thus loses $S$, and she still needs to reach a deal with the protector and delegate part of her autonomy. Here, I assume that the protector always succeeds in coercion as she is more powerful than the protégé.

The solution concept for this game is Perfect Bayesian Equilibrium (PBE). To form a PBE, players’ strategies need to meet two conditions: sequential rationality and consistency in beliefs. In short, a player’s strategy must constitute an optimal response to the other player’s strategy given her beliefs at each information set, which are updated following Bayes’ rule (Osborne, 2004; Gibbons, 1992).

4.3 Equilibria

**Proposition 1.** For $p < p^*$ and $t > t^*$, the following is a PBE of this game: the protégé chooses to accept any offers made by the protector, an expansionist protector chooses to demand the delegation of more autonomy and punish the protégé if the latter refuses, and a non-expansionist protector chooses to demand the delegation of more autonomy and tolerate if the protégé refuses.

**Proposition 2.** For $p < \tilde{p}$ and $t < \tilde{t}$, the following is a PBE of this game: the protégé chooses to accept any offers made by the protector, both an expansionist and non-expansionist protector will choose to demand the delegation of more autonomy and tolerate the protégé if the latter refuses.

**Proposition 3.** For $\tilde{t} < t < t^*$, the following is a PBE of this game: the protégé chooses to accept any offers made by the protector, an expansionist protector chooses to demand the delegation of more autonomy and punish the protégé if the latter refuses, and a non-expansionist protector chooses to maintain the status quo.
and tolerate it if the protégé refuses.

**Proposition 4.** For $\hat{t} < t < \hat{t}$, the following is a PBE of this game: the protégé rejects the demand made by the protector, an expansionist protector chooses to ask for more delegation of autonomy and punish the protégé if the latter refuses, and a non-expansionist protector chooses to maintain the status quo and tolerate it if the protégé refuses.

**Proposition 5.** For $p > \hat{p}$ and $t < \hat{t}$, the following is a PBE of this game: the protégé rejects the demand for more delegation made by the protector, both an expansionist and a non-expansionist protector choose to maintain the status quo and tolerate the uncooperative behavior of the protégé.

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**Figure 4.2: Equilibria**

As shown in the chart above, these five propositions can be divided into four categories.

First, when the protégé believes that the external threat is low and that it is highly
likely that the protector is an expansionist, she will choose to reject the demand made by the protector. Since delegating more authority to the protector entails a risk of sacrificing her autonomy, the protégé will refuse to delegate if the external threat is not high enough, which makes the delegation unnecessary. Anticipating that the protégé will reject her demand, both the expansionist and non-expansionist protector will refrain from demanding the delegation of more autonomy. And when the protégé believes that she is dealing with a non-expansionist protector, she will accept the offer made by the latter because cooperating with a non-expansionist protector will not sacrifice much of her autonomy, which is captured by $A_{E} < A_{E}$. Therefore, when the external threat is low, we will not witness many intra-alliance conflicts, which is captured by proposition 2 and proposition 5.

Second, when the external threat is at a medium level but not too high ($\bar{t} < t < \hat{t}$), the protector will ask for more delegation of autonomy and punish any uncooperative behavior by the protégé. Since the protégé believes that the external threat is not high enough for her to sacrifice her autonomy, she will choose to reject the protector’s demand. It is in this situation that intra-alliance conflicts arise.

This equilibrium explains the emergence of the Qatar Crisis. In response to the threat posed by terrorism and Iran, the Saudi-led coalition demands that Qatar delegate more of its autonomy, for example, in the form of the 13 demands mentioned in the beginning of the article. However, due to imperfect information, it is hard for Qatar is tell whether these demands serve the imperialist purposes of Saudi Arabia or qualifies as a necessary measure to combat external threats. Specifically, the 13 demands require Qatar to halt its military cooperation with Turkey and Iran, and to shut down Al Jazeera and all its oversea outlets. It is unclear whether such demands are necessary for combating terrorism. In addition, the Saudi-led coalition and Qatar clearly have different opinions on the threat posed by Iran. Due to the enduring rivalry, Saudi-Arabia is vigilant of any increase in Iranian influence and
military capability. However, considering the economic cooperation with Iran over oil industry, Qatar does not perceive Iran as an imminent threat. In 2006, Qatar was the only UN Security Council member to vote against the UNSC resolution banning Iran’s nuclear program (Nations, 2010). When Qatar believes that the external threat is not imminent, she rejects the demand made by the other GCC members. However, from the perspective of the other GCC members, such uncooperative behavior by Qatar will damage the solidarity of the GCC and is thus worth punishing.

Third, when the external threat is at a higher level but not extremely high ($\hat{t} < t < t^*$), the protégé will agree to delegate more autonomy to the protector in order to counterbalance the external threat. An expansionist protector will demand the delegation of more autonomy. Given that the non-expansionist protector does not attach much value to the protégé’s autonomy and that asking for delegation requires her to make security commitments to the protégé, the non-expansionist protector will refrain from changing the status quo. This is a key discrepancy between the expansionist and the non-expansionist protector. Given that the latter does not value the autonomy of the protégé, the threshold for her to demand the delegation of more autonomy ($t^*$) is higher than that of an expansionist, which is expressed by $\hat{t}$.

