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State Support for Rebels and Interstate Bargaining

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Abstract: *Since the end of World War II, leaders have frequently supported rebel groups in other countries as a coercive strategy in international disputes. However, the strategic rationale by which rebel groups gain international support is non-obvious. Many recipient groups are too weak to viably win and are hostile to the sponsoring state's goals. Using a formal model, I explain that the fundamental objective of transnational rebel support is to gain bargaining leverage against a rival state by depleting its resources to counter internal and external challenges. This subversive effect provides a sufficient incentive for sponsoring the rebels even when favourable conditions suggested by previous studies are absent. Sponsoring rebels is attractive even if conventional warfare is not comparatively costly and even if rebel and sponsor preferences diverge. Moreover, given the goal of destabilizing rival regimes, potential sponsors prefer to support weaker rebel groups and provide more support to them.*

Since the end of World War II, leaders have frequently used support for rebel groups as a coercive strategy in international disputes. For example, Muammar Gaddafi funded, armed and trained the rebel group National Liberation Front of Chad and used it as a pawn in the Libya–Chad dispute over the Aouzou Strip in the early 1970s. Ethiopia has backed several Somali factions since 1996 to gain leverage in its dispute with Somalia over Ogaden. Iran is a longtime sponsor of Kurdish rebellions against its rival Iraq. Such cases occur very frequently, and scholars have increasingly recognized that antagonistic interstate relations are an important reason behind state support of rebel groups (Maoz and San-Akca 2012).

Early research documents various motivations behind external support for insurgent and terrorist groups, such as destabilizing or weakening neighbours, projecting power, regime change, exporting political ideology and aiding kin (Byman et al. 2001; Byman 2005). Recent studies raise a fundamental question of why states sponsor rebels rather than using their own military to achieve these policy goals (Salehyan, Gleditsch, and Cunningham 2011). This shifts the literature to primarily conceptualize such support as a delegation of conflict to non-state allies. State sponsors, facing formidable costs of conventional warfare and coup threat from a powerful military, use support for insurgent groups as a cheaper and safer substitute for direct military confrontation (Salehyan 2010; Tamm 2016). In particular, scholars argue that ideological and ethnic affinities between the sponsor and the group facilitate support because these groups are more likely to share the sponsor's preferences (Salehyan, Gleditsch, and Cunningham 2011; San-Akca 2016). Because rebels conduct conflict on the sponsor's behalf, the sponsor wants the rebels to win. This suggests that sponsors should support strong rebel groups with a certain level of competence (Salehyan, Gleditsch, and Cunningham 2011).

However, these factors do not capture the fundamental force driving external support. In a large number of cases, states voluntarily sponsor insurgent groups for reasons unaccounted for by existing theories. States frequently support rebel groups in other countries with which they share no ideological or ethnic ties. In over half (1,192/2,276 $\approx$ 52%) of triad-years—a triad-year is a rebel group, its target and a foreign sponsor in a given

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year – of active external support identified by San-Akca (2016), the sponsor and the group share no ethnic, religious or ideological affiliations.

More surprisingly, some sponsors even support hostile or threatening groups. For example, Iran supported leftist Kurdish insurgents during the Cold War when it was a close U.S. ally and was also plagued by domestic Kurdish rebellion. This is more than a rare exception. A sponsor actively supports rebels in 352 triad-years despite the group sharing ethnic ties with a minority in its own country (San-Akca 2016), which might threaten the sponsor if their coethnics gain power or independence (Cederman, Girardin, and Gleditsch 2009).

Sponsorship of extremely weak groups that cannot win is also puzzling. Of 403 insurgent groups identified by the Expanded Armed Conflict Data (EACD), 159 receive overt troop support from an external state, and more than one-third (59) of them are much weaker than the targets they compete with (Salehyan, Gleditsch, and Cunningham 2011).[1] These groups almost have no chance of prevailing against their target governments due to a lack of resources and effective leadership. Overall, more than 42% (102/242) of all actively supported groups share no ideological or ethnic ties with the sponsor and are weaker or much weaker than the target.

These empirical patterns force us to ask the following questions. Why do states voluntarily support weak rebel groups with clearly unaligned preferences? More specifically, why do states support rebel groups with which they share no ideological or ethnic ties and that are much weaker than their target governments? The existing literature cannot answer this question because it has overlooked the bargaining advantage that sponsoring even a weak or hostile rebel group can bring. In particular, constant domestic fighting with an empowered insurgent group weakens state consolidation and hinders resource extraction (Lee 2018). External support increases rebels' capacity to compete for control of territory, population and lootable resources. This decreases the target government's ability to gather revenues and extract resources from the society, reducing its total available budget to cope with both internal and external challenges. By supporting the rebels, the sponsor indirectly weakens the target and gains bargaining leverage against it.

This bargaining advantage comes at a cost. Supporting rebels consumes resources that could otherwise be spent on building the conventional military to combat the opponent directly. In an anarchic world where war is the last resort, a state's own military power forms the basis for its international standing. Excessive support for rebels might drain the resources needed to build a competent military capable of dealing with the external enemy. This puts the sponsor in a less favourable bargaining position. In deciding whether or not to aid rebels and how much support to provide, the potential sponsor must carefully balance these competing considerations.

This article develops a model to formalize this fundamental trade-off faced by a potential sponsor. Two states, a potential sponsor and a target, engage in an international dispute and the target also faces domestic insurgency. The potential sponsor allocates its limited resources between arming the military and supporting a rebel group fighting the target. Similarly, the target splits its military budget between counterinsurgency and fighting the sponsor. The more support the potential sponsor provides to rebels, the smaller the total military budget available to the target. After resource allocation, the potential sponsor and the target negotiate over their international dispute.

The analysis yields three main results. First, the fundamental reason that states support rebel groups is to weaken the international opponents and gain bargaining leverage against rival regimes. The bargaining advantage comes from the fact that such support significantly reduces the target's total available budget to deal with internal and external threats. The baseline model focuses on a potential sponsor's fundamental trade-off and is stripped of any confounding factors that might obscure the core mechanism. Model extensions explore how a sponsor's other considerations interact with the fundamental trade-off to affect support decisions.

Although numerous articles have examined empirical correlates, we have little understanding of the core strategic trade-offs that animate state support for rebel groups. This article shows that the main benefit that sponsors derive from supporting rebels is to deplete the target governments' resources. At first glance, this might not seem like a particularly striking observation—after all, it is one of the many motivations suggested in the empirical literature (Byman et al. 2001; Byman 2005).

Instead, the striking finding is that weakening rival governments is the *core motivation* for supporting rebel groups, and other prominent factors from the literature are neither necessary nor sufficient. Consistent with existing theories, states are indeed more likely to support rebel groups that share their ideological or ethnic

[1]Rebel strength is measured at the time of support.

preferences (Salehyan, Gleditsch, and Cunningham 2011; San-Akca 2016), or are more effective at combating the target governments (Salehyan 2010). However, states are also willing to support groups with whom they share no ideological ties, whose goals they actively oppose or who are less effective at combating the target government than their own armies. The reason is that supporting such groups can still weaken the rival government. Ideological and ethnic concerns aside, the enemy of my enemy is my friend.

