Optimal Insurgency Theory: Developing New Strategies for Peace

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June 2020

Adapted from Optimal Insurgency Theory: Modeling International Conflict with the All Pay First Price Auction (Sly 2018)

Abstract from Optimal Insurgency Theory (Sly 2018)

This paper uses the all pay first price auction to create a general model of international conflict, starting with the implications from playing the game only one time, and then building a rich of set of strategic interactions from the repeated game that closely follow the basic strategies of war and diplomacy. In order to develop a theory of how best to deal with insurgencies (optimal insurgency theory), a special case of the all pay first price auction is carefully analyzed where each of the participants in a conflict have different maximum bids. The theory proscribes a specific set of strategies for either side in a conflict that depends on two key questions: are the costs low, medium, or high, and can the insurgents maintain the conflict for a long period of time.   After this, the paper goes on to construct an optimal quagmire theory that examines the implications of a particularly important special strategy (the crazy escalator strategy) in the context of environment where multiple theaters of conflict exist, implying multiple repeated all pay first price auctions are being played. The theory is then used to create a grand strategy for the United States in our current foreign policy environment, guided by four lessons of peace created to advise strategic thinking well into the future.

Introduction from Optimal Insurgency Theory (Sly 2018)

The United States has by far the most powerful military in the world. When others want to contest our power, they inevitably are forced to approach the problem from a situation of weakness. While they cannot hope to decisively defeat the US military, they can hope to impose costs high enough that the US military will want to leave on their own. This is the type of conflict confronting the United States in the 21st century, where in both Afghanistan and Iraq, the United States military faces a much weaker but surprisingly persistent military opposition.

Insurgencies pose nearly impossible decisions for policymakers. On the one hand they could give up early and hand the insurgents an easy victory, perhaps encouraging others to start insurgencies elsewhere, or the alternative is to keep fighting an endless war until the whole conflict becomes an intractable quagmire. What we need is a systematic way to model and analyze the critical foreign policy dilemma of our time. What we need is a grand strategy to achieve long term stable peace in the Middle East. Just as George Kennan famously wrote his anonymous article detailing the strategy of containment against the communists, we need a strategic framework to guide long term policy in the Middle East as well.

The grand strategies proposed and implemented by both George W. Bush and Barack Obama are inadequate. Bush focused on aggressively using military force to intervene in threatening countries, while Obama's focus has been to reduce the domestic costs of war by phasing out our military commitments. Bush's overconfidence and epic intelligence mistakes led to a disastrous intervention in Iraq, and Obama's premature withdrawal from the same country caused the situation to dramatically deteriorate. Bush kept the long run strategic goals in mind, but underestimated the costs of violence, while Obama downplayed the potential long run strategic gains and prioritized reducing the costs of violence. What we need is a new theory to systematically weigh the long run strategic gains against the ongoing cost of violence when facing an insurgency.

I developed the foundation for this new theory based on a new type of auction I discovered, the all pay first price auction, which can be used to capture the dynamics and strategic interplay of international conflict by analyzing the repeated version of that auction. Within the repeated all pay first price auction lies another special case that can be used to model the fundamental strategic dilemma posed by insurgencies. My optimal insurgency theory is driven fundamentally by two key questions, are the costs of the insurgency low, medium, or high, and can the insurgency last for a long time. Once we get through the basic cost benefit analysis, and the simple instructive graphs, the strategic insight for dominant powers can be condensed into two principles. The first insight suggests that dominant powers should not unilaterally capitulate unless the costs of the insurgency are high and the insurgency can keep fighting for a long time. The second insight suggests that dominant powers should not offer peace or accept peace unless the costs are medium and the insurgency can keep fighting for a long time. Similar rules can be constructed for the insurgents, detailing when they should capitulate, when they should try for peace, and when they should keep fighting for total victory.

