Bargaining toward Pareto-Efficiency. Relative Gains, Simultaneity and the Case of South Tyrol

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Abstract

Building on Bargaining Theory literature, I outline an original rationalist model that takes in consideration the problem of relative gains to explain why bargaining failures may lead to escalation in an open civil war and when negotiations in civil disputes are more likely to lead to Pareto-efficient solutions. I apply the model to the South Tyrol case, a relatively unknown identity-based dispute that emerged in Italy in the aftermath of the Second World War and was defused before it could produce a real escalation in violence. I show that direct and indirect compensations may help to overcome the problem of issue indivisibility, and that third-party intervention in domestic disputes may work as a functional substitute for simultaneity between the agreement and the enforcement phase.

Keywords

Bargaining, Relative gains, Pareto-efficiency, Compensations, Simultaneity, Civil War

Introduction

Bargaining theory of war is a consolidated approach in International Relations (IR) that assumes that war is always costly for potential belligerents and there should exist a range of deals that two disputants may choose to avoid conflict.[1] So far, the bargaining literature on civil war onset has mostly focused on disputes that eventually erupted into civil war, arguing that violence is the result of bargaining failure.[2] In this paper, I consider the relatively-unknown dispute between Italy and South Tyrol,[3] which emerged in the aftermath of World War II and eventually resulted in a stable compromise between parties.

According to the bargaining model of war, conflict between two parties may emerge as a result of commitment problems, issue indivisibility, or information asymmetry, which can be considered as necessary (though not sufficient) conditions for

[1] James D. Fearon, "Rationalist explanations for war," *International Organization* 49, no.3 (1995): 379-414; James D. Fearon, "Bargaining, Enforcement, and International Cooperation," *International Organization* 52, no.2 (1998): 269-305; Darren Filson and Suzanne Werner, "A bargaining model of war and peace: Anticipating the onset, duration, and outcome of war," *American Journal of Political Science* 46, no. 4 (2002): 819-37; Dan Reiter, "Exploring the bargaining model of war," *Perspectives on Politics* 1, no.1 (2003): 27-43; Branislav L. Slantchev, "The power to hurt: Costly conflict with completely informed states," *American Political Science Review* 97, no.1 (2003): 123-33; Robert Powell, "Bargaining and learning while fighting," *American Journal of Political Science* 48, no.2 (2004); Robert Powell, "War as a commitment problem," *International Organization* 60, no.1 (2006): 169-203; William Reed, David H. Clark, Timothy Nordstrom and Wonjae Hwang, "War, power, and bargaining," *The Journal of Politics* 70, no.4 (2008): 1203-16; Mark Fey and Kristopher W. Ramsay, "Uncertainty and Incentives in Crisis Bargaining: Game-Free Analysis of International Conflict," *American Journal of Political Science* 55, no.1 (2011): 149-69; Dustin H. Tingley, "The Dark Side of the Future: An Experimental Test of Commitment Problems in Bargaining," *International Studies Quarterly* 55, no.2 (2011): 521-44.

[2] For a quick review of the literature, see Barbara F. Walter, "Bargaining failures and civil war," *Annual Review of Political Science* 12 (2009): 243-61.

[3] For the sake of simplicity, I will refer to my case study in this way, even if it would be more appropriate to consider it a dispute between the "Italian government" and the "German-speakers' representatives".

conflict onset. In particular, credible commitment problems are especially relevant in domestic conflicts, since the actors involved in those disputes tend to have different capabilities, and the stronger side (usually the government) may have an incentive to renege on the terms of the agreement once it is reached. Similarly, the issue at stake in civil conflicts may often seem indivisible to parties, or they may disagree on how to divide it, pushing one of both sides to take it through force. As I will show in the paper, all these factors (with the possible exception of private information),[4] were present in the South Tyrol dispute, but didn't lead to conflict escalation: this dispute was chosen precisely for its status of "potential identity-based conflict" that did not escalate in open war.[5] To explain this puzzle, I will outline a simple theoretical model that is derived from the institutionalist literature on interstate cooperation[6] and grounded on the synthesis between realist and liberal traditions originally proposed by Andreatta and Koenig-Archibugi.[7] To be sure, several formal models of bargaining theory have been offered in the past to

[4] Private information problems do not seem to affect civil disputes as much as they influence interstate relations, see Elaine K. Denny and Barbara F. Walter, "Ethnicity and civil war," *Journal of Peace Research* 51, no.2 (2014): 206. Moreover, according to Gartzke, information asymmetries are unobservable and therefore difficult to test even in interstate bargaining. Erik Gartzke, "War is in the Error Term," *International Organization* 53, no.3 (1999): 567-87.

[5] A recent attempt in this direction has been made by Kyle Beardsley, David E. Cunningham and Peter B. White. "Resolving civil wars before they start: The UN Security Council and conflict prevention in self-determination disputes" *British Journal of Political Science* 47, no.3 (2017): 675-97.

[6] Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984); Robert Axelrod and Robert Keohane, "Achieving Cooperation under Anarchy: Strategies and Institutions," *World Politics* 38, no.1 (1985): 226-54; Fearon, "Rationalist explanations for war".

[7] Filippo Andreatta and Mathias Koenig-Archibugi, "L'orizzonte della cooperazione. La controversia sui vantaggi relativi nelle relazioni internazionali," *Rivista italiana di scienza politica* 31, no.2 (2001): 235-75. Filippo Andreatta and Mathias Koenig-Archibugi, "Which synthesis? Strategies of theoretical integration and the neorealist-neoliberal debate," *International Political Science Review* 31, no.2 (2010): 207-27.

explain cooperation possibilities in both inter- and intrastate conflicts.[8] Unfortunately, only few of them has explicitly made reference to the problem of relative gains,[9] which may be considered a particular kind of commitment problem,[10] and may therefore change players' attitude toward compromise.

In the next pages I will apply this model to the South Tyrol dispute, as a sort of plausibility probe case study for my argument. So far, that dispute has been analyzed by a substantial number of studies, which have mainly focused on the nature of its power sharing agreement and on the role played by cultural affinity and relevant actors in the conflict.[11] I do not challenge this literature, and I share the idea that a negotiated settlement in South Tyrol was mainly achieved thanks to the goodwill of all the parties involved in the dispute. However, I think that a re-examination of the South Tyrol case

[8] See, for example, Glenn H. Snyder and Paul Diesing, *Conflict Among Nations: Bargaining, Decision Making, and Systems Structure in International Crises* (Princeton: Princeton University Press, 1977); Donald Wittman, "How a War Ends. A Rational Model Approach," *Journal of Conflict Resolution* 23, no.4 (1979): 743-63. For more recent attempts, see David A. Lake, "International relations theory and internal conflict: insights from the interstices," *International Studies Review* 5, no.4 (2003): 81-90; David A. Lake, "Two cheers for bargaining theory: Assessing rationalist explanations of the Iraq War," *International Studies Review* 5, no.4 (2011): 7-52; Andrew H. Kydd, *International Relations Theory* (Cambridge: Cambridge University, 2015), especially ch. 2.

[9] In his 1991 essay, Robert Powell provides a reformulation of the absolute vs. relative gains problem, stressing that states' attitudes are determined by international constraints: see Robert Powell, "Absolute and relative gains in international relations theory," *American Political Science Review* 85, no.4 (1991): 1303-20.

[10] Fearon, "Bargaining, Enforcement, and International Cooperation".

[11] See, for example, Antony E. Alcock, *The History of the South Tyrol Question*, (Geneva: Michael Joseph, 1970); Peter J. Katzenstein, "Ethnic Political Conflict in South Tyrol," in Milton Esman (ed.), *Ethnic Conflict in the Western World* (Ithaca: Cornell University Press, 1977): 287-323; Stefan Wolff, *Disputed Territories: The Transnational Dynamics of Ethnic Conflict Settlement* (New York: Berghahn, 2003); Rolf Steininger, *South Tyrol. A minority Conflict of the Twentieth Century* (New Brunswick: Transaction, 2003); Jens Woelk, Francesco Palermo and Joseph Marko (eds), *Tolerance through Law. Self Governance and Group Rights in South Tyrol* (Leiden: Martin Nijhoff, 2008).

can be instructive for bargaining theory and for its actual applicability to current civil disputes under at least two points of view. The first has to do with the long-standing debate between realists and institutionalists on the possibility of cooperation: by including relative gains consideration into players' utility functions, I will show that sensitivity to relative gains can influence the range of possible deals that players aim to achieve to avoid war, by enlarging or restricting the area of compromise. Under this view, players can also be sensitive to relative losses, which can have an impact on the decision by one party to hurt the other and thus to escalate the dispute into open war,[12] following the logic of "the worse, the better". As I will show in the next pages, compensatory solutions (side payments and issue linkages) may help to overcome problems of issue indivisibility, leading to Pareto-efficient agreements. The second point has to do with the problem of conflict recurrence: according to the model, conflict recurrence may be due to the lack of simultaneity between the bargaining and the enforcement phase. Indeed, once reached the agreement, disputants may have an incentive to renege on it if this brings them greater advantage. Theoretically, in order to prevent defection, implementation should be concurrent with the agreement phase. Unfortunately, this is impossible in domestic negotiations. Actually, as we will see below, this lack of simultaneity between agreement and enforcement may be one of the main drivers of conflict escalation. As I will show in

[12] Branislav L. Slantchev, "How initiators end their wars: The duration of warfare and the terms of peace," *American Journal of Political Science* 48, no.4 (2004): 813-29.

the paper, the presence of a third party may serve as a sort of functional substitute for simultaneity between the bargaining and the enforcement phase, thus making the agreement more stable.

The paper proceeds as follows: in the next section I will briefly review the literature on the rationalist approach to civil war onset. Then, I will outline my theoretical framework, which shows how players' attitudes on bargaining may change overtime. Finally, I will apply the framework to the South Tyrol case, in order to explain how parties were able to solve their commitment problems. In the concluding section, I will include some caveats and draw some implications for the actual applicability of the model to other disputes.

Rationalist approaches in civil war

Rationalist studies on the causes of rebellion tends to rely on two broad arguments to explain domestic conflict. First, there are theoretical perspectives grounded in the opportunity cost of rebellion, holding that the individual decision to take part in an insurgency depends on the rational expectation of reward from violent political action.[13] According to this view, civil wars are more likely to be caused by economic opportunities than by political grievances:[14] potential rebels will join an insurgency only if the balance

[13] Indra de Soysa and Hanne Fjelde, "Is the hidden hand an iron fist? Capitalism and civil peace, 1970-2005," *Journal of Peace Research* 47, no.3 (2010): 287-98.
[14] See Indra de Soysa, "Paradise is a bazaar? Greed, creed, and governance in civil war, 1989-99," *Journal of Peace Research* 39, no.4 (2002): 395-416. Paul Collier and Anke Hoeffler, "Greed and grievance in civil

between potential costs and expected benefits is higher than that offered by the status quo.[15] Second, other kinds of argument are derived from bargaining theory, which has recently emerged as a leading approach in the study of civil conflict and has been used to account for several stages of war,[16] such as its onset,[17] duration,[18] and termination.[19] The earliest contributions in this field of research focused on interstate war,[20] stressing that because war is always a resource-wasting outcome that disputants want to avoid, there should exist an alternative to violence – a sort of bargaining range[21] – that would make both opponents better off than fighting.[22] According to this perspective, war may be seen either as a costly lottery to determine ownership of the prize, following a bargaining failure[23] or as a component of the broader bargaining process,[24] which begins with

war," *Oxford Economic Papers* 56, no.4 (2004): 563-95; J. Tyson Chatagnier and Emanuele Castelli, "The Arc of Modernization: Economic Structure, Materialism, and the Onset of Civil Conflict" *Political Science Research and Methods* 7, no.2 (2019): 233-52.