Second, I find that the cost-efficiency of supporting rebels is neither necessary nor sufficient for explaining state support for rebel groups. On the one hand, support for rebels is desirable when it effectively drains the target's resources regardless of the cost of arming the sponsor's military relative to supporting rebels. Increasing the cost of arming the sponsor's own military does not unambiguously motivate it to finance the rebels more. On the other hand, the low cost of support does not guarantee the sponsor's willingness to support rebels if the return—depleting the target's resources—is unpromising. This result directly contrasts with an important theoretical argument in the existing literature that treats support for rebels as a cheap alternative to costly conventional warfare (Salehyan 2010).

The third result explains why sponsors actively support weak rebel groups. If the sponsor cares primarily about overthrowing the target government, then supporting weak rebel groups wastes precious resources. However, given the goal of depleting the enemy's resources as much as possible, sponsors prefer to support weaker groups and provide more support to them. This happens because external support for rebels exhibits decreasing marginal returns. While undercutting the sponsor's own military strength by the same degree, support for weaker groups shrinks the target's budget by a larger amount, motivating the sponsor to assist weaker groups. Extremely weak groups are hired not to win the war but to exhaust the target. External support delivers the most bang for the buck precisely when the rebels are weak. This novel result explains why states voluntarily support extremely weak rebel groups incapable of winning even when the sponsor is not concerned about control over the rebels or target retaliation. Besides, the expectation of receiving support from a rival regime emboldens small groups to form and compete for domestic power by increasing their chances of survival and success.

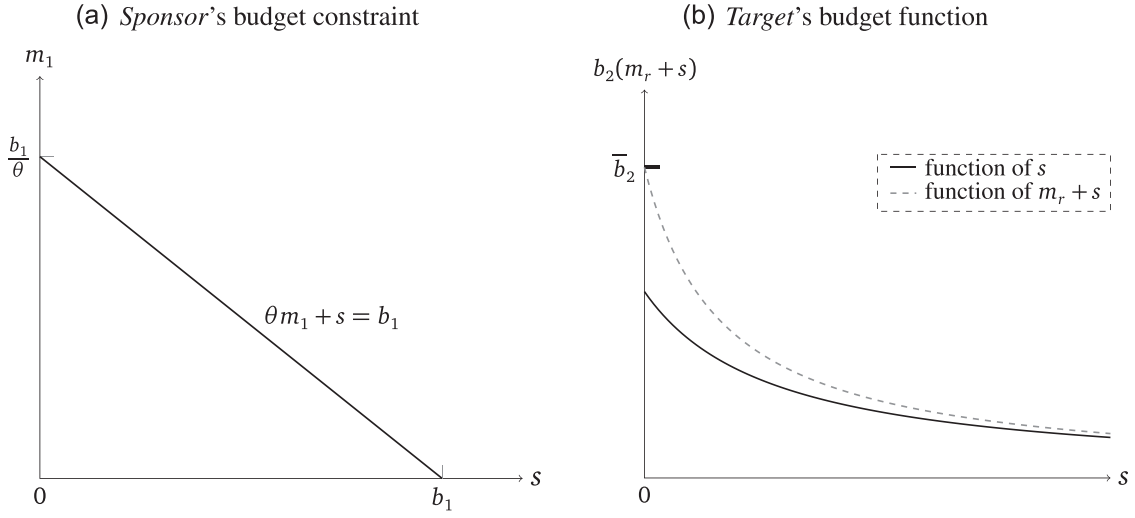
This article carries broader implications for the study of interstate and civil conflict. First, the existing literature on third parties in international conflict primarily focuses on state actors and international organizations (Fang and Ramsay 2010; Meirowitz et al. 2019). Many scholars recognize support for rebels as an important state tactic to destabilize the enemy and extort concessions.[2] However, theories of conflict have not adequately addressed how external support for rebel groups undermines a rival regime and how such support influences the international dispute that contributes to it in the first place. This article illustrates a clear mechanism, thereby contributing to a growing literature on coercive bargaining that starts to appreciate non-state militant groups' role in international negotiations (Bapat 2012; Carter 2015; Schultz 2010).

Second, antagonistic interstate relations incentivize states to unsettle rival regimes by meddling in their domestic conflict. Although the existing literature argues that external threats can benefit state building (Thies 2004, 2005; Tilly 1992), this article joins recent scholarship to suggest that international rivalry is detrimental to domestic stability (Lee 2018; Maoz and San-Akca 2012). The negative effect of outside involvement on civil war is primarily driven by a subset of cases where states intervened to pursue agendas separate from domestic belligerents' goals (Cunningham 2010). Studying precisely this scenario, this article is particularly relevant for understanding deleterious international influence on domestic conflict.

The article also speaks to the theoretical literature on alliance formation. Some scholars study the efficiency puzzle of alliance formation using multi-player contests (Garfinkel 2004; Konrad and Kovenock 2009; Skaperdas 1998). Others focus on the information problem pervasive in interstate alliances and its influence on international bargaining (Benson, Meirowitz, and Ramsay 2014; Morrow 1994; Smith 2021). This article addresses the nature of transnational alliances in the unique civil war environment by modelling a situation where the sponsor has an agenda orthogonal to its rebel allies' aspiration to overthrow the target government. While states ally to deter aggressors and share defense burdens, in this model, the alliance with a rebel group occurs in the background of an ongoing civil war that depletes resources. Support for insurgents allows the sponsor to weaken its enemy before getting directly involved. This distinctive feature proves to be a critical condition for state–rebel alliance formation.

[2]Previous studies loosely speak of a similar logic without specifying how the weakening effect is achieved. See, for example, Byman et al. (2001) and Hughes (2012).

FIGURE 1 An Illustration of Players' Budgets



Note: Panel (a) illustrates the *Sponsor*'s budget constraint $\theta m_1 + s = b_1$ with $\theta = 1.25$ and $b_1 = 15$. Panel (b) plots the *Target*'s total budget post-support $b_2(m_r + s) = \overline{b}_2 \frac{a}{a+m_r+s}$ with $\overline{b}_2 = 12$, $a = 3$ and $m_r = 2$. The solid line plots a function of s with rebel strength $m_r = 2$ fixed. The dashed line plots a function of $m_r + s$. Here $\overline{b}_2$ is the *Target*'s budget independent of the rebellion, and a represents the *Target*'s capability to withstand domestic challenges.

