Quick summary: Since war is costly and risky there should exist negotiated agreements that rationally led states in dispute would prefer to war. The combination of private information about resolve or capability and incentives to misrepresent these and the inability of states in specific circumstances to uphold a deal explain why rationally led states are sometimes unable to locate or agree on such a bargain.

What is the central puzzle?
The central puzzle is that wars are costly but still recur. Fearon attempts to explain why even rational leaders who consider the risks and costs of war may end up fighting nonetheless. Since neorealism advances or even depends on rationalist arguments about the causes of war ‘rationalist explanations for war’ could just as well be called ‘neorealist explanations.’ Fearon argues that rationalist/neorealist literature does not provide an adequate explanation for this central puzzle. Such a theory would need to show why, if war is risky and costly, rational states can’t locate negotiated settlements that all would prefer to the gamble of war. Much of the existing ‘rationalist’ literature focuses on situations where armed conflict might be an attractive option to rational leaders – they are wanted and Pareto-efficient (‘deadlock’) – and says little about unwanted wars. The relevant question should be ‘what prevents states from locating a bargain both sides would prefer to a flight? What prevents states in a dispute from reaching an ex ante agreement that avoids the costs they know will be paid ex post if they go to war?’

What is the central answer(s)?
Fearon identifies three defensible causal logics.
1. **Rational leaders may be unable to locate a mutually preferable negotiated settlement due to private information about relative capabilities or resolve and incentives to misrepresent such information.** In bargaining situations, leaders have private information about their military capabilities and willingness to fight and have incentives to misrepresent such information in order to gain a better deal. This is fundamentally different than miscalculation that can be solved through communication and diplomacy. In order to avoid war’s ex post inefficiency, leaders have incentives to share private information and hence reveal settlements that lie within the bargaining range. Fearon argues, however, that prewar bargaining may fail to locate an outcome in the bargaining range because of strategic incentives to withhold or misrepresent private information. Although states have an incentive to avoid war, they also wish to obtain a favorable resolution of the issues. By exaggerating their true willingness or capability to fight they may seek to deter future challenges or persuade the other side to make concessions. They may also do so to hide vulnerabilities or avoid appearing as the aggressor. Quiet diplomatic conversations do not always, therefore, reveal private information and mutually preferable settlements; costly signals may be necessary. The inefficient outcome of war derives from the fact that states have private information about their capabilities and a strategic incentive to misrepresent it to other states in order to gain a better deal.

2. **Rationally led states may be unable to arrange a settlement that both would prefer to war due to commitment problems, situations in which mutually preferable bargains are unattainable because one or more states would have an incentive to renege on the terms.** States may be unable to settle on an efficient bargained outcome when for structural reasons they cannot trust each other to uphold the deal. This provides a causal link between anarchy and war. Anarchy matters when an unfortunate combination of state preferences and opportunities for action imply that one or both sides in a dispute have incentives to renege on peaceful bargains which, if they were enforceable, would be mutually preferred to war. These scenarios include preemptive war/offensive advantage, preventive war, and issues over strategic territory.

3. **States may be unable to locate a peaceful settlement both prefer due to issue indivisibilities.** Some issues, by their very nature, simply will not admit compromise. War is rational, therefore, because none of the finite number of resolutions might fall within the range that both actors prefer to a fight. Fearon states, however, that this mechanism is rare since most issues over which states bargain are complex and multidimensional and side-payments/issue linkages are possible.

What are the possible alternative explanations?
Note: Fearon only discusses alternative rational/realist explanations; he ignores irrational and second-image explanations because they ‘are less empirically relevant.’ (p. 409)

1. **Anarchy.** Waltz argued that lack of a supranational authority will lead to war because nothing exists to prevent or punish the use of force. Fearon argues that this alone does not explain why states can not reach a negotiated agreement both sides prefer to a costly war. It does not solve the problem posed by war’s ex post inefficiency. ‘Security dilemma’ arguments fall into this category.

2. **Preventive War.** A declining power expecting it might be attacked by a rising power in the future may initiate a ‘rational’ preventive war. Fearon argues that rising and declining powers could likely construct a bargain, perhaps across time, that would leave both sides better off than a costly and risky preventive war would.

3. **Positive expected utility.** War occurs when two states each estimate that the expected benefits of fighting outweigh the expected costs (BdM’s War Trap). Without getting too ‘techy’, war is a gamble whose outcome may be determined by random or otherwise unforeseeable events. States can settle at any point along a continuum or gamble through war. But,
provided that the issues in dispute are sufficiently divisible, or that side-payments are possible, there should exist a set of negotiated agreements that have greater utility for both sides than the gamble of war does. The ex post inefficiency of war creates an ex ante bargaining range.