[15] Zeynep Taydas, Jason Enia and Patrick James, "Why do civil wars occur? Another look at the theoretical dichotomy of opportunity versus grievance," *Review of International Studies* 37, no.5 (2011): 2627-50.

[16] Reiter, "Exploring the bargaining model of war".

[17] Robert Powell, *In the shadow of power. States and Strategies in International Politics* (Princeton: Princeton University Press, 1999). Reed et al, "War, power, and bargaining".

[18] See for example Filson and Werner, "A bargaining model of war and peace".

[19] Slantchev, "How initiators end their wars". Fred C. Iklé, *Every war must end* (New York: Columbia University Press, 2005). Dan Reiter, *How wars end* (Princeton: Princeton University Press, 2009). Paul R. Pillar, *Negotiating peace: War termination as a bargaining process* (Princeton: Princeton University Press, 2014).

[20] Fearon, "Rationalist explanations for war". For a literature review on these earliest contributions see Robert Powell, "Bargaining theory and international conflict" *Annual Review of Political Science* 5, no.1 (2002): 1-30.

[21] Lake, "International relations theory and internal conflict".

[22] For a critical view, see Hudson Meadwell, "The rationalist puzzle of war," *Quality & Quantity* 50, no.4 (2016): 1415-27.

[23] Fearon, "Rationalist explanations for war".

[24] R. Harrison Wagner, "Bargaining and war," *American Journal of Political Science* 44, no.3 (2000): 469-84. Powell, "Bargaining and learning while fighting"; Reiter, *How wars end*.

negotiation attempts by opponents to avoid conflict, continues during actual combat, and ends with a peace agreement to terminate the war. In both setups (war as a lottery and war as a bargaining phase), conflict is usually the result of at least three factors: first, the presence of private information, uncertainty and incentives to misrepresent one's strength or resolve may obscure the bargaining range, thus pushing parties to see no alternatives to fighting. Second, during negotiations parties may have problems in credibly signaling to the opponent their commitment to abide by a settlement or, worse, they may have incentives to renege on the agreement if it is more advantageous to them.[25] At this regard, a related body of literature has examined the role of international mediation in interstate conflict,[26] finding that third-party intervention can ameliorate commitment problems between the bargaining and the enforcement phase, thus making dispute settlement more

[25] James D. Fearon, "Why do some civil wars last so much longer than others?," *Journal of Peace Research* 41, no.3 (2004): 275-301. Powell, "War as a commitment problem".

[26] See, for example, Kyle Beardsley, David M. Quinn, Bidisha Biswas and Jonathan Wilkenfeld, "Mediation style and crisis outcomes," *Journal of Conflict Resolution* 50, no.1 (2006): 58-86; Kyle Beardsley and Nigel Lo, "Third-party conflict management and the willingness to make concessions," *Journal of Conflict Resolution* 58, no.2 (2014): 363-92. For a literature review on mediation in both inter- and intrastate conflict see Peter Wallensteen and Isak Svensson "Talking peace: International mediation in armed conflicts," *Journal of Peace Research* 51, no.2 (2014): 315-27. Tyson Chatagnier argues that third-party observation in interstate war may change states' behavior, giving disputants incentives to bargain harder: see J. Tyson Chatagnier, "Teaching the Enemy: The Empirical Implications of Bargaining under Observation," *Journal of Conflict Resolution* 58, no.6 (2014): 1033-58; J. Tyson Chatagnier, "Conflict bargaining as a signal to third parties" *Journal of Theoretical Politics* 27, no.2 (2015): 237-68.

likely.[27] Third, a disputed issue may actually appear indivisible to the parties,[28] or they may disagree on how to divide it. In turn, this may push both sides to leave the bargaining table and try to take it all through force.

Building on these approaches, bargaining theory and its related theoretical arguments have been recently applied also to civil war.[29] As with negotiations among states, authors have been mainly concerned with war duration,[30] recurrence[31] and termination,[32] highlighting a number of mechanisms and factors (such as variations in bargaining behavior)[33] that may favor – or prevent – a quick and stable settlement between opposing factions. Moreover, the majority of the bargaining literature on civil

[27] In his study of interstate conflict mediation, Beardsley finds that third-party mediation is effective in the short run, but it may be unable to prevent crisis recurrence in the future. This is because the mediator's influence may wane after the agreement is reached. See Kyle Beardsley, "Agreement without peace? International mediation and time inconsistency problems," *American Journal of Political Science* 52, no.4 (2008): 723-740. See also Adam Meirowitz, Massimo Morelli, Kristopher W. Ramsay and Francesco Squintani, "Dispute resolution institutions and strategic militarization," *Journal of Political Economy* 127, no.1 (2019): 378-418.

[28] According to Powell, bargaining indivisibility can be essentially considered a particular kind of commitment problems (see Powell, "War as a commitment problem"). See also Powell, *In the shadow of power*. Stacie E. Goddard, "Brokering Peace: Networks, Legitimacy, and the Northern Ireland Peace Process," *International Studies Quarterly* 56, no.3 (2012): 501-15.

[29] See, among others, Robert Powell, "Persistent fighting and shifting power," *American Journal of Political Science* 56, no.3 (2012): 620-37. For a literature review see Walter, "Bargaining failures and civil war".

[30] Barbara F. Walter, *Committing to peace: The successful settlement of civil wars* (Princeton: Princeton University Press, 2002). Caroline Hartzell and Matthew Hoddie, "Institutionalizing Peace: Power Sharing and Post-Civil War Conflict Management," *American Journal of Political Science* 47, no.2 (2003): 318-32.

[31] Barbara F. Walter, "Does conflict beget conflict? Explaining recurring civil war," *Journal of Peace Research* 41, no.3 (2004): 371-88. Charles T. Call, *Why peace fails: the causes and prevention of civil war recurrence* (Washington, DC: Georgetown University Press, 2012).

[32] Matthew Hoddie and Caroline Hartzell, *Strengthening peace in post-civil war states: Transforming spoilers into stakeholders* (Chicago: University of Chicago Press, 2010).

[33] Sunhee Park, "Power and Civil War Termination Bargaining," *International Studies Quarterly* 59, no.1 (2015): 172-83.

war tends to focus on disputes that eventually led to civil violence, while it would also be interesting to consider "potential" civil conflicts (i.e. disputes that have been resolved without violence escalation).

Overall, there is a strong consensus among scholars that credible commitment problems[34] as well as territorial indivisibility[35] play a crucial role also in civil conflicts, rendering disputes difficult to solve.[36] As in the case of interstate conflict, the conventional wisdom is that third-party intervention may provide the solution to intrastate dispute, though the evidence in this field is mixed:[37] on the one hand, the intervener may be biased towards one of the two sides (and, in many cases, rebels actually have an external patron that may influence the bargaining process).[38] In fact, the presence of a transnational ethnic kin may tip the balance on the rebel side, contributing to group

[34] Barbara F. Walter, "The critical barrier to civil war settlement," *International Organization* 51, no.3 (1997): 335-64.
[35] Monica Duffy Toft, *The geography of ethnic violence: Identity, interests, and the indivisibility of territory* (Princeton: Princeton University Press, 2005).
[36] David E. Cunningham, *Barriers to peace in civil war* (Cambridge: Cambridge University Press, 2011).
[37] For a literature review see: Patrick M. Regan, "Interventions into civil wars: A retrospective survey with prospective ideas" *Civil Wars* 12, no. 4 (2010): 456-76; Christopher Linebarger and Andrew Enterline "Third party intervention and the duration and outcomes of civil wars" in David T. Mason and Sara McLaughlin Mitchell (eds.), *What do we know about civil wars* (Lanham: Rowman & Littlefield, 2016): 93-108.
[38] Lars-Erik Cederman, Kristian S. Gleditsch, Idean Salehyan and Julian Wucherpfennig, "Transborder ethnic kin and civil war," *International Organization* 67, no.2 (2013): 389-410. For game theoretic models of third-party intervention see David Carment and Patrick James, "Two Level Games and Third Party Intervention," *Canadian Journal of Political Science* 39, no. 3 (1996): 521-54; Michael Findley and Tze Kwang Teo, "Rethinking Third Party Interventions into Civil War," *The Journal of Politics* 68, no. 4 (2006): 828-37; Stephen Gent, "Strange Bedfellows: Major Power Intervention in Civil Conflicts," *The Journal of Politics* 69, no.4 (2007): 1089-102.

radicalization,[39] providing the rebel group with sanctuaries, resources, and information,[40] thus making a final settlement that favors rebels more likely.[41] On the other, third party intervention increases the number of actors in a dispute and makes bargaining harder, thus prolonging civil war.[42] Also in this case, mediation seems to be the only effective intervention for the solution of time-inconsistency problems, but only if carried out by actors that are able to offer a sustained involvement (for example, peacekeeping missions).[43] As we shall see below, democratic kin-countries may be suitable for this role, because they are constrained by their domestic audience and thus they tend to have a stake in the dispute.[44]

Compared to other approaches to civil war, bargaining theory offers at least three advantages: first, it stresses the importance of strategic rationality, which may diverge from individual (or group) rationality and seems to apply better to the study of interactions

[39] Erin Jenne, "A bargaining theory of minority demands: explaining the dog that did not bite in 1990s Yugoslavia," *International Studies Quarterly* 48, no.4 (2004): 729-54.
[40] Lars-Erik Cederman, Luc Girardin and Kristian S. Gleditsch, "Ethnonationalist triads: Assessing the influence of kin groups on civil wars," *World Politics* 61, no.3 (2009): 403-37.
[41] Mehmet Gurses, "Transnational Ethnic Kin and Civil War Outcomes," *Political Research Quarterly* 68, no.1 (2015): 142-53.
[42] David E. Cunningham, "Veto players and civil war duration" *American Journal of Political Science* 50, no.4 (2006): 875-92.
[43] Kyle Beardsley, "The UN at the Peacemaking-peacebuilding Nexus," *Conflict Management and Peace Science* 30, no.4 (2013): 369-86. For the interactive effect between mediation and peacekeeping see also Kyle Beardsley, David E. Cunningham and Peter B. White, "Mediation, peacekeeping, and the severity of civil war," *Journal of Conflict Resolution* 63, no.7 (2019): 1682-709.
[44] Koga finds that democracies are more likely to intervene in ethnic conflict because they are more likely to take decisions that satisfy their constituents: see Jun Koga, "Where Do Third Parties Intervene? Third Parties' Domestic Institutions and Military Interventions in Civil Conflicts," *International Studies Quarterly* 55, no.4 (2011):1143-66.

between disputants. Second, it can easily be formalized[45] and thus can provide a better picture of this strategic interaction, highlighting the factors that most contribute to bargaining failure and war settlement. Third, bargaining theory is deliberately a-cultural in that it underplays the role of ideas, values and ideologies; in a comparative perspective, this has the clear advantage of making the model applicable to a number of civil conflicts, regardless of the particular cultural context. What is still missing in the bargaining literature on civil war is a theoretical model that explains which mechanisms may be adopted by parties to avoid costly fighting. I argue that this can be done by including realist concerns on relative gains[46] into players' utility functions, and by taking in consideration how bargaining attitudes change overtime. In the next section I will address these problems, providing some insights on both points.