The Model

Two states, the *Sponsor* and the *Target*, bargain over a pie of size one. It could be a disputed territory or some policy disagreement over which the two states have opposing preferences. Before bargaining, states *simultaneously* make allocation choices subject to budget constraints. The *Sponsor* divides an exogenously given budget b_1 between building a conventional military, m_1, and supporting rebels in the *Target*, s with $\theta m_1 + s = b_1$. Here $\theta > 0$ captures the cost of military-building relative to supporting rebels. Arming the military is less expensive than sponsoring the rebels if $\theta < 1$. When $\theta = 1$, they have the same unit cost. Figure 1(a) visualizes the *Sponsor*'s budget constraint. Simultaneously, the *Target* allocates its resources proportionally between fighting the *Sponsor* internationally f_2 and fighting the civil war f_c with $f_2 + f_c = 1$. Here f_2 and f_c indicate the *fraction* of resources allocated to each front. The actual *amount* of resources is the fraction times the *Target*'s total budget after rebels receive support from the *Sponsor*.

Given the rebel group's original strength m_r and support s, the *Target*'s total budget is $b_2(m_r + s)$. To capture the idea that civil conflict weakens the *Target*'s domestic control and resource extraction, I make several assumptions about the *Target*'s budget. Figure 1(b) plots an example of the budget function satisfying all the assumptions.

Assumption 1. *Assumptions on* $b_2()$*:*

1. $b_2 : \mathbb{R}_+ \to \mathbb{R}_{++}$ *is twice continuously differentiable.*
2. $b_2'(\cdot) < 0$ *and* $b_2''(\cdot) > 0$ *so that the total budget is a decreasing convex function of post-support rebel strength.*
3. $b_2(0) = \overline{b}_2$ *so that the* Target *obtains the maximum* $\overline{b}_2$ *when there is no rebellion.*
4. $b_2(y) > 0$ *for all* y *with* $\lim_{y\to\infty} b_2(y) = 0$ *so that the* Target *always has some resources.*

After resource allocation, two states negotiate. The *Sponsor* makes the offer $(1 - x, x)$, where $x \in [0, 1]$ stands for the *Target*'s share.[3] The *Target* chooses to accept or reject. Acceptance leads to a settlement giving each state the proposed share, and rejection results in a costly war. The war outcome depends on the distribution of power endogenously determined by both states' resources and allocation decisions. In case of a war, the probability of the *Target* prevailing against the *Sponsor* is described by the widely used ratio contest success function:

$$p(f_2 b_2(m_r + s), m_1) = \begin{cases} \frac{1}{2} & \text{if } m_1 = f_2 b_2(m_r + s) = 0, \\ \frac{f_2 b_2(m_r+s)}{m_1 + f_2 b_2(m_r+s)} & \text{otherwise.} \end{cases}$$

[3]Equilibrium level of support and other key implications do not depend on which state is the proposer.

Fighting is costly and destroys $1 - \phi \in (0, 1)$ fraction of the pie. The victor enjoys the whole pie minus the part destroyed by fighting. The *Sponsor*'s expected war payoff is $\phi p(m_1, f_2 b_2(m_r + s))$, and that of the *Target* is $\phi p(f_2 b_2(m_r + s), m_1) + \alpha p(f_c b_2(m_r + s), m_r + s)$, where $\alpha > 0$ is the *Target*'s value for domestic control. The *Target* values both the international dispute and domestic stability, and a larger α implies a higher weight on the domestic front.

With an agreement $(1 - x, x)$, each party receives a payoff equal to its settlement share. Similarly, the *Target* cares about domestic stability and benefits from successful counterinsurgency. The *Target*'s total expected utility from a settlement is $x + \alpha p(f_c b_2(m_r + s), m_r + s)$.

Comments on the Model

This section briefly discusses several key assumptions and provides appropriate scope conditions for the model.

The *Target*'s Budget

The model assumes that the *Target*'s defense budget strictly decreases in post-support rebel strength $m_r + s$, as illustrated by the downward slope in Figure 1(b). Outside involvement on the rebel side prolongs civil wars, increases fatalities and renders peaceful settlement more difficult (Heger and Salehyan 2007; Moore 2012). Both theory and empirical evidence suggest that civil wars negatively impact economic growth and investment (Abadie and Gardeazabal 2003; Cerra and Saxena 2008). Also, stronger groups (post-support) hurt the target more. First, stronger groups more effectively undermine the government's control over territory and population, undercutting its tax base (Martinez 2017). For example, the Liberation Tigers of Tamil Eelam (LTTE) established monopolistic control and set up quasi-state institutions in part of Sri Lanka for a long time, crowding out the government's coercive apparatus and tax institutions. Second, stronger groups are better at competing with the government over control of lootable resources, such as oil deposits and diamond mines. These natural resources constitute an important source of government revenue, especially in underdeveloped countries where the threat of civil war is more prominent (Collier and Hoeffler 2004; Humphreys 2005). The rebellious União Nacional para a Independência Total de Angola (UNITA) controlled Angola's most productive diamond mines and raised $3.7 billion through diamond sales between 1992 and 1997 (Malaquias 2001).

Also, $b_2(\cdot)$ is convex,[4] meaning that the marginal damage to the *Target*'s budget decreases as post-support rebel strength increases, illustrated by the steeper slope for lower values of $m_r + s$ in Figure 1(b). One hundred dollars' worth of food, manpower and weapons might be crucial for a nascent rebel group organizing its first attack but offers little help to a strong group in a head-on confrontation with government forces. Additional support at the margin is more effective in reducing the target's budget for weaker groups ($\frac{\partial^2 b_2(\cdot)}{\partial s \partial m_r} > 0$). A small amount of external assistance can help startup insurgent groups evade state repression longer than they should have, dragging the government into a costly counterinsurgency campaign. Fursan al-Joulan, a small Syrian rebel group with about 400 local fighters, receives approximately $5,000 per month from Israel—a fairly small amount vital for the group's sustained existence (Jones, Raydan, and Ma'ayeh 2017). The same amount would be less effective in helping a group like the Anyanya (1955–72) fighting to separate from Sudan with 5,000–10,000 soldiers.

External support for rebels might also increase the salience of the civil war so that civilians in the target states are willing to bear higher taxes out of security concerns. The government may shift non-military resources to military usage to better contain the increased threat. External support for rebels might trigger new outside assistance for the target government (Salehyan, Gleditsch, and Cunningham 2011). All of these scenarios would change the maximum resources the target can access. The model's assumptions are more likely to hold in cases where outside support contributes to sustained conflict so that the destructive effect on the target's budget dominates.

Overt versus Covert Support

In the model, actors make allocation decisions simultaneously. This captures the covert nature of most support. Some states openly support rebels to satisfy their domestic audiences. Even in those cases, the precise level of support is often not revealed. More frequently, sponsors deny any ties with rebels when questioned (Schultz 2010). Financial and material support can go through back channels. Intelligence agencies take part in protecting secret transfers. Even in the most detectable case of military support, the sponsors' soldiers can carry out tasks disguised as rebels (Hoekstra 2018). Covert support carries little reputation cost. Many sponsors successfully

[4]This is a natural derivation of the government–rebel contest over resources. Appendix A.2 on p. 5 of the Supporting Information (SI) provides details.

avoid international criticism by careful planning, preparation and disguise. When exposed, sponsors can gloss over their actions as humanitarian aid (Lee 2018). As such, the model omits reputation concerns.

