

Challenges to Inference in the Study of Crisis Bargaining

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The possibility that actors strategically condition their behavior on partially unobservable factors poses a grave challenge to causal inference, particularly if only some of the actors whose behavior we analyze are at risk of experiencing the outcome of interest. We present a crisis bargaining model that indicates that targets can generally prevent war by arming. We then create a simulated data set where the model is assumed to perfectly describe interactions for those states engaged in crisis bargaining, which we assume most pairs of states are *not*. We further assume researchers cannot observe which states are engaged in crisis bargaining, although observable variables might serve as proxies. We demonstrate that a naïve design would falsely (and unsurprisingly) indicate a positive relationship between arming and war. More importantly, we then evaluate the performance of matching, instrumental variables, and statistical backwards induction. The latter two show some promise, but matching fares poorly.