From bargaining failures to open war

To describe how bargaining failures can lead to open violence and civil war, I assume that negotiations in domestic disputes are carried out by two players only,[47] and

[45] For earliest formal models see Snyder and Diesing, *Conflict Among Nations*; Wittman, "How a War Ends". For more recent attempts, see Lake, "International relations theory and internal conflict"; Lake, "Two cheers for bargaining theory"; Kydd, *International Relations Theory.*

[46] Joseph Grieco, "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism," *International Organization* 42, no.3 (1988): 485-507.

[47] This is of course a simplification, since most domestic disputes tend to be characterized by the presence of more than two players. However, a two-dimensional setting – besides being consistent with most of the game-theoretic literature (see Snyder and Diesing, *Conflict Among Nations*; Lake, "International relations theory and internal conflict"; Lake, "Two cheers for bargaining theory") – makes the model more tractable than multiple-setting games (Kydd, *International Relations Theory*, 7).

that they are characterized by two main stages:[48] during the first phase, both players *strike a deal*, i.e. they come to an agreement on how to settle their dispute, overcoming possible relative gains concerns and reaching a mutually-satisfactory solution. The second phase is *enforcement*.[49] In this stage, relative gains considerations could also be the primary risk, as both players, once reached the agreement, may have an incentive to renege on it if doing so brings them greater advantage. Ideally, to assure both players against fears of defection, implementation should be concurrent with the agreement phase; unfortunately, this does not seem the case, neither in interstate nor in domestic negotiations. Actually, as we will see below, this lack of simultaneity between agreement and enforcement seems to be one of the main drivers of conflict escalation.

According to the liberal institutionalist theory of cooperation, bargaining takes place in a non-zero-sum situation and players are interested only in what they can get from mutual cooperation (absolute gains). This means that their utility functions (u_1 and u_2) will be simply equal to the final reward (r_1 and r_2) from the agreement for both players and independent of each other:

Player one: $u_1 = r_1$

Player two: $u_2 = r_2$

[48] This is the canonical two-stage bargaining model, that involves a take-it-or-leave-it offer from one of the parties to the other.
[49] Fearon, "Bargaining, Enforcement, and International Cooperation".

By contrast, realists assume the real world to be characterized by zero-sum considerations and therefore, since mutual cooperation confers advantages upon both sides, each actor may wonder how gains will be allocated once the agreement is reached: indeed, if one of the two players will get more advantages than the other, then the latter might refuse to cooperate. This is because anything that gives an advantage to one player today can result in a more dangerous foe in the future.[50] Consequently, for realist authors, a formula that takes this concern in consideration would be more appropriate to describe a bargaining situation between two players:

Player one: $u_1 = k_1(r_1 - r_2)$

Player two: $u_2 = k_2(r_2 - r_1)$

Also in this case, r_1 and r_2 are players' rewards, but the coefficients k_1 and k_2 represents each side sensitivity to relative gains: each player will be interested not only in his gains, but also – and mostly – in the difference between his and other player's returns.

Now, following the synthesis of the two formulas originally proposed by Andreatta and Koenig-Archibugi for interstate cooperation,[51] we can incorporate realists' concern for relative gains into the institutionalist formula, and graphically represent this

[50] Grieco, "Anarchy and the Limits of Cooperation, 487.
[51] Andreatta and Koenig-Archibugi, "L'orizzonte della cooperazione"; Andreatta and Koenig-Archibugi, "Which synthesis?". In turn, they derive their hypothesis from Otto Keck, "The New Institutionalism and the Relative-Gains-Debate," in Frank R. Pfetsch (ed.), *International Relations and Pan-Europe* (Münster-Hamburg: Lit, 1993): 35-62.

issue by putting two indifference curves into a single Cartesian coordinate system. For each player, the function would be the following:

Player one: 1) $u_1 = (1 - k_1)\, r_1 + k_1\,(r_1 - r_2) \quad 0 < k_1 < 1$

Player two 2) $u_2 = (1 - k_2)\, r_2 + k_2\,(r_2 - r_1) \quad 0 < k_2 < 1$

I assume k (for both Players 1 and 2) to lie between 0 and 1: indeed, with a value of k equal to 0 (i.e. each player is interested *only* in absolute gains), both formulas would go back to the institutionalists' proposed utility functions ($u_1 = r_1$; $u_2 = r_2$); on the other hand, a value of k equal to 1 for both players (that is, each of them is interested *only* in relative gains) would leave the difference in players' resources (maximum sensitivity to relative gains), consistent with the realist's utility function.

[Graph 1 about here]

Graph 1 simplifies this situation: if k=0 for both players, the related indifference curves u_1 and u_2 would be congruent to the x- and y-axes, respectively. In this case, every point in quadrant 1 would be preferable to the status quo (i.e. neither gains nor losses) for each side. If, on the other hand, k=1 for both players (highest sensitivity to relative gains), both indifference curves would coincide with the 45° dotted line in quadrant 1, and there would be few chances of agreement (i.e. only deals that are exactly on the 45° line), since

any possible point preferred by one side would be disadvantageous to the opponent, relative to the status quo.

Striking a deal: splitting and compensating

The bargaining range between the two players depends on their sensitivity to relative gains: indeed, players' attitudes toward gains during negotiations are likely to be mixed in the real world (meaning that k tends to be strictly between 0 and 1). This situation may be represented by highlighting two different areas in Graph 1: on the one hand, the shared white area in quadrant 1 includes all the possible points of cooperation between the two sides (i.e., agreements that are mutually favorable with respect to the status quo). Second, the gray areas a and b in quadrant 1 enclose the set of agreements that are unfavorable for Players 1 and 2, respectively: these regions encapsulate all agreements that both parties would not accept, because one side would gain relatively more than the other. More precisely, Player 1 would choose the status quo (no deal) to agreement A, since it would give a greater advantage to her counterpart: the gain for Player 2 (the level of r_2) is much higher than the gain for Player 1 (the level of r_1) and point A is below the threshold of acceptable deals for Player 1. Likewise, Player 2 would rather stay in a status

quo situation with respect to agreement *B*, because it would give a greater advantage to Player 1 and it is below her indifference curve.[52].

[Graph 2 about here]

Therefore, to make both parties better off, agreements in this game can be reached in the white, mutually advantageous area of cooperation. In this case, and if the issue at stake is divisible, the two sides can simply split it by striking a deal, for example, between *C* and *E* in Graph 2: nobody will gain more than the other, and both will be better off, relative to the status quo. It should be noted that, if the issue is divisible, an agreement is possible even when the deal lays in one of the two dark areas (e.g. in point *D*, which is favorable for Player 1 but not for Player 2), but only if the player that is disadvantaged is compensated through a side payment by the other: since point *D* represents a poor result for Player 2, Player 1 can pay to him some direct compensation for the loss; in this case, the total of compensation should not be less than segment FG (otherwise, it will remain unacceptable for Player 2) and not more than HG (because it would become unacceptable for Player 1).

[52] I assume the curve's slope as given, but it actually may change depending on a number of situation variables: some of them – like private information (which may have the effect of obscuring the set of mutually favorable deals) or incentives to misrepresent (which make it difficult to assess exactly what is being hidden) – may shrink the area of mutually acceptable agreements; others, like the presence of confidence building measures between the parties, may enlarge the white area of cooperation, bringing the curves back toward the Cartesian axes.

However, these alternatives (splitting and compensating) are not always possible, as the proposal may be indivisible, rendering direct compensation impossible. In this case, both players can simply choose to take it or leave it. Again, this does not imply that an agreement cannot be achieved: as Powell has shown, even if the issue is not divisible, there are still possible deals that disputants prefer to war.[53] For example, parties can always reach an agreement by linking cooperation on one issue to cooperation on another (a sort of "indirect compensation", mostly known in the bargaining literature as "issue linkage"): in this case each actor will lose on one dispute, but the gain in the other will compensate this loss.

[Graph 3 about here]

A typical issue linkage situation is represented in Graph 3, which includes two different cases: in the first situation, the proposal for cooperation *J* (which is good for 1 but bad for 2), can be linked to the proposal *I* on a second issue through the vector sum of OI and OJ (the line that runs from the origin O to points *I* and *J*, respectively) which brings both parties to agreement at *I*+*J*. The second case shows that cooperation is possible even if the starting point is a situation of absolute disadvantage for both players. This means that cooperative agreements are possible (i.e., they remain in the white area of quadrant 1) if the total payoff amount is positive. In this case, point *L* and *K* are highly

[53] Powell, "War as a commitment problem," 177.

disadvantageous for both players (even if they are interested only in absolute gains), but through the linkage of the two proposals, *L* and *K*, both players can achieve the mutually advantageous result *K+L*: in this case, Player 1 loses something with respect to her preferred proposal *L*, but this loss is equally compensated by the loss of Player 2 in *K* (and vice versa). Moreover, if the algebraic sum of payoffs between the two players is positive, not only the quadrant 1 but the entire area northeast of the diagonal line *s* may enclose possible points of cooperation.[54] Therefore, when the issue cannot be easily split, cooperation can take place through direct (side payments) or indirect (issue linkage) compensations.

Inflicting damage: the problem of enforcement and conflict escalation

During the bargaining phase, agreements can be reached by disputants in multiple ways, depending on the issue at stake. In particular, direct and indirect compensations may be useful if the deal lies outside the bargaining range. However, proposing side payments and issue linkages as possible mechanisms of cooperation does not address the problem of *enforcement*, because commitment problems may emerge between the first and the second phase. These problems may be produced by a number of reasons;[55]

[54] Indeed, according to the Kaldor criterion, even absolute losses can, in theory, be compensated through side payments or issue linkages, making both sides better off even after compensation. See Nicholas Kaldor, "Welfare Propositions in Economics and Interpersonal Comparisons of Utility," *Economic Journal* 49, no.195 (1939): 550.

[55] Robert Powell, "The inefficient use of power: Costly conflict with complete information" *American Political Science Review* 98, no.2 (2004): 231-41.

however, as Robert Powell has shown, there seems to be a common underlying mechanism at work: a shifting distribution of power between the sides and/or within at least one side may generate those commitment problems.[56] On the one hand, one of the two sides may become stronger in the future and exploit her better bargaining position; on the other, a shift in power distribution between domestic factions may render one side unsatisfied about the deal and thus unable to commit to the agreement.[57] As we will see below, this is exactly what happened in the South Tyrol dispute.