Rebels' Post-Settlement Fate

This article focuses on the effect of support on interstate bargaining and does not model rebels' post-settlement fate. In the real world, sponsors often abandon their former agents without hesitation after fulfilling international goals. Abandonment is disastrous for rebel groups. Sponsors might provide information to the target about the groups once they become inconvenient. Pakistan, a longtime sponsor of the Taliban, cooperated with the U.S. government to capture a top Taliban commander in 2010. Despite the risk, rebel groups understand the vital importance of external support and seldom refuse the essential assistance (Carter 2012).

Equilibrium Analysis

This is a sequential game of complete information, and the solution concept is subgame perfect equilibrium (simply equilibrium hereinafter). I begin with the *Target*'s decision to accept or reject an offer.

Lemma 1. *Given any allocation choices, the* Sponsor *offers* $x^* = \phi p(f_2 b_2(m_r + s), m_1)$ *in equilibrium, and the* Target *accepts any* $x \geq x^*$ *and rejects any smaller amount.*

Like typical bargaining models, the *Sponsor* offers the *Target*'s reservation value, the amount that makes the latter indifferent between acceptance and rejection, and is always accepted.[5] The deal depends on the distribution of power endogenously determined by both actors' allocation decisions. The *Sponsor* chooses the best way to split its available resources between building a conventional army and sponsoring rebels. The *Target* optimally allocates resources between counterinsurgency and international warfare. The following lemma characterizes the *Sponsor*'s best response to the *Target*'s allocation choice.

Lemma 2. *Given any* (f_2, f_c) *such that* $f_2 + f_c = 1$, *the* Sponsor*'s best response is*

$$s(f_2) = \begin{cases} [0, b_1) & \text{if } f_2 = 0 \quad (1a) \\ 0 & \text{if } f_2 \neq 0 \text{ and } b_2(m_r) + b_2'(m_r) b_1 \geq 0 \quad (1b) \\ \hat{s} & \text{if } f_2 \neq 0 \text{ and } b_2(m_r) + b_2'(m_r) b_1 < 0, \quad (1c) \end{cases}$$

where $\hat{s} \in (0, b_1)$ *solves* $b_2(m_r + s) + (b_1 - s) b_2'(m_r + s) = 0$.

When $f_2 = 0$, any $s < b_1$ is a best response because it guarantees the *Sponsor* a victory. When $f_2 \neq 0$, if the size of the marginal reduction in the *Target*'s budget at $s = 0$ is larger than the two states' initial resource ratio $(-b_2'(m_r) > b_2(m_r)/b_1)$, the *Sponsor* provides support but also trains its own military. Otherwise, the *Sponsor* only invests in the military and does not finance the rebels. The next lemma describes the *Target*'s best response to the *Sponsor*'s allocation choice.

Lemma 3. *Fix any* (m_1, s) *such that* $\theta m_1 + s = b_1$, *the* Target*'s best response is*

$$f_2(s) = \begin{cases} \emptyset & \text{if } s = b_1 \quad (2a) \\ 0 & \text{if } s \neq b_1 \text{ and } \frac{\phi}{\alpha} < \frac{m_1(m_r+s)}{[b_2(m_r+s)+m_r+s]^2} \quad (2b) \\ 1 & \text{if } s \neq b_1 \text{ and } \frac{\phi}{\alpha} > \frac{[b_2(m_r+s)+m_1]^2}{m_1(m_r+s)} \quad (2c) \\ \dfrac{\sqrt{\frac{\phi m_1}{\alpha(m_r+s)}}[b_2(m_r+s)+m_r+s]-m_1}{\left(\sqrt{\frac{\phi m_1}{\alpha(m_r+s)}}+1\right) b_2(m_r+s)} & \text{if } s \neq b_1 \text{ and } \frac{\phi}{\alpha} \in \left[\frac{m_1(m_r+s)}{[b_2(m_r+s)+m_r+s]^2}, \frac{[b_2(m_r+s)+m_1]^2}{m_1(m_r+s)}\right], \quad (2d) \end{cases}$$

where $m_1 = (b_1 - s)/\theta$.

[5] It is well-known that uncertainty can lead to war (Fearon 1995). War is possible in equilibrium with uncertainty over the destructiveness of fighting (ϕ). This article omits it to focus on the potential sponsor's strategic trade-off rather than the prospect of war.

For the *Target* to not give up on either front, the *Sponsor*'s strength relative to the group after support cannot be too unbalanced. If the *Sponsor* is extremely powerful, as in condition (2b), the last fraction of resources spent on f_c is more profitable than the first fraction spent on f_2, and the *Target* gives up the international front. By contrast, if the group becomes extremely powerful after support, as in condition (2c), the last fraction spent on f_2 is more beneficial than the first fraction spent on f_c. The *Target* spends all resources fighting the external enemy. Building on both actors' best responses, Proposition 1 states that an equilibrium exists for all parameter configurations.

Proposition 1. *A subgame perfect equilibrium exists.*[6]

Figure 2 graphically illustrates the logic. The solid line depicts the *Sponsor*'s best response to f_2, and the dashed line represents the *Target*'s best response to s. An equilibrium exists if the lines cross at least once. If the *Target* gives up entirely on the international front, any feasible positive investment in the conventional military is a best response as it guarantees the *Sponsor* a total victory. If the *Target* spends a positive effort on the international front, the *Sponsor*'s military investment $\hat{s}$ falls in the range of $[0, b_1)$, represented by the vertical solid line. Because the *Target*'s best response continuously changes in s, the dashed line crosses the vertical solid line exactly once, indicating that there exists exactly one interior equilibrium. If condition (1a) of Lemma 2 and condition (2b) of Lemma 3 are simultaneously satisfied, multiple equilibria exist where the *Sponsor* engages in both military building and rebel support whereas the *Target* only fights the insurgents, as illustrated by the overlapping part on the x-axis.

Budget Reduction Mechanism

The fundamental force driving the external support is its subversive effect on a rival regime and the bargaining leverage it brings. Remark 1 below details the budget reduction mechanism through which the subversive effect is achieved.