Finally, when the external threat is sufficiently high ($t^* < t$), both types of protector will demand an increased delegation of autonomy by the protégé because such delegation is necessary for fighting against a strong adversary. Knowing that the protector’s demand for delegation is reasonable, the protégé will accept offers made by the former. Thus, when the external threat is sufficiently high, we will not see too many intra-alliance conflicts, as a common threat brings allies together. For instance, during the Iran-Iraq War, all the GCC members including Qatar stood on Iraq’s side as Iran was adopting an aggressive policy of promoting revolution in the Islamic world, which threatened all the GCC members at that time.
The above equilibria generate the following two hypotheses for testing.

*Hypothesis 1: when external threats increase, the likelihood of intra-alliance conflicts will first increase and then decrease.*

*Hypothesis 2: when external threats increase, one country will demand the delegation of more autonomy from its alliance partner(s).*
5. Empirical Part

5.1 Research Design

The unit of analysis here is non-directed dyad-year. The data are time-series cross-sectional, which cover time period between 1946 and 2001. One dyad is selected as long as the alliance agreement requires the protector to provide security commitments to the protégé. Accordingly, I include neutrality, consultation, mutual defense, and mutual offense pact. And I exclude alliances that only include non-aggression agreements as such alliances do not require active security cooperation. Also, their development is believed to follow a different trajectory than other types of alliances (Leeds and Savun, 2007; Werner, 1999). To get the type of security commitment entailed by alliance agreements, I employ data provided by the Alliance Treaty Obligations and Provisions (ATOP) dataset (Leeds et al., 2002).

5.1.1 Measuring External Threat

The measurement of external threats draws heavily on Leeds and Savun (2007). To qualify as an external threat of country A, country B needs to meet three requirements. First, country B should have the chance to engage in conflicts with country A. Such dyads are “politically relevant dyads”, which are “pairs of contiguous states or pairs of states including at least one major power” (Lemke and Reed, 2001). Data about these dyads are provided by Maoz (1996). Second, country B should exhibit significant divergence in foreign policy orientations compared to country A.
The policy divergence is operationalized by distance between country A and country B’s ideal points (DIP), which are developed by Bailey et al. (2017) based on United Nations voting data. And I define a country with a DIP below the sample median as a potential threat to the other country in the dyad. Third, country B should not be a treaty ally with country A. These data are obtained from ATOP dataset. After identifying country Bs that satisfy the three conditions, I take the sum of their Composite Index of National Capability (CINC) and use it as an indicator of the level of external threat faced by country A in a given year. Data about CINC are provided by Correlates of War project (Singer et al., 1972). For each dyad, I take the maximum level of threat faced by the alliance partners.

Several Other strategies are available for measuring the level of external threat. First, we can operationalize external threats by the number of territorial disputes one country undergoes fives years before the event of interests happens (Hutchison and Gibler, 2007). Second, we can measure the annual flow of hostile behaviors initiated by country B to country A as an indicator of the latter’s external threat. So the outcome variable will be a count variable that records the number of hostile behavior initiated by an adversary to a protégé. I prefer the method provided by Leeds and Savun (2007) as it considers both the intention and capability of countries of interest.

5.1.2 Outcome Variables

Intra-Alliance Conflicts

I use the MIDs to measure the intra-alliance conflicts. The outcome variable is a count variable aggregated on a yearly basis for each dyad. It tells the number of ongoing conflicts for each dyad in a given year.1 Among 21787 dyad-year records,

\[ \text{Integrated Crisis Early Warning System (ICEWS)} \] (Boschee et al., 2017) provides data about inter-state events from 1995 to 2016. But most explanatory variables in this article covers 1816 to 2002. So I do not use the dataset. ICB data cover 1918 to 2015, but there is not enough observations
only 565 dyads involve in militarized disputes, which only take up 2.6 percent of all records. To deal with the excessive zeros, I use zero inflated negative binomial model.

**Delegation of Autonomy**

Johnson (2015) measures policy concessions by checking concessions formalized in alliances treaties based on ATOP dataset. Based on data provided by ATOP, Johnson (2015) identifies 10 questions that he thinks represents policy concession. Then he counts the number of questions that get a positive answer and use the number as a measurement of policy concession. I choose 8 out of 10 questions used by Johnson (2015) and add 4 new questions, which are shown below.²