In sum, once parties reach an agreement in the bargaining phase, both sides may have an incentive to renege on it: the side that agreed to cooperation can refuse to do so after receiving payments, while the side that was willing to compensate his partner's loss, after obtaining cooperation, can simply refuse to pay. Of course, if the enforcement phase is concurrent with the bargaining stage, both parties can carefully check that the other is complying. Unfortunately, this is not the case in negotiation over political issues, which usually require time to be implemented.[58] Absent any higher legitimate authority, in other words, parties have to find a sort of "functional substitute" for simultaneity to keep their level of trust and to avoid incentives to defect. As we will see in the next paragraph, this

[56] Powell, "War as a commitment problem". For the same mechanism in civil war see also Powell, "The inefficient use of power" and Håvard Mokleiv Nygård and Michael Weintraub "Bargaining between rebel groups and the outside option of violence" *Terrorism and Political Violence* 27, no.3 (2015): 557-80.
[57] In a later work, Powell formalizes this shift in power distribution as a trade-off: parties can avoid war and accept a weaker bargaining power in the future of fight in order to forestall the adverse shift. See Powell, "Persistent fighting and shifting power".
[58] Marco Pinfari, *Peace Negotiations and Time: Deadline diplomacy in territorial disputes* (London: Routledge, 2012).

role may be played by an external guarantor, or a third party that is legitimated by both sides. However, without such a guarantor, no one can force players to comply with the agreement and cooperation may thus become impossible. In turn, bargaining failures may render conflict escalation more likely: indeed, the (missing) cooperation between two sides may influence players' attitude toward each other, leading disputants to open war.

We can graphically represent this situation by looking at the two different areas – opposite in meaning to those of quadrant 1 – that can be identified in quadrant 3 (see Graph 4): the white area encapsulates the set of the mutually unfavorable points (i.e. all possible deals that both parties would never choose, as they would represent a significant loss for both of them), while the two dark areas enclose the set of results that are unfavorable for one player, but much more harmful for the other.

[Graph 4 about here]

More specifically, area *c* includes the set of results that are bad for Player 1, but much worse for Player 2: indeed, moving to any point in that area would cause a loss for 1, but 2 would lose much more for any given point chosen by 1. But why should actors choose to move from the status quo to a point disadvantageous to them? I argue that this is exactly the line of reasoning that may lead disputants to open war.

Indeed, cooperation opportunities usually represent a small percentage of all possible equilibria and this is especially true if sensitivity to relative gains is high: parties

may be unable to find an agreement from the very beginning, or their sensitivity to opponent's advantages may be too high; alternatively, they may be successful in finding an agreement, but then experiencing enforcement problems in lack of simultaneity between the two phases. In all these cases, the weakest side may therefore opt for the logic of "the worse, the better" and deliberately inflict a damage to the other side, even if this would mean worsening her absolute condition.[59] For example, if Player 2 is unsatisfied by agreement *J* (Graph 4), he may choose to "inflict a damage" to Player 1 and to move to point *W* (quadrant 3) which is disadvantageous for the former but much more disadvantageous for the latter. In turn, this may lead to dispute escalation and to war. Once violence erupts, cooperation is even less probable. But this does not mean, as the reference to the South Tyrol case will show in the next paragraph, that it will be completely impossible.

Pareto-efficiency in South Tyrol

The conflict over South Tyrol emerged in 1919, as a result of the Central Powers' defeat in the First World War. Until then, the area (including the Italian-speaking province of Trento) had belonged to the Habsburg Empire, which, after the war, was forced by the winning powers to grant Italy authority over the whole region. Suddenly, as had been the case for their Trentini counterparts under Austro-Hungarian rule, the South Tyroleans

[59] Slantchev, "The power to hurt".

became a minority in Italy, and their claims to obtain a certain degree of autonomy were largely ignored by Rome. The situation became worse for them after 1922, when the Fascist regime rose to power in Italy and Mussolini launched several policies to assimilate the Germans into mainstream Italian culture, closing German schools and suppressing the local press, favoring Italian immigration in the province of Bolzano/Bozen and giving incentives to Italian industries settling in the area. Moreover, in 1939 the Fascist Regime negotiated a deal with Nazi Germany (the so-called "Options") to give the people of South Tyrol the choice either to emigrate to Germany, or to stay in their birthplace and accept complete Italianization.

Accordingly, during the Fascist Period, the outcome moved somewhere near the point *F* (Full Sovereignty, Graph 5), which compared to the status quo situation before the annexation in 1919 (0,0)[60], was largely advantageous for Italy and disadvantageous for South Tyrol[61].

[Graph 5 about here]

[60] In order to show how the outcome changed overtime, I will assume the status-quo (which is usually the intersection between the *x* and the *y* axes) to be the situation *before* the annexation of South Tyrol, that is before the 1919 Peace Agreements between Italy and Austria-Hungary.

[61] In this tentative application of the model, I consider just two relevant players in the South Tyrol dispute (Italy and South Tyrol), disregarding the role played by the Trento's political leadership (on the Italian side) and the presence of Ladini as a minority (on South Tyrol's side).

This situation, though extremely unbalanced for South Tyrol, lasted about twenty years, and this was mainly the consequence of Fascists high determination to maintain the annexed region (even with the threat or actual use of force) and of South Tyroleans' lack of organizational resources. However, this situation changed suddenly after the Second World War, when the victorious powers met in Paris to settle territorial issues and border disputes, including the South Tyrol question.

At the conference, both Italy and the South Tyroleans (through the Austrian delegation) tried to reach an agreement starting from their preferred goals: of course, self-determination (point SD in Graph 6) would have been an absolute gain for South Tyroleans, although they knew very well that the region had become somewhat strategic for Italy, since its many hydroelectric plants produced a notable share of the total national energy output.[62]

[Graph 6 about here]

Italy, for its part, had to signal to the Allied a sort of discontinuity with the Fascist period, and therefore it was well aware that it could not pursue any policy of Italianization (point *F* in Graph 6) over South Tyrol. Both Italy and Austria had also to show to the great powers in Paris their goodwill, and thanks to Alcide Degasperi and Karl Gruber

[62] Steininger, *South Tyrol. A minority Conflict of the Twentieth Century,* 80.

(Italy's Prime Minister[63] and Austria's Minister of Foreign Affairs, respectively) an agreement was eventually reached. Italy renounced full sovereignty over South Tyrol, granted some degree of autonomy to the region and thus accepted a minor gain in the retention of the Brenner Frontier (point D in Graph 6). South Tyrol, in turn, agreed to renounce to its claim to self-determination in exchange for some specific rights (linguistic parity with the Italians, education, representation in public administration) and for regional autonomy granted by Rome (point G). In other words, the equilibrium obtained through the Degasperi-Gruber agreement in 1946 (point DG) was finally achieved in the white area of quadrant 1 of the graph. In order to reach it, both sides recognized that they had to relinquish some of their objectives and agreed to "divide" the issue at stake. However, as often happens in negotiations, some ambiguities persisted behind this seemingly-successful solution and, over the next two decades, this would lead to serious tensions between the two communities living in the region. Indeed, the main point of contention was the "regional autonomy" term included in the agreement: on one side, the German-speaking community assumed it in a geographical sense, restricting it to South Tyrol; on the other, Italy considered it in an administrative sense, including Trentino in the zone of autonomy. This "misunderstanding" can be interpreted as a deliberate attempt by Italy to exploit its stronger position and to "renege on" the promise of autonomy.

[63] At that time, Degasperi acted both as Prime Minister and as Minister of Foreign Affairs for the Italian Government.

Indeed, two years later (with the new 1948 Constitution) Italy officially instituted the Autonomous Region of Trentino-South Tyrol, where Italian citizens had the demographic (71.5%), and thus political, majority.

[Graph 7 about here]

The situation is depicted in Graph 7, and point DGI represent the actual implementation of the Degasperi-Gruber agreements, which lies in the area which is advantageous only for Italy. The condition of the German-speaking community had, of course, improved compared to the Fascist period (point *F*), but this result appeared to them as a relative gain for Italy, which, for its own part, considered the agreement to be fairly implemented after the approval of the so-called "First Statute of Autonomy" in 1948.

After some years of relative stability, there was a shift in power distribution between the two sides and within the South Tyrol side. In the mid-fifties, these changes in the balance of strength between the actors revived the dispute: first, Austria finally regained full sovereignty with the State Treaty in 1955, achieving a status of formal parity with Italy; second, the main South Tyrolean political party (the *Südtiroler Volkspartei* – SVP) was shocked by an internal contestation aimed at changing its leadership. Soon after, the party split: on one side, the old moderate leadership, which in the eyes of South

Tyroleans hardliners had managed the issue without achieving any real results; on the other, a new radical wing, headed by Silvius Magnago, which restarted to ask for self-determination of South Tyrol. In 1958, SVP new radicals organized a rally in Castelfirmiano (Sigmundskron), where about 35,000 people gathered to claim separation from Trento (*Los von Trient*), meaning that autonomy should be granted to the sole region of South Tyrol. This time, Italy's refusal to reconsider its posture over the dispute produced some unintended effects. This was mainly due to the new balance of forces between the players: indeed, some members of the South Tyroleans' most radical wing started to realize that inflicting damage upon Italy, even if it might worsen their own conditions (by triggering Italy's retaliation), could be preferable to the status quo. Over the next ten years, the region was shocked by several terrorist attacks carried out by South Tyrolean hardliners[64], which decided that damaging Italy would be better than cooperating with it. This new situation can be depicted in Graph 8.

[Graph 8 about here]

Given their dissatisfaction with the actual implementation of the Degasperi-Gruber Agreement (point DGI), the terrorists hoped to draw international attention to the

[64] The most significant attack was the so-called Fire Night (June 11 - 12, 1961), when members of the BAS (*Befreiungsausschuss Südtirol*, that is South Tyrol Liberation Committee) blew up several electric power pylons in the Bolzano province, causing massive damage to the region's energy system.

dispute, while simultaneously signaling to Italy that, if it would not work to solve the South Tyrol question, they were willing to make the situation worse (in point *T*) by resorting to terrorism, even if that would mean prompting Italian retaliation.[65]

The terrorist campaign produced different consequences for the actors involved in the dispute: Italy reacted by deploying to South Tyrol a large number of soldiers and police, thus spending resources for territorial control. SVP, on its part, reorganized into two main components: those who thought that the time had come to insist on secession from Italy and those who pledged their loyalty to the Italian state and wanted to go back to the bargaining table. Amid the latter, a group of South Tyrolean entrepreneurs and middle class known as *Aufbau* ("rebuilding"), was the only one to highlight the economic costs associated with violence: according to Aufbau's leaders, the logic of "the worse, the better" could only be detrimental for South Tyrol and above all it couldn't lead to any improvement in the South Tyrolean condition.[66]

However, the situation did not only change as a result of terrorism. Indeed, more or less concomitantly, Austria decided to internationalize the dispute by asking the UN to put the question onto its agenda. A few months later, the UN General Assembly issued a

[65] This is the first instance in which Italy faces organized terrorism: over the next three decades the country would experience attacks from the Red Brigades and, most importantly, from the Mafia: see, for the latter, Francesco N. Moro, Andrea Petrella and Salvatore Sberna "The Politics of Mafia Violence: Explaining Variation in Mafia Killings in Southern Italy (1983–2008)," *Terrorism and Political Violence* 28, no.1 (2016): 90-113.

[66] Katzenstein, "Ethnic Political Conflict in South Tyrol," 319; Alcock, *The History of the South Tyrol Question*, 360.

Resolution (1497/XV) demanding the parties return to the bargaining table to solve the question of the German-speaking minority in a friendly manner.[67] This was a serious blow for Italy, whose reputation was at risk before the international community. In sum, Italy's prior absolute gain (the sovereignty over South Tyrol) now carried with it a much higher cost (the deployment of police forces, the instability of the province, the risk of having its international reputation damaged). This was because the South Tyroleans, unable to reach a satisfactory payoff (self-determination) had decided to change the balance in a mutually disadvantageous way.