Remark 1 (Budget Reduction)**.**

(a) *The* Sponsor *supports the rebel group if the size of a marginal reduction in the* Target*'s budget is larger than the two states' initial resource ratio without support.*

(b) *The* Sponsor *supports the rebel group to the extent that the size of budget reduction equals the resource ratio after support.*

(c) *The* Sponsor *does not support the rebel group if there is no budget reduction effect.*

Remark 1(a) tells that the *Sponsor* supports the rebels if the size of a marginal reduction in the *Target*'s budget for the first dollar spent on external support is larger than the sponsor–target resource ratio conditional on rebel strength, as characterized by the following inequality:

$$\overbrace{-b_2'(m_r)}^{\text{Size of budget reduction at } s=0} > \overbrace{b_2(m_r)/b_1}^{\text{Resource ratio without support}}. \tag{3}$$

Otherwise, the potential sponsor does not support the insurgent group.

Remark 1(b) further shows that the size of the budget reduction effect determines the support level. In equilibrium, the interior allocation decision must satisfy:

$$\overbrace{-b_2'(m_r + s^*)}^{\text{Size of budget reduction at } s^*} = \overbrace{\frac{b_2(m_r + s^*)}{b_1 - s^*}}^{\text{Resource ratio after support } s^*}. \tag{4}$$

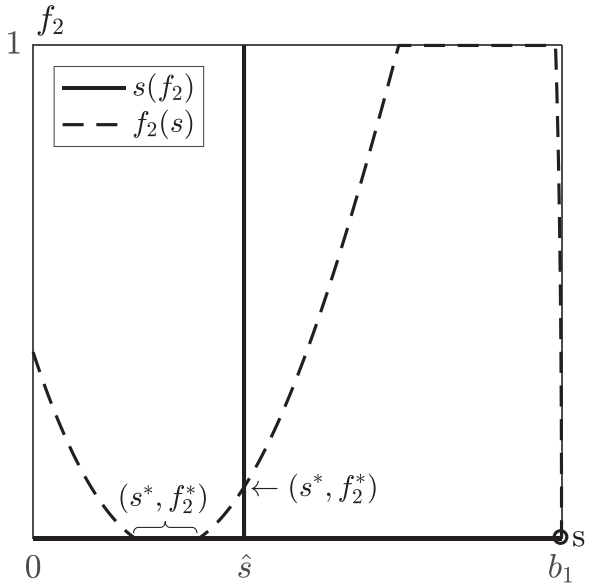
The *Sponsor* supports the rebels until the marginal damage it causes to the *Target*'s budget is equal to the sponsor–target resource ratio after support. Notice that the support decision and the support level do not depend on the relative cost of arming the military θ.

Remark 1(c) highlights the importance of the budget reduction mechanism by showing that if sponsoring rebels does not hurt the *Target*'s budget, there will be no support. Intuitively, if the support has no effect on the *Target*'s available resources but reduces the amount left for the *Sponsor*'s own armed forces and leads to a weaker conventional military, the resulting balance of power will shift in favour of the *Target*. This only puts the potential sponsor in a more disadvantageous bargaining position, preventing it from providing any support.

This mechanism highlights the underlying incentive for supporting rebels. Sponsors often support rebels simply because it offers an excellent opportunity to destabilize rival regimes. For example, Gordon and Lehren (2010) explain that by supporting Iraqi militias after Saddam Hussein's fall, 'the Iranians understand that they are not going to dominate Iraq, … they are going to do their best to weaken it—to have a weak central government that is constantly off balance, that is going to have to be beseeching Iran to stop doing bad things without having the capability to compel them to stop doing bad things. And that is an Iraq that

[6]Proposition A.1 on p. 3 of the SI provides a complete characterization.

FIGURE 2 Equilibria in the Baseline Model



Note: The figure uses $b_2(m_r + s) = \overline{b}_2 \frac{a}{a+m_r+s}$ with $a = m_r = 1$ and $\overline{b}_2 = 11$. Other parameters are $b_1 = 10$, $\phi = 0.8$, $\theta = 0.9$ and $\alpha = 1$.

will never again threaten Iran'. The goal of support is political—subversion, containment and extortion.

Support Weak Rebels

Why do extremely weak rebel groups with no hope of victory receive support? Because they can wear down the target regimes and bring the sponsors bargaining leverage. Due to the decreasing marginal return of external support, weaker groups hurt the target more for the same amount of support. Consequently, it is more desirable for the sponsors to support weaker insurgent groups and provide more support to them in the absence of other concerns, as summarized by Proposition 2.

Proposition 2. *There exists a threshold level of rebel strength that potential sponsors only support rebel groups weaker than the threshold. Moreover, the level of support s^* decreases in m_r.*

The above result requires the budget function and the size of its derivative to be log-convex. These are not very restrictive assumptions, and the example used throughout this article $b_2(m_r + s) = \overline{b}_2 \frac{a}{a+m_r+s}$ with $a > 0$ satisfies both. A direct consequence of the assumption is that additional support at the margin more effectively hurts the target's budget if the rebel group is weaker. The lower the rebels' initial strength, the more efficient an increase in the level of support is in generating bargaining advantages for the sponsor. Thus, the optimal level of support is higher for weaker groups. While undercutting the sponsor's own military strength by the same degree, support reduces the target's total budget by a larger amount when rebel groups are weaker, motivating the sponsor to provide more support. When the rebels are sufficiently strong, additional support only does negligible damage to the target's budget but hurts the sponsor's military strength, discouraging the potential sponsor from providing any support.

At first glance, the result seems inconsistent with existing empirical findings that extremely weak groups are less likely to receive external military support (Gent 2008; Salehyan, Gleditsch, and Cunningham 2011; Szentkirályi and Burch 2018). However, these studies use samples that are not relevant for assessing the model's prediction. More specifically, they exclude some relevant cases and include some unrelated cases. First, they focus on military and troop support, which accounts for only 16% of all supported groups (Högbladh, Pettersson, and Themnér 2011) and less than 6% of triad-years of support (San-Akca 2016). Second, the tests are performed for all rebel groups or all sponsor–rebel dyads. The model suggests that if sponsors primarily care about destabilizing the rival regimes, they prefer to support weaker groups. This relationship might not hold for all rebel groups, especially when the sponsors have strong ideological or ethnic affiliations with the groups and benefit from a rebel takeover. Although I cannot find the most appropriate sample to test the claim, I perform empirical tests on a more relevant subsample by examining military support for rebels fighting targets that were engaged in international rivalry. The results are presented in Table D.1 on p. 21 of the SI, which replicates Salehyan, Gleditsch, and Cunningham (2011) and shows that rebel strength loses significance in the subsample of rebels fighting targets with international rivals.