When going through the details of optimal insurgency theory you learn that a special kind of strategy, what I call the crazy escalator strategy, gains you a special advantage when fighting an insurgency. Since this strategy is extraordinarily harmful and difficult to deal with, I develop an optimal quagmire theory to determine what to do when faced with a crazy escalator. If a crazy escalator has grand designs to impose their will on multiple theaters of conflict, then the optimal strategy is to severely punish them in the first theater, to prevent others from copying their strategy elsewhere, even if you know this is going to create a quagmire. If the crazy escalator, however, only wants to dominate one theater of conflict, then you should avoid the quagmire altogether by refusing to fight and capitulating immediately.

Once the new theory of international conflict has been developed, four key lessons for peace arise from the analysis. Lesson one tells us that countries should not engage in conflict that tries to keep all the benefits of governance for themselves. Lesson two tells us that when confronting conflicts, it is critical to offer a fair deal splitting the benefits of governance through democracy and self determination to bring about a lasting peace. Lesson three tells us that in order for the peace to be stable, the fair deals need to be backed with significant military force. Lesson four tells us to severely punish crazy escalators with grand designs when they arise to make sure no one ever want to copy that strategy again.

With these four critical lessons for peace in hand, we can then apply the lessons to the current conflicts in the Middle East to generate a grand strategy for US foreign policy. The first lesson suggests that the

United States needs to decrease support for authoritarian regimes in the Middle East and can do this incrementally first by installing new democracies when the United States overthrows a government, second by ending support for insurgencies that do not explicitly strive for democratic ends, and third to support democratic movements when they do rise up, rather than support the authoritarian regimes opposing them. In addition, the United States needs to work to create new international norms of behavior where violent insurgencies are no longer seen as a legitimate means to achieve standard geopolitical goals. In order to get the necessary economic, diplomatic, and military incentives structured to stop insurgencies from arising, the United States needs to organize a new strong international coalition opposing insurgencies, similar to the broad coalition that opposed Iranian nuclear ambitions.

The second lesson of peace suggests that the United States needs to offer fair deals supporting democracy and self determination to help resolve current ongoing conflicts. This means supporting a unified government in Afghanistan as well as initiating peace negotiations with the Taliban. In Iraq, the United States needs to support at a minimum, autonomous governing regions for the Shiites, Sunnis, and Kurds, and perhaps even individual countries for each group. In Syria, the United States needs to work toward achieving a full peaceful partition of the country between the Shiite, Sunni, and Kurdish factions, where each group would get their own independent, and ideally democratic, country with no overarching centralized government at all.

The third lesson of peace tells us that in order to be successful, these sustainable political deals need to be backed by military force. Optimal insurgency theory recommends that the United States continue fighting in both Afghanistan and Iraq, since the costs are only medium there. In Syria, the fourth lesson suggests that since ISIS is clearly a crazy escalator threatening multiple theaters of conflict, the United States should devote the military forces necessary to ensure their ignominious defeat, even if we know this would lead to a military quagmire there. Assad, however, is a crazy escalator threatening only one theater, so even if ideally the United States could intervene in Syria to bring about democratic governments in the Shiite, Sunni, and Kurdish areas, it is only worth creating a quagmire to defeat ISIS not to overthrow Assad, whose replacement would likely require an agreement from Russia regardless.

Using the repeated all pay first price auction to develop an optimal insurgency theory and an optimal quagmire theory, gives us the four lessons for peace necessary to create a comprehensive overarching foreign policy strategy in the Middle East. The recommendations are not easy or costless, but do provide the foundation for a long term 100 year effort to achieve lasting peace in the region, much as we successfully devoted 100 years to establishing democracy and self-determination in Europe. The peace we created in Europe was well worth the massive military effort we spent opposing the Nazis and the Communists, and the hundreds of thousands of troops the United States stationed for over 50 years in Europe helped liberal, prosperous, democracies to flourish there. Engaging in a similar effort in the Middle East will inevitably be beset by difficulties and setbacks, but if the United States commits itself to a viable sustainable political strategy in the region, we have the military power necessary to achieve success. Creating the strategy is easy. The United States has already developed a successful template for peace in Europe, and all we lack is the political will to ensure a similar strategy succeeds across the Middle East as well.

References

Sly, James. 2018. "Optimal Insurgency Theory: Modeling International Conflict with the All Pay First Price Auction." Unpublished working paper. February 2018.