Domestic and international events that occurred during the sixties (internationalization and terrorism) produced deep changes in the actors' attitude toward the question. In September 1961, the Italian government established an ad hoc committee (the so-called Committee of the Nineteen) which was composed by 11 Italians, seven representatives of the German-speaking community and one Ladin. They were tasked with reconsidering the wording of the 1946 agreement and finding a more appropriate way (toward the South Tyrolean interpretation) to implement it. Within three years (by 1964), the Committee proposed a set of 137 provisions (the so-called "Package"), which, for the first time, gave to the agreements a more fitting (to the South Tyrolean mindset)

[67] An additional resolution (1661/XVI) on "The status of German-speaking element in the province of Bolzano (Bozen)" was issued by the UN General Assembly a year later in 1961, though this second decision merely asked the parties to go on with their efforts to find a friendly solution to the dispute.

interpretation of the 1946 agreement and set up an operational calendar for their implementation.

It was during this era (the mid-sixties) that – thanks to the ideas of some local political leaders (including Bruno Kessler) – parties were able to come to an agreement that was acceptable to both sides: the revision of the statute of autonomy in 1972 granted the two Autonomous Provinces (instead of the Region as a whole) very broad governmental and budgetary powers. Thus, there was a "political" side payment (segment IG in Graph 9) made by Italy to South Tyrol, which gained more electoral representation thanks to the new institutional structure (political autonomy granted directly to the provinces).

[Graph 9 about here]

Additionally, because of the linkage between the political and financial realms, South Tyrol gave up violence (and thus the fight for self-determination) and renounced any desire to secede (with both representing an absolute loss for them), in exchange for (almost complete) financial autonomy (an absolute advantage), granted by the Italian state. Autonomy shifted the question from one of (indivisible) sovereignty to one of devolving specific subjects to the provinces. In this regard, Italy compensated the renunciation of violence and claims to secession with the loss of control over schools, teaching, public offices, etc. and allowed South Tyrol to keep 90% of its tax revenues.

This situation of mutual cooperation (point *FA* in Graph 9) was clearly a compromise, superior to conflict even though each side had to renounce its preferred outcome, but it was Pareto optimal since neither side could improve its situation further without damaging the other.

However reaching an agreement is not a sufficient condition for peace, since for both groups there is still the possibility to defect and to renege on the agreements: Italy could not be sure that, once it had made the payment in terms of political representation and linked the political issue to the financial one, South Tyrol would be willing to cooperate. Similarly, the South Tyroleans could not be sure of Italian compensation after the end of fighting. In other words, given this lack of simultaneity, the 1972 agreements could not be stable. At this point, it is essential to focus on the role of Austria, a kin-country that was able to act as a sort of "guarantor" of the peace agreement. I argue that this was mainly because of its democratic nature. On the one hand, Austria had a stake in the dispute, because its government was constrained by its domestic audience: indeed, Austrian voters shared strong ethnic ties with people in South Tyrol and thus tended to care about their fate; on the other, and for the same reason (being a democracy), Austria was seen as a legitimate and reliable partner by democratic Italy. In this capacity, Austria assumed the role of international guarantor, thereby functionally substituting for the lack of simultaneity by linking Italian constitutional agreements with international law. Having raised the issue in 1960 at the United Nations, Austria did not accept the closure

of the question immediately in 1972 with the end of the bargaining phase. On the contrary, the issue was closed only twenty years later, when it became clear that the autonomy of South Tyrol was an established fact that could no longer be questioned.[68] Between 1972 and 1992, Austria acted as the main guarantor of enforcement by the Italian government, which also had an incentive to enforce the agreement, as it did not want to lose the good reputation that it had acquired within the international community. This is especially true if we consider that, beginning in the eighties, Italy became involved in UN-sponsored peace operations around the world, which became a cornerstone of its foreign policy.[69] Twenty years after the agreement, having realized that Italian promises had been (and would continue to be) honored – and perhaps hoping to obtain a good reputation with the European Union (which it would eventually join in 1995) by demonstrating that no international dispute was ongoing with a founding member of the EU[70] – Austria formally declared to the UN that the issue was resolved.[71]

Conclusions

[68] As Carment and Rowlands put it: "Third-party intervention only works when the belligerents believe that the third party is there to enforce a settlement between ethnic groups into the indefinite future". See David Carment and Dane Rowlands "Three's Company: evaluating third-party intervention in intrastate conflict" *Journal of Conflict Resolution* 42, no.5 (1998): 572-99.
[69] Carlo Maria Santoro, *La politica estera di una media potenza: l'Italia dall'Unità ad oggi* (Bologna: Il Mulino, 1992).
[70] Günter Bischof, "Preface," in Steininger, *South Tyrol. A minority Conflict of the Twentieth Century*, ii.
[71] As the recent issue of dual passport shows, the dispute is still alive and, in theory, Austria can still bring Italy before the International Court of Justice: see { HYPERLINK "https://www.bbc.com/news/world-europe-45888287" } (accessed 12 October, 2019).

In early 2015, the then Italian Foreign Affairs Minister Gentiloni stated that South Tyrol could serve as a model for conflict resolution in Eastern Ukraine, meaning that both rebels and the central government could reach an agreement that preserves Ukraine borders while respecting the rights of the Russian-speaking minority. This may sound controversial, since the two contexts look quite different in several aspects (politically, demographically and economically) and today's Russia is very unlikely to play the guarantor role in the dispute, as Austria did for South Tyrol after the revision of the statute of autonomy in 1972. Indeed, the same minister highlighted that the main condition for a peaceful solution in Eastern Ukraine is Moscow's willingness to accept such a deal.[72] Critics of the applicability of the South Tyrol model to other contexts also stress that religious affinity between Italians and Germans is what mostly contributed to the peaceful solution of the conflict, highlighting the role played by prominent individual personalities (such as Degasperi, Gruber, and Kreisky at the national level, Bruno Kessler and Silvius Magnago at the local one), political leaders who shared a common Catholic-based ideology and were strongly committed to solving the dispute in a friendly manner. Admittedly, the historical context in which the South Tyrol dispute emerged and developed was also crucial, since both Italy and Austria belonged to the Western

[72] See { HYPERLINK "https://www.esteri.it/mae/en/sala_stampa/interviste/2015/02/gentiloni-una-regione-autonoma.html" }
{ HYPERLINK }(accessed 12 October 2019).

(democratic) world and were involved in the foundation of the then-rising European Economic Community.

All these factors – regime type, value similarity, the role of individuals as well as the international and the historical context – may be important to fully explain the negotiated settlement of civil conflicts. However, this paper has shown that a simplified account of the South Tyrol dispute can be instructive under several aspects. First, the paper has shown that also identity-based conflicts can be analyzed through a rational approach, which is deliberately a-cultural in that it emphasizes certain variables (political and economic factors) and it downplays others (such as the role of values, beliefs, and ideologies). Theoretically, this has the clear advantage of making the application of the model to a number of other civil disputes possible. Future research may pursue this path further by considering potential identity-based conflict: there are hundreds of self-determination groups around the globe and they all demand more autonomy from their government; this may allow a more extended, large-n analysis of identity-based conflict in presence of a kin-country.[73] Second, and relatedly, direct and indirect compensations may be important in helping parties to reach mutually-satisfactory solutions during the *bargaining* process: in this situation, side payments and issue linkage mechanisms can push parties to cooperation even in the presence of mistrust, commitment problems and

[73] Beardsley and his colleagues, for example, have recently tried to analyze those potential conflicts through data from the Minority at Risk dataset (Center for International Development and Conflict Management); see Beardsley et al. "Resolving civil wars before they start".

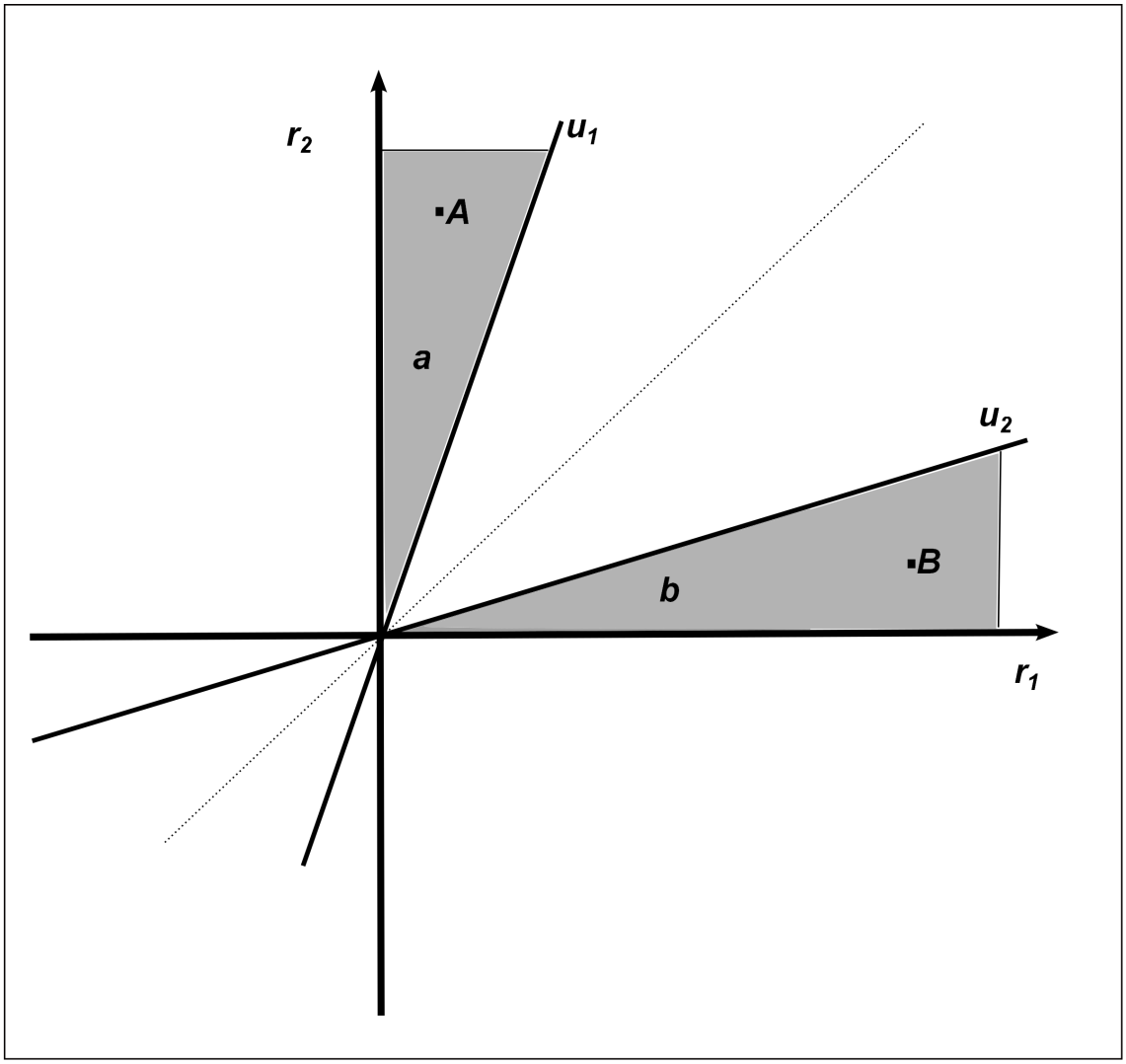
issue indivisibility. Indeed, during bargaining, players tend to care about opponents' relative gains, and compensations – not only material returns (such as wealth and transfer of money), but also immaterial gains (such as autonomy and self-rule) – are usually attractive for rational actors. Under this view, material disputes (i.e. territorial conflicts, or disputes fought over the control of natural resources) tend to be more divisible, meaning that they can be solved – at least theoretically – through side payments. By contrast, ethnic, religious and identity-based conflicts involve immaterial factors that tend to be less divisible by their very nature:[74] in those cases, however, indirect compensatory solutions may help parties to overcome relative gains concerns and to find a negotiated settlement to their dispute. In South Tyrol, with the 1972 agreements, both sides not only avoided the worst outcome, but they also made divisible – through issue linkage mechanisms – an issue that, to both parties, had previously appeared indivisible.[75] This shows that, although in principle all issues can find a solution with compensation, in practice the lack of divisibility can hinder agreements if levels of trust are low. By opening up multiple bargaining tables during negotiations, the chance of achieving a

[74] As Philip Windsor argued about the Thirty Years war, a conflict «that is fought about the nature of God and belief […] is obviously difficult to conclude in a compromise peace. The combatants cannot simply sign an agreement that God shall be Catholic on Mondays and Wednesdays and Protestant on Tuesdays and Thursdays». See Philip Windsor, *Strategic Thinking. An Introduction and Farewell* (Boulder: Lynne Rienner, 2002), 14.