This novel modelling result explains why extremely weak rebel groups with no hope of victory receive external support. If potential sponsors care primarily about overthrowing the target governments, weak groups known to have unaligned preferences should not receive support at all. However, given the goal of depleting the target's resources as much as possible, sponsors prefer to support weak rebels. With diminishing marginal returns, external support delivers the most bang for the buck precisely when the rebels are weak. For example, the 19th of April Movement had less than 1,500 combatants and

was much weaker than the Colombian regime when it received Cuban and Nicaraguan support. External support was effective in keeping the guerrilla movement active and embroiling Colombia in greater quagmire. Weakness can be an advantage. Felter and Fishman (2008, p. 35) observe that in sponsoring a plethora of Iraqi local militias after Saddam Hussein's fall, Iran was fully aware that 'the groups were often little more than neighborhood militias; many lacked a cohesive ideology'. Nonetheless, Iran provided support because 'from Iran's perspective, however, these prospective weaknesses may have been attractive. Iran was not looking for a militia capable of taking over the Iraqi government, but rather an ally capable of knocking the government, and its American suitor, off its bearings. … The new JAM splinter movements offered Iran the ability to disrupt Iraq with fewer political complications' (Felter and Fishman 2008, p. 35).

The literature suggests various other reasons why sponsors support weak groups. First, weak groups and those without strong centralized command are easier to manipulate. Staniland (2012, p. 170) notes that Pakistan's Inter Services Intelligence (ISI) agency supported local armed groups in Kashmir to 'keep these other groups alive as part of a fractured movement more amenable to its control' for fear that the Jammu Kashmir Liberation Front might become strong enough to threaten Pakistan. Second, sponsors might refrain from supporting powerful insurgent groups to avoid uncontrolled escalation and target retaliation. For example, Pakistan covertly armed Islamic extremists during the Soviet-Afghan war. General Zia-ul-Haq of Pakistan reminded the then head of the ISI that 'the water in Afghanistan must boil at the right temperature' (Coll 2005, p. 63). He feared that pushing the secret war against the Soviet Union too much would backfire. These are all reasonable explanations for state support of weak rebels. This article, however, highlights an additional explanation directly linked to the core mechanism that activates state support for rebels. The result holds even when sponsors are unconcerned about controlling the rebels or avoiding target retaliation.

The result also sheds light on the abundance of small non-militant groups in persistent interstate rivalries like the one between India and Pakistan. Suppose there is a fixed startup cost for all groups, and a rebel leader only organizes the group if the expected future return justifies the cost. Appendix C.3 on pp. 19–20 of the SI shows that the expectation of receiving external support encourages small rebel groups to form and enter the domestic competition for power because they now have a higher chance of survival and success.

Cost-Efficiency Is Irrelevant

The existence of an interior equilibrium is substantively meaningful and highlights a result directly contrasting a common understanding in the existing literature. The literature on state support of insurgent groups emphasizes that (1) insurgents can fight the target more effectively than the sponsor's army, (2) support for rebels is a cheap substitute for costly conventional warfare and (3) rebel groups having ethnic and ideological ties with the sponsor are better agents because they are more likely to share the sponsor's preferences and less likely to shirk (Salehyan 2010).

This model purposefully omits these components, yet the sponsor still offers support in equilibrium, implying that these conditions suggested by the literature are not necessary. More specifically, in the model, the *Sponsor* and the rebel group share no common policy goals and have no ideological or ethnic associations. The sponsor's army is not militarily less effective than the rebels.[7] Furthermore, the *Sponsor*'s support decision does not depend on θ, indicating that there exists an equilibrium where the *Sponsor* provides support regardless of the cost of rebel support relative to arming the military. This is true even when $\theta \leq 1$. Importantly, when all favourable conditions for rebel support suggested by previous studies are absent, the subversive effect of support provides a sufficient incentive for the sponsor to sabotage its enemy by assisting insurgent groups.

Proposition 3. *The* Sponsor*'s equilibrium conventional military strength* m_1^* *decreases in* θ*, and the equilibrium level of rebel support* s^* *is constant in* θ.

Proposition 3 further shows that increasing the cost of arming the military does not unambiguously motivate the sponsor to finance the rebels more.[8] As military-building becomes more costly (θ increases), the *Sponsor*'s conventional military strength m_1^* decreases, yet its support for rebels s^* remains unchanged in equilibrium. Although an increased cost of arming driving the

[7]One way to formalize military effectiveness is to specify $p(x, y) = \frac{x^\beta}{x^\beta + y}$ with $\beta > 0$. The player with input x is militarily more effective than the player with input y if $\beta > 1$ (Grossman 1991). The baseline model is equivalent with $\beta = 1$, where players are equally effective. Appendix C.2 on pp. 18–19 of the SI formally considers how military effectiveness affects the support.

[8]Proposition 3 focuses on the interior equilibrium because it is more realistic. Proposition A.2 on p. 3 of the SI shows that as θ increases, the range of multiple equilibria shrinks and eventually disappears. Because a large θ better describes the real world where supporting rebels is much cheaper, the main text focuses on the interior equilibrium.

military investment down is intuitive, the logic behind unchanged rebel support is subtle. In equilibrium, the *Sponsor*'s (interior) allocation decision must satisfy:

$$\overbrace{\frac{1}{\theta}}^{\substack{\text{Marginal cost of}\\ s \text{ relative to } m_1}} = \overbrace{-\frac{m_1 b_2'(m_r+s)}{b_2(m_r+s)}}^{\substack{\text{Marginal benefit of}\\ s \text{ relative to } m_1}}, \tag{5}$$

which simplifies to

$$b_2(m_r+s) = -\overbrace{(b_1-s)}^{=\theta m_1} b_2'(m_r+s). \tag{6}$$

An increase in θ has two countervailing effects. First, it directly decreases the marginal cost of supporting rebels relative to military building, which is $1/\theta$ on the left side of Equation (5). Second, it decreases the military strength one can build with same amount of budget. As a result, it indirectly decreases the marginal benefit of supporting rebels relative to military building, the right-hand side of Equation (5). Because the marginal benefit of s relative to m_1 positively depends on one's own military strength and thus inversely relates to θ, the right-hand side can be rewritten as $1/\theta$ multiplied by a constant. These two effects cancel out, and the resulting Equation (6) is independent of θ. As θ increases, support for rebels becomes relatively cheaper. However, the increased price of arming also lessens the sponsor's own military strength and therefore decreases the marginal benefit of supporting the rebels. The net effect motivates the sponsor to sustain the same level of support. The existing literature only considers the first effect but overlooks the second. Therefore, it does not fully capture the influence of the cost of arming on external support for rebels. This result is not driven by the linear cost of arming the military. Appendix A.3 on pp. 5–6 of the SI shows that even with a convex cost function widely used to model increasing marginal cost, a higher cost of arming the military does not always lead to more support.

Other Considerations of the Sponsor

This section extends the baseline to incorporate three prominent motivations behind state support for rebels suggested by the literature: ideological and ethnic concerns, support to satisfy the domestic audience and support as a substitute for an ineffective army. I highlight substantively interesting results below and defer all formal statements to the SI.