<table>
<thead>
<tr>
<th>Table 5.1: Measuring the Delegation of Autonomy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Delegation of Autonomy</strong></td>
</tr>
<tr>
<td>Did the treaty specify that the contracting parties must not enter into any other alliances that are directed against the alliance in question?</td>
</tr>
<tr>
<td>Did the target agree not to aid any of the defenders enemies?</td>
</tr>
<tr>
<td>Did the target agree to use diplomatic actions against the defenders enemies?</td>
</tr>
<tr>
<td>Did the target agree to grant trade concessions to the defender?</td>
</tr>
<tr>
<td>Did the target agree to provisions for cooperation on non-military issues?</td>
</tr>
<tr>
<td>Did the target agree not to make any commitments to non-members before consulting the defender?</td>
</tr>
<tr>
<td>Did the target agree to have its forces be subordinate to the defender?</td>
</tr>
<tr>
<td>Did the target agree to allow the defender to intervene in its domestic politics or to not intervene in the defenders domestic politics?</td>
</tr>
<tr>
<td>Did the treaty prohibit members from settling conflicts independently?</td>
</tr>
<tr>
<td>Did the treaty require official contact among the military forces of the participating states?</td>
</tr>
<tr>
<td>Did the treaty provide for joint military bases, or for one or more states to place troops in the territory of one or more other states?</td>
</tr>
<tr>
<td>Did the treaty provide for integrated command of military forces while the alliance is in effect?</td>
</tr>
</tbody>
</table>

But one problem is that most formalized policy concessions do not vary over time when alliance treaties are in effect. For example, in 1950, China and the Soviet Union signed the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance, for each year. The highest number of conflicts recorded in one year is less than 3. And for most years the number is 0. Besides, by using ICB, I got similar regression results as those of MIDs. COPDAP and WEIS have many observations for each year but they are not updated in recent years.

² I exclude the questions “Did the target agree to peacefully resolve any existing disputed issues with the defender?” and “Did the target agree to enter into an organization with regular meetings of government officials for nonmilitary purposes?” because I hold that these are reasonable requirements and do not qualify as concessions. I add the 9th question as the target country sacrifices its decision-making autonomy when relinquishing its rights to settle disputes independently. I add the last three questions as I believe that military bases and joint military command require the target country to give up part of its authority over its territory and military.
And the treaty is valid until 1979. But in the early 1960s, the Soviet Union has already withdrawn most of its technical and military assistance to China as a result of Sino-Soviet Split, leaving the treaty scraps of paper. However, such change cannot be captured by ATOP data as all records remain constant until the treaty expired. Therefore, the policy concessions formalized in treaties are not an ideal measurement because it fails to capture the variation of cooperation between alliance members on a yearly basis. Thus, for Hypothesis 1, I will just include the formalized policy concessions as a control variable and see whether it will influence the significance level of the major predictor, the external threat.

To test Hypothesis 2, I only take the policy concession made in the first year when an alliance is established, as most alliance provisions remain constant over time. I then lag the external threat by one year and the regress it on the policy concession. According to Hypothesis 2, I expect the two variables to be positively correlated.

5.1.3 Control Variables

**Power Asymmetry**

The distributions of power between allies are considered to be correlated with intra-alliance conflicts (Wolford, 2014; Leeds and Savun, 2007). Two opposite predictions can be make about the influence of power asymmetry on intra-alliance conflicts. On one hand, it may be negatively correlated as the stronger the protégé becomes, the less likely the defender will make unreasonable requests to the protégé. Consequently, the intra-alliance conflicts will reduce accordingly. On the other hand, as the protégé gets stronger, it will make less concessions to the protector. If the protector fails to make policy adjustments, conflicts between them will increase. I will add this to my model to see which mechanism dominates during the period of interest. To measure the balance of power between the defender and the protégé, I employ the national capabilities data provided by the COW (Singer, 1988) and
calculate the absolute value of the difference between the protector and the protégé’s CINC scores. The smaller the difference is, the more balanced the distribution of power will be, and the less asymmetric the alliance is.

*Contiguity*

Contiguous countries are believed to be more likely to engage in conflicts with each other (Bremer, 1992). So I control for contiguity between the protégé and the protector. Data about contiguity are obtained from the CShapes dataset provided by Weidmann et al. (2010). The dataset models countries as different polygons and provides data matrices about their geographic characters. Here, I defined countries within 500 km from each other as adjacent. Accordingly, contiguity is a dichotomous variable with the value of 1 if two countries are connected and 0 otherwise.

*Joint Democracy*

Democratic states are believed to be less likely to engage in conflicts with each other (Russett et al., 1995). I use the data provided by the Polity IV project to operationalize the joint democracy (Marshall and Jaggers, 2002). It is a dichotomous variable with a value of one if both states in one dyad are democratic and zero otherwise.

*Policy Preferences*

Wolford (2015) argues that preference divergences among alliance members influence the durability of alliances. Similarly, it will also affect the occurrence of intra-alliance conflicts. And I expect the similarity in policy preferences to be negatively correlated with intra-alliance conflicts. To measure such divergences, I employ data about the ideal points distance (DIP) of foreign policy provided by Bailey et al. (2017), which are derived from countries’ United Nations General Assembly (UNGA) voting patterns. It covers the time period between 1946 and 2001. The greater the DIP is, the more divergent two countries’ foreign policy preferences are.
5.2 Results