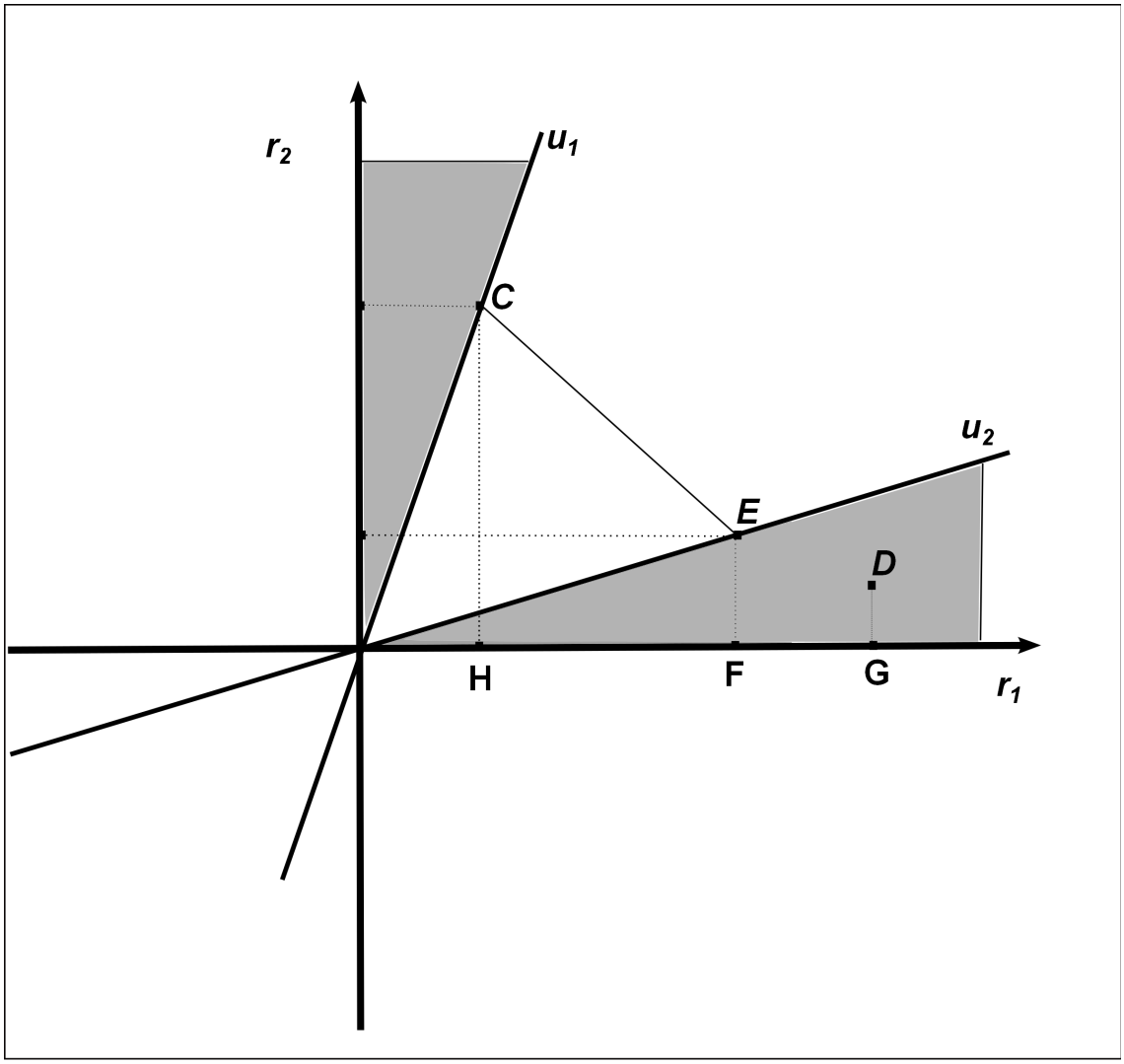
[75] Filippo Andreatta and Emanuele Castelli (ed. by), *Solutions and Failures in Identity-based Conflicts. The Autonomy of Trentino-South Tyrol in Comparative Perspective* (Trento: Fbk Press, 2014).

mutually beneficial outcome may increase, and losses on one issue area may be compensated for by gains in another.

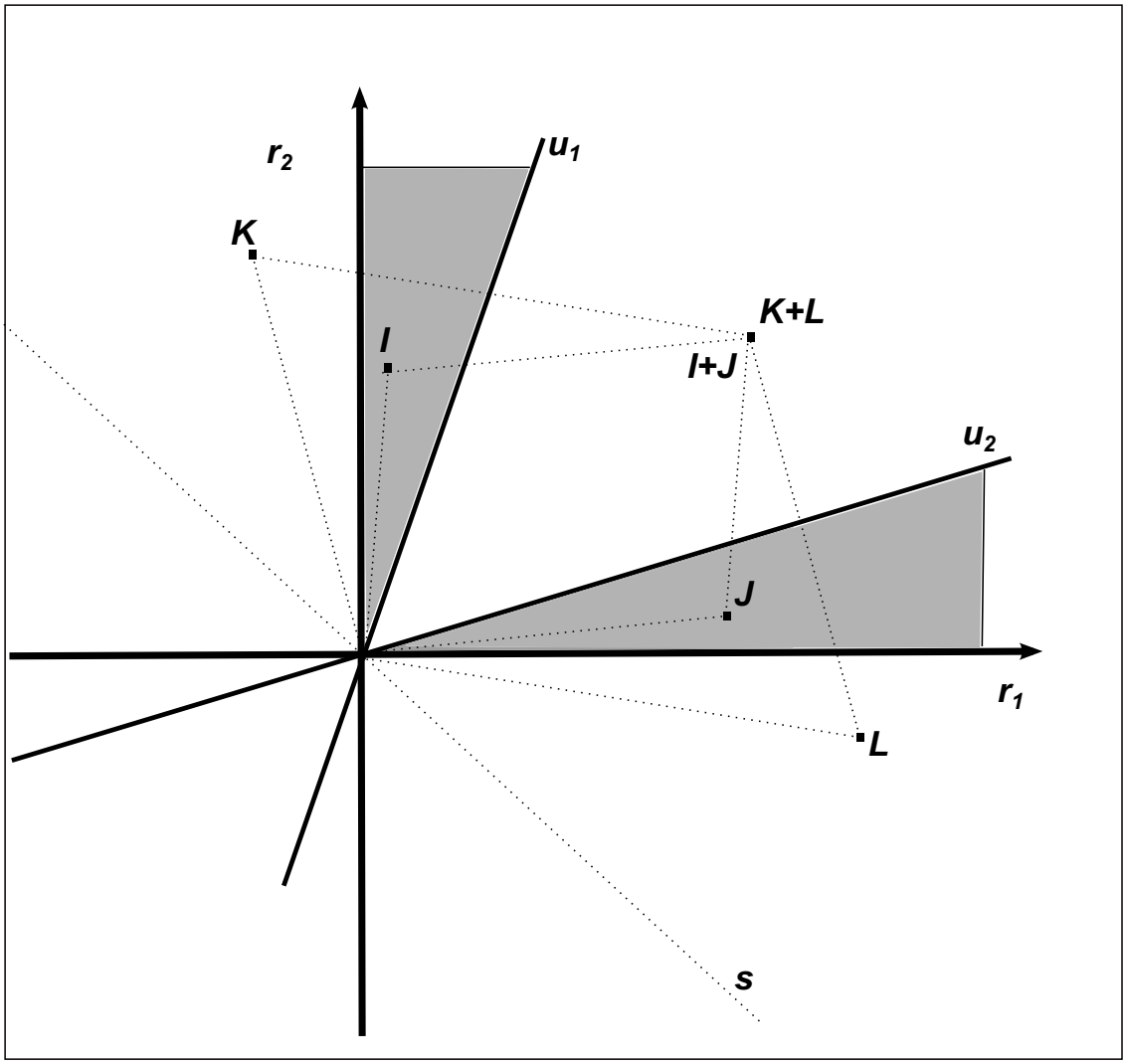
Third, and finally, the model shows that the lack of simultaneity between the *agreement* and the *enforcement* phase – although being politically inevitable – may lead to conflict recurrence, as it did in many other domestic disputes. To avoid the resort to violence, a mutually recognized guarantor is usually needed to monitor the actual implementation of the agreements. So far, the literature in the field of ethnic conflict has focused on the influence of transnational kin-countries *during* the bargaining process, thus disregarding the role that they can play between the agreement and the enforcement phase. Of course, the presence of a kin-country may actually contribute to conflict escalation (as is the case of Russia for Eastern Ukraine), as kin-states are often involved in the dispute and are unlikely to play any neutral role. As the model suggests, Austria was able to act as such a third party between 1972 and 1992 mainly because of its democratic nature, functionally substituting the lack of simultaneity. This is why future research in this field should pinpoint the conditions under which kin-countries are more likely to play a guarantor role in absence of simultaneity between the bargaining and the enforcement phase.