Ideological and Ethnic Concerns

Appendix B on pp. 7–15 of the SI considers the sponsor's ideological and ethnic concerns. In addition to international considerations, the sponsor suffers or benefits directly from a rebel victory: $V\,p(m_r+s,\ f_c b_2(m_r+s))$. Here $V \in \mathbb{R}$ is the ideological congruence between the sponsor and the group, and $p(m_r+s,\ f_c b_2(m_r+s))$ is the probability of a rebel victory. This incorporates agency issues in supporting rebels in a reduced form. One interpretation is that the sponsor, the target and the rebel group have respective ideal points. The target and the group implement their ideal policies while in power. The sponsor's utility from ideological and ethnic concerns depends on the distance from its ideal point to the implemented policy and its probability of implementation. Thus, V parameterizes how much the sponsor likes or dislikes the group compared to the target. This includes cases where the sponsor seeks a regime change in the target and supports rebels to install an ideologically and ethnically more friendly government (Byman et al. 2001).

The extension recovers the conventional wisdom that sponsors prefer to support rebel groups with which they get along ideologically or share ethnic ties. The sponsor provides more support to rebels with higher ideological or ethnic congruence (V). This is unsurprising because now the sponsor directly benefits from a rebel victory. As the potential sponsor and the group's preferences become increasingly aligned, the sponsor is willing to provide more support to help the rebel group take over the target regime. The result is consistent with existing empirical findings. For example, San-Akca (2016) finds that the existence of ideological and ethnic ties between a potential sponsor and a rebel group increases the likelihood of providing any support. She also finds that these affiliations are associated with a higher level of support. Salehyan, Gleditsch, and Cunningham (2011) find that the existence of transnational ethnic ties increases the probability that a group receives troop support from at least one foreign state.

However, I also find that ideological and ethnic concerns do not completely override the core mechanism driving the support decision. Suppose the sponsor supports the insurgent group if it only cares about weakening the target ($V = 0$). It continues the support, albeit at a lower level, when its ideological or ethnic divergence from the rebels is not too large (small $V < 0$). Because assisting the rebels significantly weakens the target's resource extraction, the overall subversive effect overshadows the danger of a victory by the rebel group.

This explains why we observe patronage relations where the sponsors finance insurgent groups they genuinely dislike. For example, the right-wing government of Iran provided safe havens to the Patriotic Union of Kurdistan (PUK) targeting Iraq (1976–83), despite the fact that the PUK is a leftist group with close connections to Kurdish secessionist movements in Iran. Islamic Pakistan provided training and financial aid to the National Socialist Council of Nagaland-Isak-Muivah, a Christian separatist group in Northeast India. Support for these groups can still deplete the target's resources even though their victory is unpalatable.

Support to Satisfy the Domestic Audience

Some sponsors support rebels to satisfy their domestic audience and benefit from the act of support *per se*. For example, Chadian President Idriss Déby secured his political survival in 2005 by submitting to coup plotters' request to support coethnic Zaghawas rebelling in Darfur (Tamm 2016). Leaders can also aid ethnic or religious kin to bolster their domestic political support (Byman et al. 2001). India, for example, supported the LTTE to gain votes from its sizable Tamil population. Appendix C.1 on pp. 15–18 of the SI formalizes this idea. The sponsor directly receives $B \cdot s$ for providing support $s \in [0, b_1]$, where $B > 0$ is the unit benefit of support.

The extension finds that the level of support increases in the unit benefit of support (B). Thus, the sponsor provides more support if it brings direct benefit ($B > 0$) compared to no direct benefit ($B = 0$). This result is unsurprising and consistent with existing empirical findings that the level of support is positively associated with the existence of ethnic ties between a potential sponsor and a rebel group (San-Akca 2016). Supporting transnational ethnic kin not only brings a more friendly regime if the rebels win ($V > 0$) but also directly benefits the leader of the sponsoring state politically ($B > 0$). The extensions suggest that the positive association between shared ethnic ties and support for rebels can work through two different channels.

The level of support also increases in B. Empirically, B should be larger in states where the relevant domestic issue is more salient. In the context of ethnic politics, the issue should be more salient if the rebel group fights for the sponsor's discriminated or repressed ethnic kin. While I am unaware of any direct large-N test of the hypothesis, Byman et al. (2001) and Byman (2005) identify aiding kin as an important motivation behind state support for rebel groups and provide many examples of states supporting groups fighting on behalf of discriminated or suppressed kin.

A surprising finding is that, under certain conditions, even when the sponsor offers no support in the baseline ($B = 0$), it will support rebels if the act of support brings a direct benefit, regardless of how small it is (any $B > 0$). The condition is that the target's military allocation is sensitive to the support level, which happens when the target puts roughly balanced weights on the international and domestic fronts (moderate ϕ/α). The result helps explain the robust positive correlation between sponsor–rebel ethnic ties and external support found in the empirical literature.

Military Effectiveness

States might support rebels that can fight the target more effectively than the state's own military, which lacks local knowledge and population support (Salehyan 2010). Appendix C.2 on pp. 18–19 of the SI formalizes the military effectiveness of the sponsor. Let $\beta > 0$ denote the military effectiveness of the sponsor's army against the target compared to that of the rebels, with higher β indicating a more effective state military. The probability that the sponsor prevails against the target is

$$p(m_1,\ f_2 b_2(m_r + s)) = \begin{cases} \frac{1}{2} & \text{if } m_1 = f_2 b_2(m_r + s) = 0, \\ \frac{m_1^\beta}{m_1^\beta + f_2 b_2(m_r + s)} & \text{otherwise.} \end{cases}$$

If $\beta > 1$, the sponsor's army is more effective than the rebel group at combating the target. If $\beta < 1$, the opposite is true. $\beta = 1$ recovers the baseline, where they are equally effective. Everything else remains the same.

The extension produces two findings. First, consistent with the literature, as the sponsor's army becomes less effective at fighting the target, it is more likely to support the rebels and offers more support. When the subversive effect of the support is sufficiently large (Equation (3) holds), the sponsor supports the rebels for sufficiently low military effectiveness ($\beta < \tilde{\beta}$). Moreover, the level of support decreases in β. Second, contrary to the existing theory, rebels being better at fighting the target than the sponsor is not necessary for rebel support. When the subversive effect of external support—the model's core mechanism—is large enough, the sponsor voluntarily aids the rebels even when the sponsor is equally good or better at fighting the target than the rebels ($\beta \geq 1$).

Iranian Support for the KDP

The model's core mechanism is that sponsors voluntarily support weak rebel groups to deplete the target government's resources and gain bargaining leverage in the international dispute against the target. Moreover, a hostile ideological or ethnic relationship between the sponsor and the rebel group does not override the core mechanism. A sponsor will support weak groups with unaligned preferences if such sponsorship can drain the target state's resources and extort concessions. This section applies the mechanism to comprehend Iranian support for the Kurdistan Democratic Party (KDP) in Iraq.