Table 5.2: Effect of External Threat on Intra-Alliance Conflict

<table>
<thead>
<tr>
<th></th>
<th>zero-inflated count data</th>
<th>negative binomial</th>
<th>generalized linear random-effects</th>
<th>zero-inflated count data</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Concessions</td>
<td></td>
<td></td>
<td></td>
<td>0.008</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.026)</td>
</tr>
<tr>
<td>External Threats</td>
<td>7.876***</td>
<td>8.140***</td>
<td>6.210***</td>
<td>7.866***</td>
</tr>
<tr>
<td></td>
<td>(2.198)</td>
<td>(2.255)</td>
<td>(1.055)</td>
<td>(2.197)</td>
</tr>
<tr>
<td>External Threats Sq.</td>
<td>−10.237***</td>
<td>−10.072***</td>
<td>−7.301***</td>
<td>−10.266***</td>
</tr>
<tr>
<td></td>
<td>(3.011)</td>
<td>(3.099)</td>
<td>(1.361)</td>
<td>(3.013)</td>
</tr>
<tr>
<td>Asymmetry</td>
<td>−10.339***</td>
<td>0.239</td>
<td>2.217</td>
<td>−10.367***</td>
</tr>
<tr>
<td></td>
<td>(1.761)</td>
<td>(1.136)</td>
<td>(1.360)</td>
<td>(1.769)</td>
</tr>
<tr>
<td>Contiguity</td>
<td>−7.681</td>
<td>2.553***</td>
<td>2.569***</td>
<td>−7.237</td>
</tr>
<tr>
<td></td>
<td>(18.682)</td>
<td>(0.114)</td>
<td>(0.296)</td>
<td>(11.621)</td>
</tr>
<tr>
<td>Joint Democracy</td>
<td>0.975***</td>
<td>−0.207</td>
<td>0.009</td>
<td>0.981***</td>
</tr>
<tr>
<td></td>
<td>(0.345)</td>
<td>(0.132)</td>
<td>(0.159)</td>
<td>(0.342)</td>
</tr>
<tr>
<td>Preference Divergence</td>
<td>0.642***</td>
<td>0.881***</td>
<td>0.653***</td>
<td>0.647***</td>
</tr>
<tr>
<td></td>
<td>(0.062)</td>
<td>(0.069)</td>
<td>(0.097)</td>
<td>(0.064)</td>
</tr>
<tr>
<td>Constant</td>
<td>−4.888***</td>
<td>−7.590***</td>
<td>−10.546***</td>
<td>−4.909***</td>
</tr>
<tr>
<td></td>
<td>(0.412)</td>
<td>(0.404)</td>
<td>(0.436)</td>
<td>(0.418)</td>
</tr>
<tr>
<td>Observations</td>
<td>37,968</td>
<td>37,968</td>
<td>37,968</td>
<td>37,968</td>
</tr>
<tr>
<td>Log Likelihood</td>
<td>−2,415.223</td>
<td>−2,403.410</td>
<td>−1,960.913</td>
<td>−2,415.178</td>
</tr>
<tr>
<td>θ</td>
<td></td>
<td></td>
<td>0.180***</td>
<td>(0.028)</td>
</tr>
<tr>
<td>Akaike Inf. Crit.</td>
<td></td>
<td></td>
<td>4,820.820</td>
<td>3,939.826</td>
</tr>
<tr>
<td>Bayesian Inf. Crit.</td>
<td></td>
<td></td>
<td>4,016.727</td>
<td></td>
</tr>
</tbody>
</table>

Note: *p<0.1; **p<0.05; ***p<0.01

To deal with over-dispersion and the excessive zeros in the outcome variable, I employ the zero inflated negative binomial (ZINB) model for model 1 and model
4. Model 2 uses negative binomial regression, which functions as a baseline model. Model 3 shows the regression results after adding dyadic random effect.

In all the four models, signs of the coefficient of the squared term of external threat are negative, and the coefficient of the linear term is positive. These results are consistent with my expectation that the number of intra-alliance conflicts will first increase and then decrease when the external threat continues to increase. This relationship is statistically significant in all models. I subset the data to reduce sample size and select dyads with at least one major power and get similar results, which are shown in the Appendix 2. I conduct a likelihood ratio test that compares model 1 in Table 2 with a model without the quadratic form. The result is statistically significant, which means adding the quadratic form increases the fitness of the model.

Figure 3 below shows the simulated effect of external threat on the likelihood of intra-coalition conflicts. The y axis shows the probability of intra-alliance conflicts. And the x axis shows the external threat measured by the sum of CINC scores of states that make up the threat environment. As we can see, when the external threat is at a medium level, the intra-alliance conflict reaches its apex. One thing worth noting is that the militarized intra-coalition conflict is a low-probability event, which makes the substantively effect of external threat on MIDs look relatively small.

For model 1 and model 4, variables Contiguity, Asymmetry, and Joint Democracy are included in the transition stage, the other variables are included in the event-count stage. In the transition stage, a positive sign indicates the increase in the likelihood that a dyad never experiences an event of interest. The coefficient of contiguity is negative in both model 1 and model 4. Substantively, the further away two countries are, the more likely the dyad will never experience any conflict.