Graph 1. Bargaining range and relative gains



Graph 2. Issue divisibility



Graph 3. Issue linkage

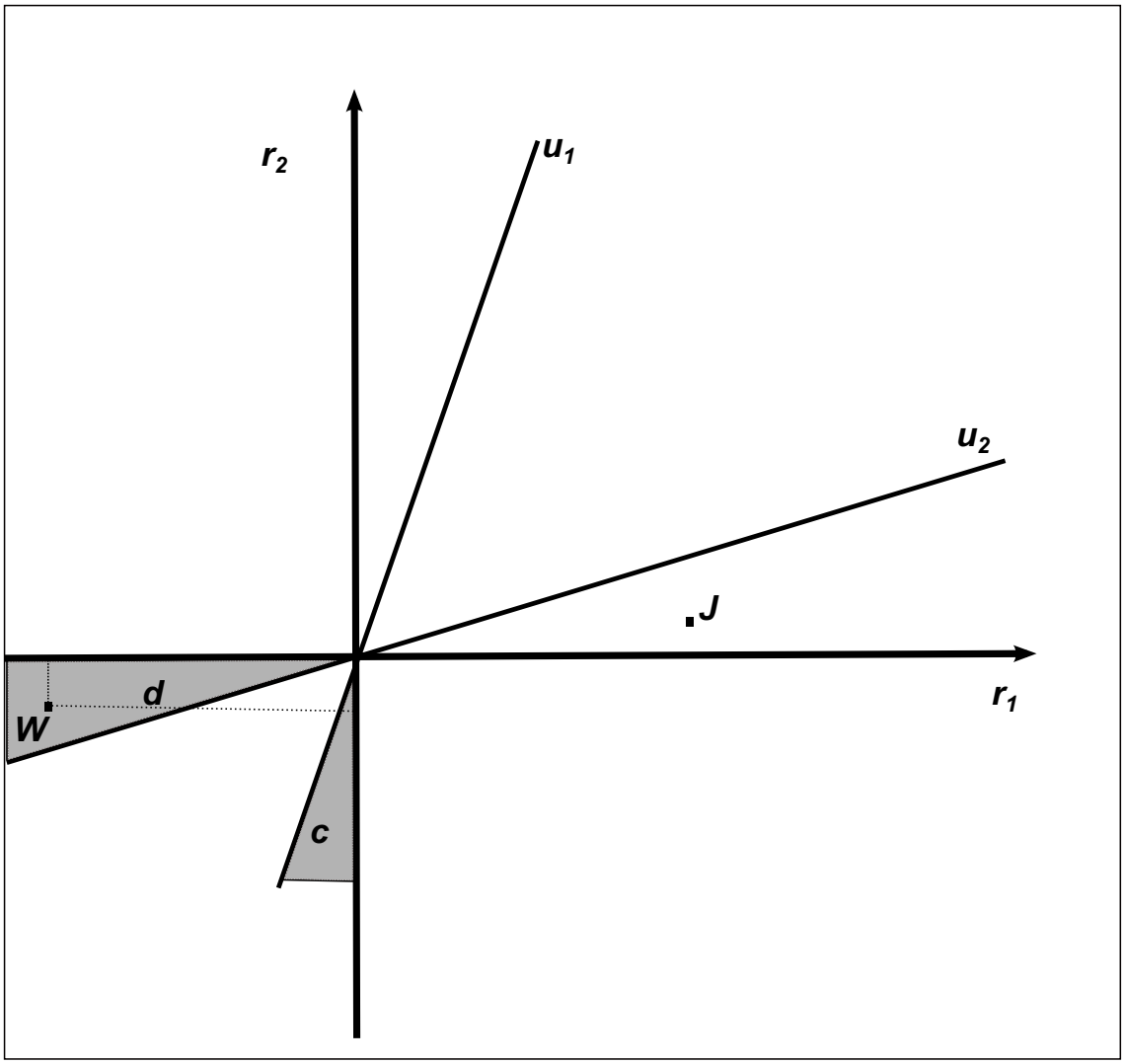
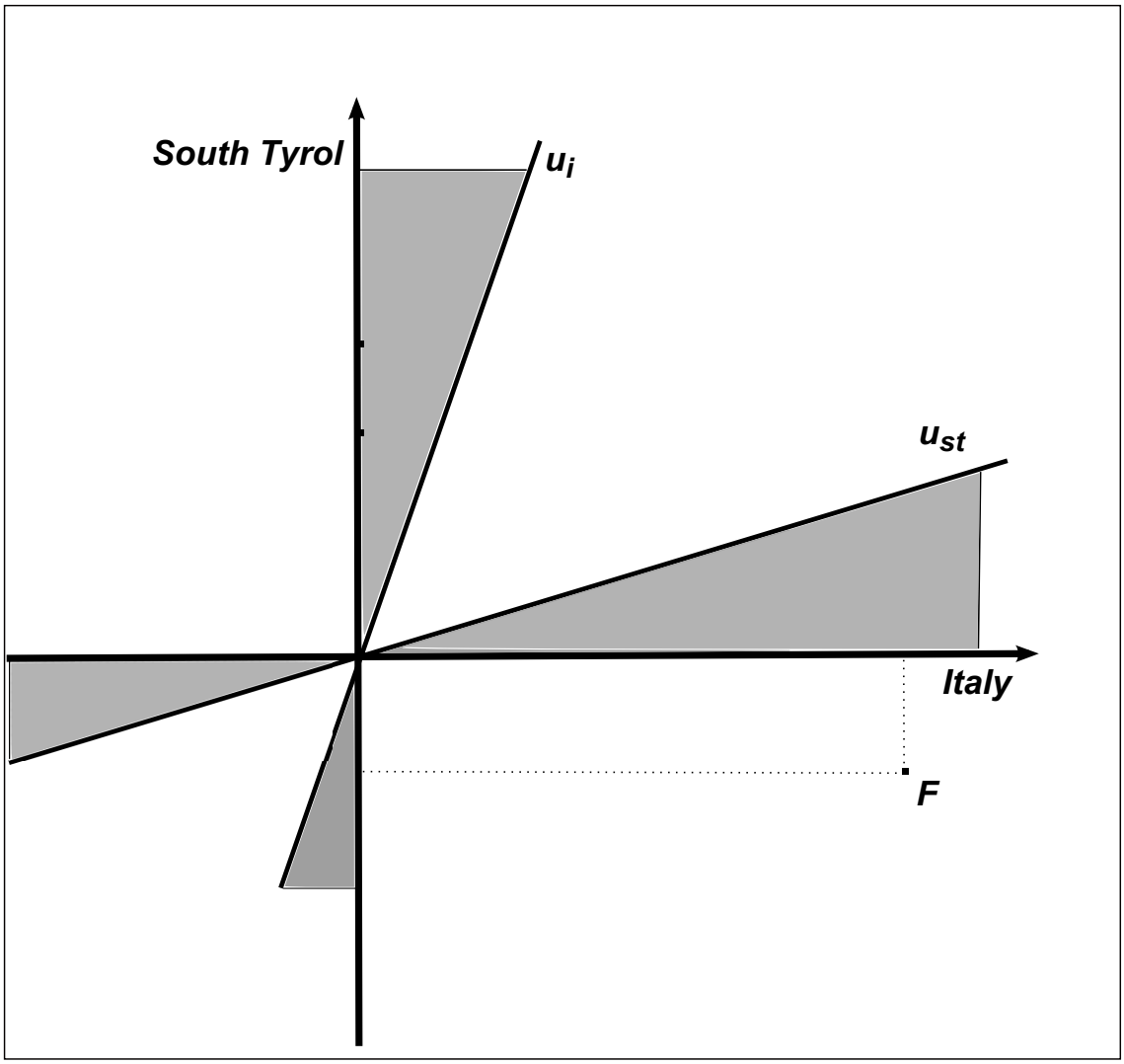
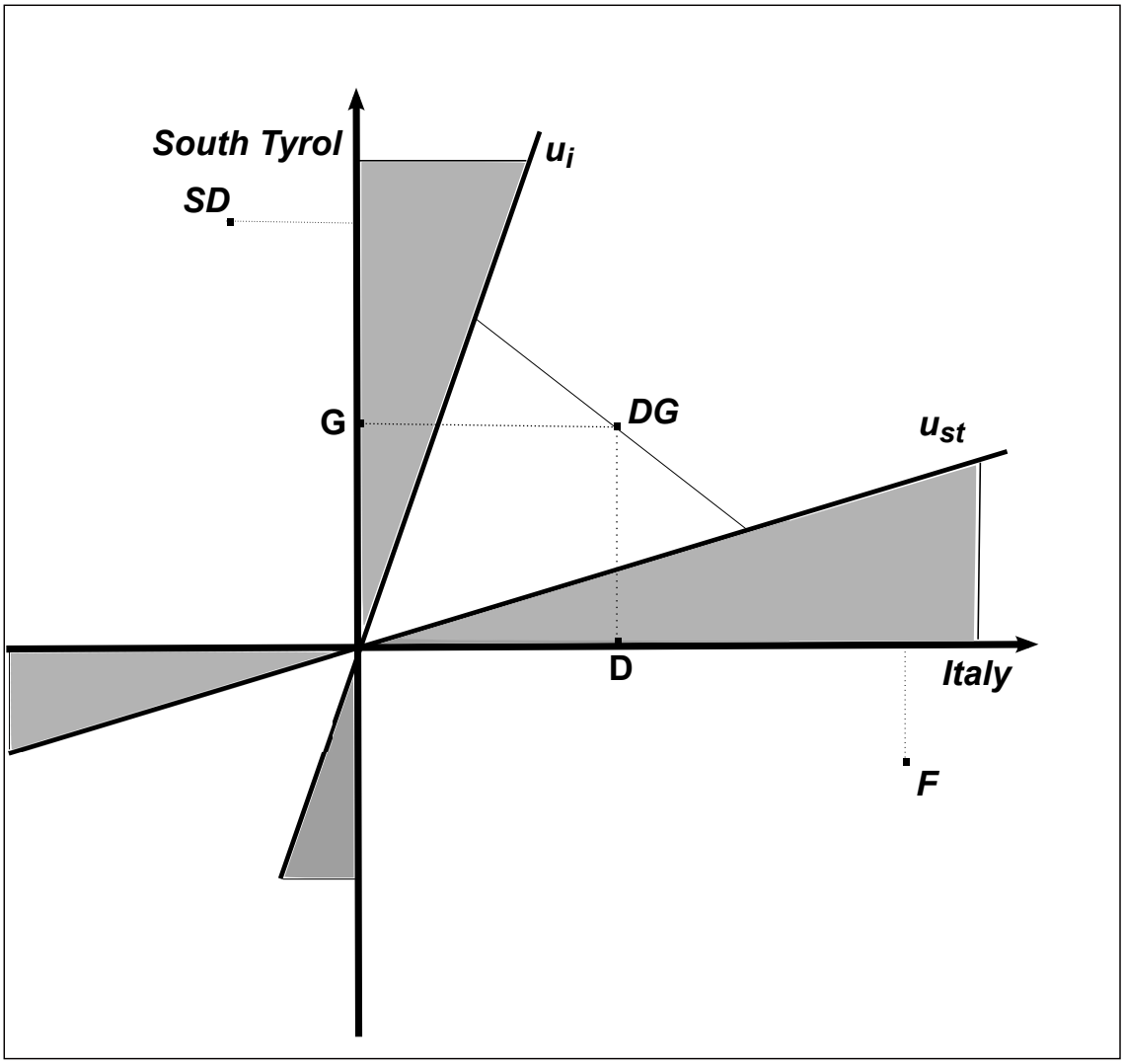