---

3 I conduct Vuong’s non-nested test to compare the fitness of the ZINB model and the negative binomial model. Surprisingly, the latter is superior to the former.
Figure 5.1: Simulated Effects of External Threats on MIDs

The coefficient of joint democracy is positive. So compared with dyads with one or no democracy, the democratic pairs are more likely to stay in peace. The coefficients of Asymmetry are negative. It means when one alliance partner is considerably stronger than the other one in the dyad, the less likely the dyad will remain peaceful. In other words, when the power distribution between two alliance members becomes increasingly imbalanced, they are more likely to engage in conflict. The coefficients of preference divergence are positive. The variable is included in the event-count stage. Thus, it means the more divergent two countries’ foreign policy preferences are, the more likely the dyad will experience conflicts.

For model 4, I controlled for policy concessions formalized in alliance treaties. But as I mentioned above, this predictor is sticky. Among 648 alliances recorded, only 35 of them revised their treaties. That is, this predictor only varies across
units but remains constant over time. I control for it to prove that after capturing different levels of policy concessions among different dyads, the correlation between the external threat and intra-alliance conflicts is still significant.

Table 5.3: External Threats and Delegation of Autonomy

<table>
<thead>
<tr>
<th>Dependent variable:</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concession</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Threats</td>
<td>1.179***</td>
<td>1.247***</td>
<td>1.323***</td>
<td>1.289***</td>
</tr>
<tr>
<td>(0.136)</td>
<td>(0.138)</td>
<td>(0.139)</td>
<td>(0.141)</td>
<td></td>
</tr>
<tr>
<td>Asymmetry</td>
<td>-1.234***</td>
<td>-0.671**</td>
<td>-0.650**</td>
<td></td>
</tr>
<tr>
<td>(0.329)</td>
<td>(0.326)</td>
<td>(0.330)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preference Divergence</td>
<td>-0.208***</td>
<td>-0.206***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.032)</td>
<td>(0.032)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joint Democracy</td>
<td></td>
<td></td>
<td>0.027</td>
<td></td>
</tr>
<tr>
<td>(0.044)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contiguity</td>
<td></td>
<td></td>
<td>-0.014</td>
<td></td>
</tr>
<tr>
<td>(0.009)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0.521***</td>
<td>0.520***</td>
<td>0.588***</td>
<td>0.664***</td>
</tr>
<tr>
<td>(0.048)</td>
<td>(0.048)</td>
<td>(0.049)</td>
<td>(0.073)</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>1,649</td>
<td>1,649</td>
<td>1,649</td>
<td>1,649</td>
</tr>
<tr>
<td>Log Likelihood</td>
<td>-2,861.772</td>
<td>-2,854.019</td>
<td>-2,831.334</td>
<td>-2,829.959</td>
</tr>
<tr>
<td>θ</td>
<td>31,309.080 (153,442.100)</td>
<td>32,624.940 (156,353.300)</td>
<td>36,165.150 (163,061.300)</td>
<td>36,892.950 (166,507.700)</td>
</tr>
<tr>
<td>Akaike Inf. Crit.</td>
<td>5,727.545</td>
<td>5,714.038</td>
<td>5,671.917</td>
<td></td>
</tr>
</tbody>
</table>

Note: *p<0.1; **p<0.05; ***p<0.01

To rest Hypothesis 2, I only include observations of the year when an alliance was formed as most formalized policy concessions remain constant across time. I then lag the policy concession by one year. For model 4 in table 3, the coefficient of external threats is 1.289, which means for one unit increase in external threat one year before the alliance formation, the likelihood of policy concession will increase about 3.63 times. Counterintuitively, the coefficient of Asymmetry is negative, which means the more asymmetric one alliance is, the less likely alliance partners will make policy concessions to each other. The coefficient of preference divergence is negative, which means the more divergent two country’s foreign policy orientations are, the less likely the alliance partners will delegate autonomy to each other. The coefficient of joint democracy is not significant here. Although polity is a good predictor when
it comes to alliance formation, it is weekly correlated with degree of cooperation between allies.
6. Conclusion

If we only consider the GCC members’ security concerns, the 2017 Qatar diplomatic crisis would be puzzling: initiating conflicts with alliance partners only reveals your weakness to the adversary. Therefore, theoretically, the crisis is not profitable, either to the initiator, the Saudi-led bloc in the GCC in this case, or the target, Qatar. In reality, however, Saudi Arabia not only imposed sanctions on Qatar, but also refused to compromise when third parties like Kuwait and the United States offered to mediate. Qatar, for its part, refused to compromise when confronted with the pressure of the other GCC members and insisted that their behavior was an infringement of Qatar’s sovereignty.

This article offers an explanation of this puzzle by pointing out the moral hazard in alliance politics. To contain the threat from terrorism, the Saudi-led GCC needs to demand more delegation of autonomy from Qatar. However, due to imperfect information, it is hard for Qatar to discern whether such demands serve expansionist purposes or are necessary for containing terrorism in the region. When we check the trajectory of the diplomatic relations between the GCC members, we will find supporting evidence.

To cope with the threat from terrorism, the Saudi-led coalition has taken a series of measures to coordinate the member states’ foreign policies. As mentioned before, in 2014, the six members reached an agreement on establishing a joint military command, which comprises a joint naval force and a counter-terrorist body (Gaub,
2014). Furthermore, suspecting that Iran was the mastermind behind these anti-monarchical movements, the Saudi-led coalition has long held a grievance against Qatar over her close ties with Iran, frequently warning Qatar to sever these ties. All the aforementioned policies of the Saudi-led coalition can be framed as behavior demanding the delegation of autonomy from Qatar. But one problem that Qatar faces is that she cannot judge which demands are expansionist and which are reasonable. Thus, she can only make judgments based on her perception of the severity of external threats and the likelihood of their protector being expansionist.

In the 2017 case, the external threat was increasing but was not high enough to convince Qatar to make compromises with the other GCC members. Moreover, to solidify the rule of the Sunni monarchy in the Gulf region, the Saudi-led coalition has conducted two controversial operations, in Bahrain in 2011 and recently in Yemen. The main purpose of these two operations was to crack down on anti-government campaigns in the two countries and maintain the rule of pro-Saudi governments, which left Saudi Arabia with an interventionist reputation. All these factors deepen the mistrust between Qatar and the Saudi-led coalition and lead to Qatar’s uncooperative behavior. However, from the other member states’ perspectives, Qatar’s policy will weaken the GCC’s capacity to combat external threats. This divergence explains the emergence of the intra-alliance conflict taking place within the GCC.

This article has several implications. First, although the pursuit of autonomy is prevalent in foreign policy analyses, seldom do scholars incorporate it into a formal model to explain states’ conflict initiation behavior. This article tries to fill this gap by adding autonomy to both the protector and the protégé’s payoffs and examine how it influences the two parties’ conflict initiation decisions. This also offers an alternative explanation of intra-alliance conflicts.

Second, consciously or unconsciously, the alliance politics literature tends to analyze alliance relations from the perspective of the protector. This may originate in the
fact that the protector is more powerful and dominates the decision-making process
in alliances. As a result, the role played by the protégé is thus ignored or considered
as a derivative of her powerful allies. By examining the protégé’s decision-making
patterns under imperfect information, this article tries to fill the gap by examining
the strategic considerations of the weaker party in alliances, a line of research that
requires further study.
A. Formal Derivations

I impose the following “tie-breaking” rules or situations where players are indifferent between two actions:

**Assumption 1:** If the protector, whether she is expansionist or not, is indifferent between maintaining the status quo and asking for more delegation, she will choose to maintain the status quo.

**Assumption 2:** If the protégé is indifferent between refusing and accepting, she will choose to accept. This conforms to the notion of status quo bias.

Given the protector’s strategy, there are eight cases to check.

**Case 1:** The protector adopts the following strategy: $(MD, P \mid E; MD, T \mid \sim E)$. Using Bayes’ Rule, the protégé’s updated beliefs at the last information set are as follows: $q(E, H) = pt, q(E, L) = p(1-t), q(\sim E, H) = (1-p)t, q(\sim E, L) = (1-p)(1-t)$.

Accordingly, the protégé’s expected payoffs for refusing and accepting the offer are shown as follows:

\[
EU_B(\text{Accept}) = p(A_E - A_{\sim E}) + t(S_H - S_L) + (S_L - A_{\sim E})
\]

\[
EU_B(\text{Refuse}) = -p\delta A_E
\]

The protégé will accept the demand for more delegation if $EU_B(\text{Accept}) > EU_B(\text{Refuse})$, which yields

\[
p < \frac{t(S_H - S_L) + (S_L - A_{\sim E})}{(1-\delta)A_E - A_{\sim E}} \equiv p^*
\]
To enable the threshold \( p^* \) to exist, \( A_E < (1 - \delta) A_E \).

**Subcase 1a:** When \( p < p^* \), the protégé will accept demand made by the protector. \( EU_A(P) = t(-C_H + \delta D) + (1 - t)(-C_L + \delta D) \) and \( EU_A(P) = 0 \). To make sure the protector will play punishment, we need to set \( EU_A(P) > EU_A(T) \), which gives us a cutoff point

\[
t > \frac{-C_L + \delta D}{C_H - C_L} \equiv \bar{t}
\]

An expansionist protector has not incentive to deviate from MD to SQ. \( EU_A(MD) = t(S_H - C_H) + (1 - t)(S_L - C_L) \) and \( EU_A(SQ) = 0 \). To make sure a non-expansionist player will choose MD, \( EU_A(MD) > EU_A(SQ) \). Then we get

\[
t > \frac{-(S_L - C_L)}{(S_H - C_H) - (S_L - C_L)} \equiv t^*
\]

That is how Proposition 1 is derived.

**Subcase 1b:** When \( p > p^* \), the protégé will reject the offers made by the protector. To enable a non-expansionist protector to play MD, we need to set \( EU_A(MD) > EU_A(SQ) \). And \( EU_A(MD) = EU_A(SQ) = 0 \) in this case, according to the tie-breaking rule, this cannot form an equilibrium.