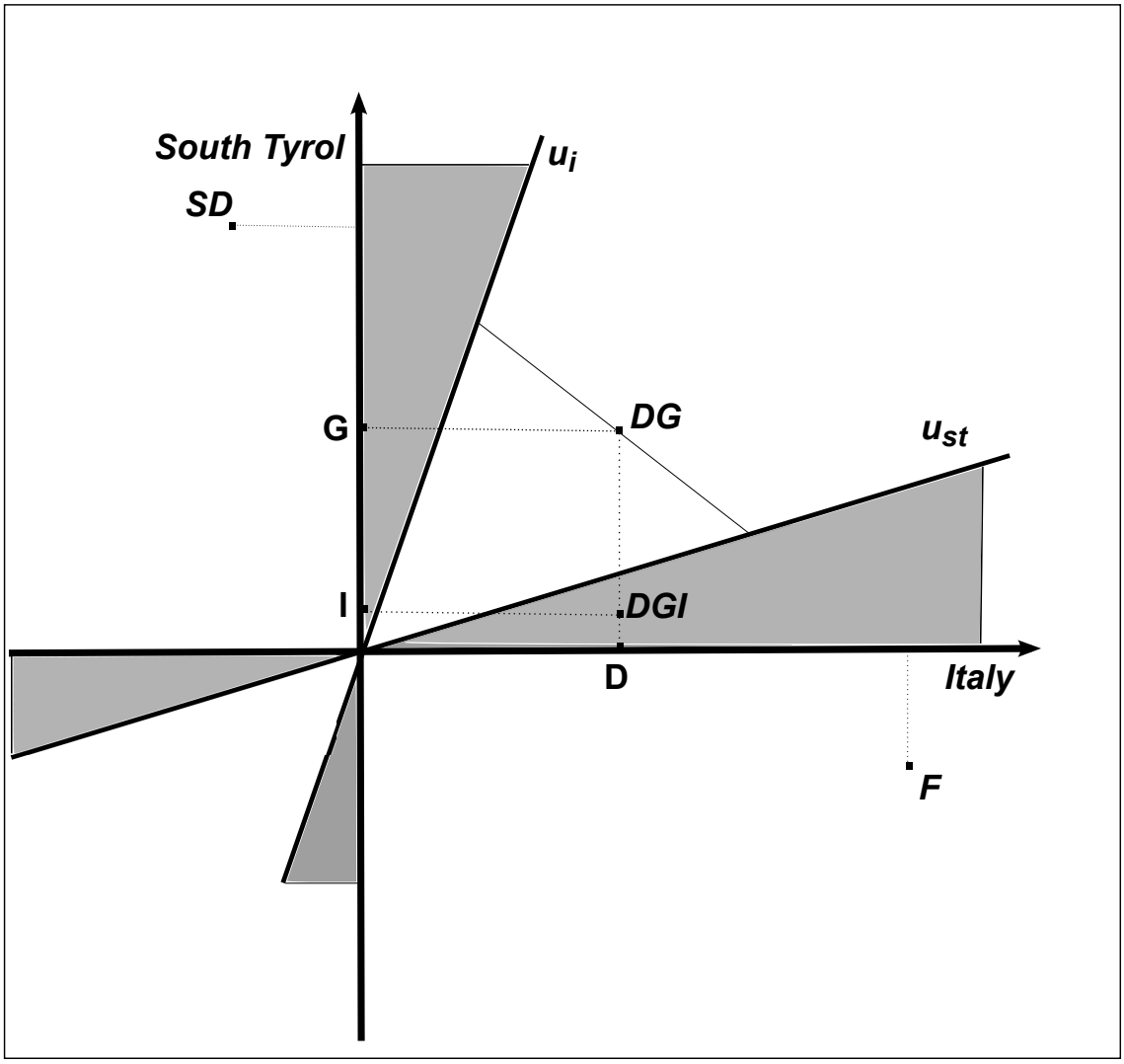
Figure 4. Inflicting damage



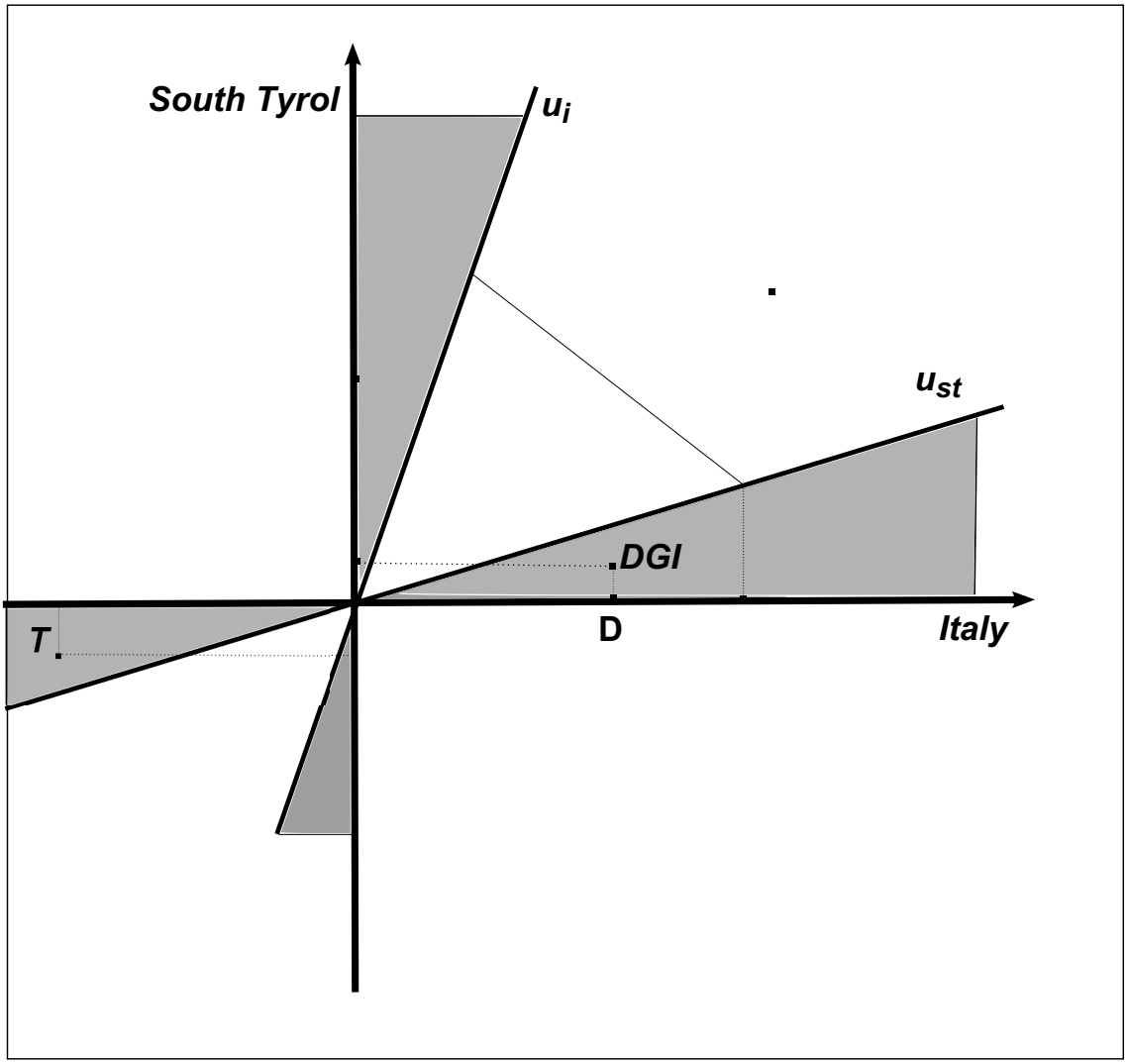
Graph 5. The Fascist Period



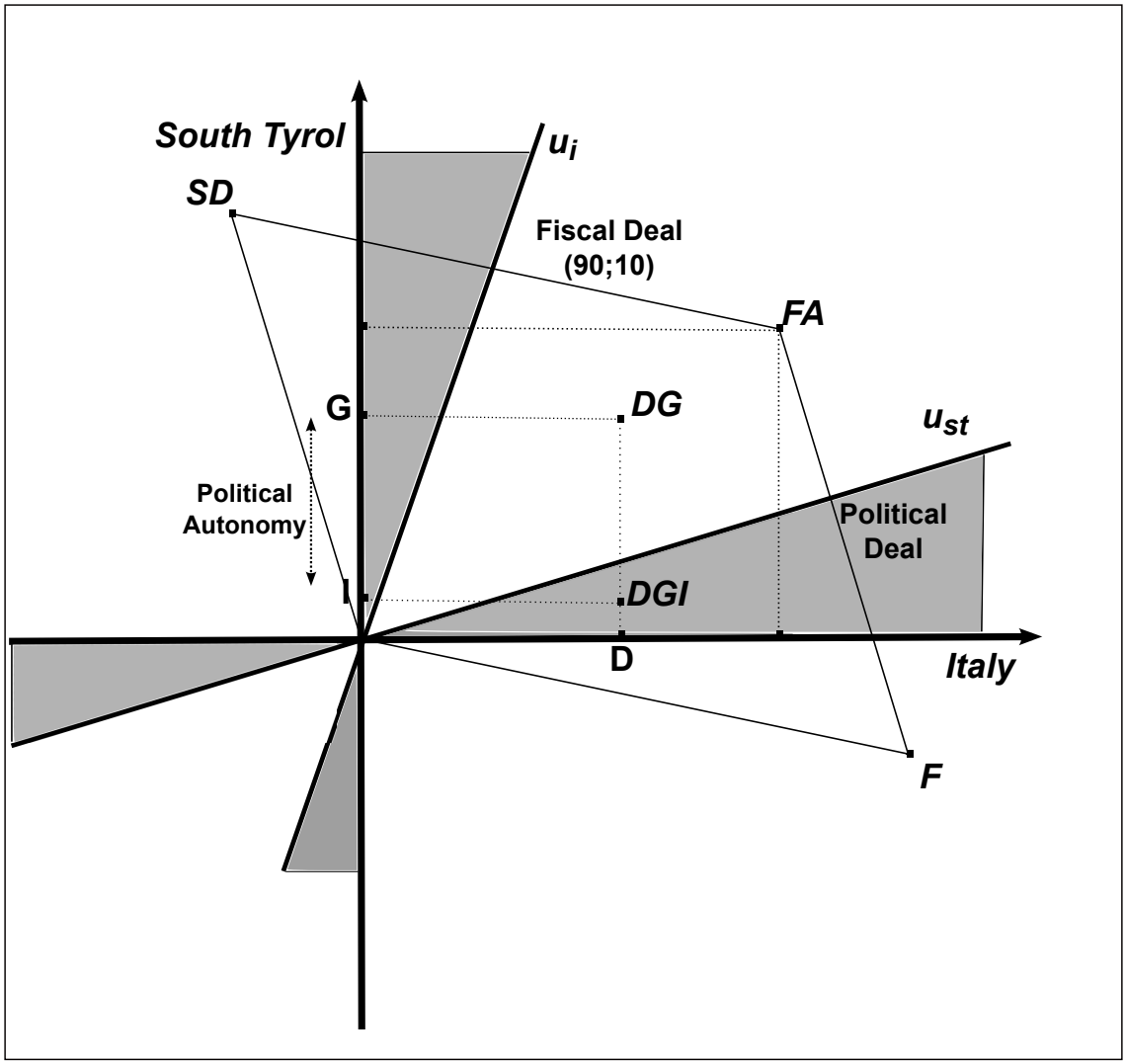
Graph 6. Degasperi-Gruber (DG) agreement



Graph 7. Real Implementation (DGI) of DG agreement



Graph 8. Resort to terrorism



Graph 9. Side payment and issue linkage in South Tyrol

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Commenti:
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Come da ultima stampa completa
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