**Case 2:** The protector adopts the following strategy: \( (MD, T \mid E; MD, T \mid \sim E) \). Using Bayes’ Rule, the protégé’s updated beliefs at the last information set are as follows:

\[
q(E, H) = pt, \quad q(E, L) = p(1-t), \quad q(\sim E, H) = (1-p)t, \quad q(\sim E, L) = (1-p)(1-t).
\]

Accordingly, the protégé’s expected payoffs for refusing and accepting the offer are shown as follows:

\[
EU_B(\text{Accept}) = p(A_E - A_{\sim E}) + t(S_H - S_L) + (S_L - A_{\sim E})
\]

\[
EU_B(\text{Refuse}) = 0
\]

The protégé will accept the demand for more delegation if \( EU_B(\text{Accept}) > EU_B(\text{Refuse}) \),
which yields
\[ p < \frac{t(S_H - S_L) + (S_L - A_E)}{A_E - A_E} \equiv \bar{p} \]
And \( p^* > \bar{p} \).

**Subcase 2a:** When \( p < \bar{p} \), the protégé will accept demand made by the protector. \( EU_A(P) = t(-C_H + \delta D) + (1 - t)(-C_L + \delta D) \) and \( EU_A(P) = 0 \). To make sure the protector will play tolerate, we need to set \( t > \hat{t} \). Both the expansionist and non-expansionist protector have not incentive to deviate from MD to SQ. Then we get proposition 2.

**Subcase 2b:** When \( p > \bar{p} \), the protégé will reject the offers made by the protector. Given the protégé’s strategy, the non-expansionist player has no incentive to play MD, so this cannot form an equilibrium.

**Case 3:** The protector adopts the following strategy: \((MD, P | E; SQ, T | \sim E)\). Using Bayes’ Rule, the protégé’s updated beliefs at the last information set are as follows: \( q(E, H) = t, q(E, L) = 1 - t, q(\sim E, H) = 0, q(\sim E, L) = 0 \). Accordingly, the protégé’s expected payoffs for refusing and accepting the offer are shown as follows:

\[
EU_B(Accept) = t(S_H - A_E) + (1 - t)(S_L - A_E) \\
EU_B(Refuse) = t(-\delta A_E) + (1 - t)(-\delta A_E)
\]
The protégé will accept the demand for more delegation if \( EU_B(Accept) > EU_B(Refuse) \), which yields
\[ t > \frac{(1 - \delta) A_E - S_L}{S_H - S_L} \equiv \hat{t} \]

For the \( \hat{t} \) to exist, \( A_E > \frac{S_L}{1 - \delta} \)

**Subcase 3a:** When \( t > \hat{t} \), the protégé will accept demand made by the protector. To make sure the protector will play tolerate, we need to set \( t > \hat{t} \). The expansionist protector has not incentive to deviate from MD to SQ. To make sure
a non-expansionist player will play SQ, \( EU_A(MD) < EU_A(SQ) \), then \( t < t^* \). Then we get proposition 3.

**Subcase 3b:** When \( t < \hat{t} \), the protégé will reject the offers made by the protector. Given the protégé’s strategy, to make a non-expansionist protector punish an uncooperative protégé, we get \( t > \hat{t} \), which also guarantee that a expansionist protector will play MD in the beginning. And a non expansionist protector will maintain the status quo for sure. This is how proposition 4 is derived.

**Case 4:** The protector adopts the following strategy: \( (MD, T | E; SQ, T | \sim E) \). Using Bayes’ Rule, the protégé’s updated beliefs at the last information set are as follows: \( q(E, H) = t, q(E, L) = 1-t, q(\sim E, H) = 0, q(\sim E, L) = 0 \). Accordingly, the protégé’s expected payoffs for refusing and accepting the offer are shown as follows:

\[
EU_B(Accept) = t(S_H - A_E) + (1-t)(S_L - A_E)
\]
\[
EU_B(Refuse) = 0
\]
The protégé will accept the demand for more delegation if \( EU_B(Accept) > EU_B(Refuse) \), which yields \( t < \hat{t} \).

**Subcase 4a:** When \( t < \hat{t} \), the protégé will accept demand made by the protector. To make sure the protector will play tolerate, we need to set \( t > \hat{t} \), which yields a contradiction.

**Subcase 4b:** When \( t > \hat{t} \), the protégé will reject the offers made by the protector. Given the protégé’s strategy, a expansionist protector will maintain the status quo according to the partition rule. Thus, there is no equilibrium in this case.

**Case 5:** The protector adopts the following strategy: \( (SQ, P | E; MD, T | \sim E) \). Using Bayes’ Rule, the protégé’s updated beliefs at the last information set are as follows: \( q(E, H) = 0, q(E, L) = 0, q(\sim E, H) = t, q(\sim E, L) = 1-t \). Accordingly, the protégé’s expected payoffs for refusing and accepting the offer are shown as follows:
\[ EU_B(\text{Accept}) = 0 \]
\[ EU_B(\text{Refuse}) = t(S_H - A_{\sim E}) + (1 - t)(S_L - A_{\sim E}) \]

The protégé will accept the demand for more delegation if \( EU_B(\text{Accept}) > EU_B(\text{Refuse}) \), which yields \( t > \frac{-(S_L - A_{\sim E})}{S_H - S_L} \).

**Subcase 5a:** When \( t > \frac{-(S_L - A_{\sim E})}{S_H - S_L} \), the protégé will accept demand made by the protector. An expansionist protector has an incentive to deviate from SQ to MD. So there is no equilibrium in this case.

**Subcase 5b:** When \( t > \frac{-(S_L - A_{\sim E})}{S_H - S_L} \), the protégé will reject the offers made by the protector. A non-expansionist protector has an incentive to deviate from MD to SQ. So there this case cannot form a equilibrium.

**Case 6:** The protector adopts the following strategy: \((SQ, T \mid E; MD, T \mid \sim E)\).

Using Bayes’ Rule, the protégé’s updated beliefs at the last information set are as follows: \( q(E, H) = 0, q(E, L) = 0, q(\sim E, H) = t, q(\sim E, L) = 1 - t \). Accordingly, the protégé’s expected payoffs for refusing and accepting the offer are shown as follows:

\[ EU_B(\text{Accept}) = 0 \]
\[ EU_B(\text{Refuse}) = t(S_H - A_{\sim E}) + (1 - t)(S_L - A_{\sim E}) \]

The protégé will accept the demand for more delegation if \( EU_B(\text{Accept}) > EU_B(\text{Refuse}) \), which yields \( t > \frac{-(S_L - A_{\sim E})}{S_H - S_L} \).

**Subcase 6a:** When \( t > \frac{-(S_L - A_{\sim E})}{S_H - S_L} \), the protégé will accept demand made by the protector. An expansionist protector has an incentive to deviate from SQ to MD. So there is no equilibrium in this case.

**Subcase 6b:** When \( t > \frac{-(S_L - A_{\sim E})}{S_H - S_L} \), the protégé will reject the offers made by the protector. A non-expansionist protector has an incentive to deviate from MD to
SQ. So there this case cannot form a equilibrium.

**Case 7:** The protector adopts the following strategy: \((SQ, P | E; SQ, T | \sim E)\).

The information set of the protégé is never reached. So the belief remains the same. Accordingly, the protégé’s expected payoffs for refusing and accepting the offer are shown as follows:

\[
EU_B(Accept) = p(A_E - A_{\sim E}) + t(S_H - S_L) + (S_L - A_{\sim E})
\]

\[
EU_B(Refuse) = -p\delta A_E
\]

The protégé will accept the demand for more delegation if \(EU_B(Accept) > EU_B(Refuse)\), which yields \(p < p^*\).

**Subcase 7a:** When \(p < p^*\), the protégé will accept demand made by the protector. An expansionist protector has an incentive to deviate from SQ to MD. So there is no equilibrium in this case.

**Subcase 7b:** When \(p > p^*\), the protégé will reject the offers made by the protector. To make a expansionist protector choose to punish, \(t > \tilde{t}\). And to make her choose to maintain the status quo, \(t < \tilde{t}\), which yields contradiction.

**Case 8:** The protector adopts the following strategy: \((SQ, T | E; SQ, T | \sim E)\). The information set of the protégé is never reached. So the belief remains the same. The protégé will accept the demand for more delegation if \(EU_B(Accept) > EU_B(Refuse)\), which yields \(p < \tilde{p}\).

**Subcase 8a:** When \(p < \tilde{p}\), an expansionist protector has an incentive to deviate from SQ to MD. So there is no equilibrium in this case.

**Subcase 8b:** When \(p > \tilde{p}\), the protégé will reject the offers made by the protector. To make a expansionist protector choose to tolerate, \(t < \tilde{t}\). And both an expansionist and a non-expansionist maintain the status quo for sure. That is how Proposition 5 is derived.
# B. Asymmetric Alliances

Table B.1: Asymmetric Alliances (MIDs)

<table>
<thead>
<tr>
<th></th>
<th>MIDs</th>
<th>zero-inflated count data</th>
<th>negative binomial</th>
<th>OLS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>External Threat</td>
<td>6.238***</td>
<td>(1.598)</td>
<td>5.357***</td>
<td>0.179***</td>
</tr>
<tr>
<td>External Threat Sq.</td>
<td>-16.178***</td>
<td>(2.827)</td>
<td>-11.374***</td>
<td>-0.363***</td>
</tr>
<tr>
<td>Asymmetry</td>
<td>-11.251***</td>
<td>(1.242)</td>
<td>1.408*</td>
<td>0.050*</td>
</tr>
<tr>
<td>Joint Democracy</td>
<td>0.843***</td>
<td>(0.205)</td>
<td>-0.025</td>
<td>-0.0005</td>
</tr>
<tr>
<td>Contiguity</td>
<td>-0.178***</td>
<td>(0.039)</td>
<td>-0.226***</td>
<td>-0.010***</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.822***</td>
<td>(0.252)</td>
<td>-2.784***</td>
<td>0.070***</td>
</tr>
</tbody>
</table>

Observations: 13,159
R²: 0.013
Adjusted R²: 0.013
Log Likelihood: -1,914.398
θ: 0.200*** (0.033)
Akaikes Inf. Crit.: 3,916.891
Residual Std. Error: 0.213 (df = 13153)
F Statistic: 35.581*** (df = 5; 13153)

*Note: *p<0.1; **p<0.05; ***p<0.01
Bibliography