Iranian support for the KDP in the 1960s and 1970s defies common explanations of state support for rebel groups.[9] The KDP was not a good candidate as a proxy force for Iran. First, Iran and KDP had opposing ideological and ethnic preferences ($V < 0$). The KDP was a Kurdish militant group with pro-Soviet inclinations fighting for Kurdish independence in northern Iraq. At that time, Iran was one of America's closest allies in the Middle East. Besides, Iran faced an active Kurdish insurgency in its northwest, directly bordering Iraqi Kurdistan. A successful Kurdish rebellion in Iraq might eventually have spill-over effects on the sizable Kurdish minority in Iran. Second, the KDP was much weaker than the Iraqi government (small m_r). Without external support, it would have stood no chance against Iraq's counterinsurgency campaigns.[10] Nonetheless, Iran gave massive support to the KDP between 1961 and 1975, consistent with the model.

As the model suggests, Iran supported the Kurds to wear down Iraq's resources and tip the balance of power in favour of itself, thereby gaining bargaining advantages in their boundary dispute over the Shatt al-Arab waterway. The support played a crucial role in their bargaining that led up to the Algiers Accord in 1975, in which Iraq made significant territorial concessions in exchange for Iran withdrawing support for the KDP. This case demonstrates that external support's subversive effect provides sufficient incentive to aid the rebels targeting the sponsor's international rival even when the conditions for proxy warfare are absent.

The Shatt al-Arab is a navigable waterway of approximately 204 km that discharges into the Persian Gulf. Its lower part down to the Gulf constitutes the Iran–Iraq frontier and has been a source of conflict between them dating back to the seventeenth century. The dispute revived after World War II and continued to fester into the 1960s, characterized by intermittent negotiations and military clashes on the frontier. In April 1969, Iran unilaterally abrogated their 1937 Boundary Treaty, starting a period of crisis until the Algiers Accords of 1975. The crux of the disagreement was that Iran wanted to revise the boundary to follow the *thalweg* (the centre of the principal navigable channel), whereas Iraq claimed the entire Shatt according to the 1937 Boundary Treaty.

To pressure Iraq into concessions, Iran started giving massive support to the KDP in 1961. Iran shipped commodities, arms and equipment into the Kurdish region, helped infiltrate heavy and light arms from other sources, trained the insurgents in Iranian military academies and provided intelligence assistance (Abdulghani 1984).

The model's core mechanism states that sponsors support the rebels to deplete the target's resources as much as possible and gain bargaining leverage against the target. This is consistent with Iran's intention. By sponsoring the KDP, Iran aimed at draining Iraq's resources and immobilizing its military capabilities. The ultimate goal was to weaken the Iraqi government and extort concessions in their border dispute. Iran's intention is well-documented in the Congressional Pike Report based on a series of closed hearings conducted by the House Subcommittee on Intelligence.[11] According to the Pike Report (1976, p. 91), the United States and Iran had used the Kurds as 'a uniquely useful tool for weakening [our ally's enemy's] potential for international adventurism (all brackets in the original source, hereinafter the same)'. They hoped that 'the insurgents simply continue a level of hostilities sufficient to sap the resources of our ally's neighboring country [Iraq]' (Pike 1976, p. 91). The Shah of Iran also told Henry Kissinger in 1973 that 'he would keep Iraq occupied by supporting the Kurdish rebellion within Iraq, and maintaining a large army near the frontier' (Kissinger 1982, p. 675).

Iran was keenly aware that the Kurdish insurgency was mere 'a card to play' in the Shatt dispute. United States and Iran had secretly agreed that once Iran came to an agreement with Iraq over their common boundaries, Iran would stop sponsoring the Kurds. The Shah had secretly offered to cease aiding the Kurds in exchange for Iraqi concessions regarding the Shatt as early as the summer of 1972 (Bengio 2012, p. 140). This is confirmed in a CIA memo of 17 October 1972, which stated, '[Our ally] has apparently used [another government's] Foreign

[9] Appendix D.1 on pp. 20–21 of the SI discusses alternative explanations in more detail.

[10] The KDP suffered catastrophic losses and was forced to take refugee in Iran and Turkey within 3 months after Iran withdrew support in 1975 (Chaliand and Black 1994, p. 65).

[11] A substantial proportion of the Pike Report was leaked and published in *Village Voice*.

Minister to pass word to [his enemy] that he would be willing to allow peace to prevail [in the area] if [his enemy] would publicly agree to abrogate [a previous treaty concerning their respective borders]' (Pike 1976, p. 87).

Iranian support for the KDP achieved its intended effects. Although it is difficult to assess the precise quantities described in Remark 1, there is little doubt that the support drained Iraq's financial and military resources substantially. It helped the KDP create a viable fighting force able to confront the superior Iraqi military. Sustained insurgency drained the Iraqi government financially. It created a practical hurdle for Iraq to profit from the Kurdistan region's rich oil reserves, a vital financial source for the government. The Kurds destroyed parts of the Kirkuk refinery in March 1969, causing a severe financial blow to the Iraqi government. The KDP once controlled a non-trivial part of Iraqi territory and population, isolating a significant portion of the Iraqi government's tax base. Fighting the KDP also diverted Iraq's already strained budget away from wrestling with Iran. As the domestic conflict escalated, Iraq's expenditure on fighting the Kurdish rebels skyrocketed. Iraq's estimated cost of the war against the Kurds was more than $4 billion, accounting for a substantial proportion of its limited financial resources (Abdulghani 1984, p. 134).

Iraq deployed a majority of its armed forces to combat the KDP and consumed almost all its available weapon stocks. Empowered rebels occupied Iraq's military forces in the north, severely constraining Iraq's ability to deal with the border dispute if the conflict with Iran were to escalate. Between 1961 and 1966, three of Iraq's five army divisions and a substantial portion of its air force engaged in fighting the Kurdish insurgency (Chubin and Zabih 1974, p. 181). In the full-scale civil war of 1974–75, Iraq mobilized 80,000 men supported by 800 tanks and eight squadrons of aircraft against the Kurdish rebels (Abdulghani 1984, p. 155). Iraq practically had committed all its available forces to fight the Kurds—even its police force joined the war (Vanly 1980, p. 181). Saddam Hussein later revealed that, before the end of the war in March 1975, the Iraqi air force had only three heavy bombs left, and there was 'a great shortage of ammunition' to continue the war (Abdulghani 1984, p. 156).

The war with the KDP weakened Iraq, generating bargaining leverage for Iran. After the Shatt dispute reopened in April 1969, Iran and Iraq went through four rounds of negotiations, in which Iranian support for the Kurds was a central point of contention. The first three rounds failed because Iraq refused to back down on the Shatt. Increasingly exhausted by fighting with the Iran-backed KDP, Iraq eventually made concessions in the Algiers Accord of 1975. In the agreement, Iraq agreed to the *thalweg* principle demanded by Iran in exchange for Iran withdrawing support for the KDP. Although the agreement was facilitated by a *quid pro quo*, its timing lends support to the model. Iran had repeatedly made the exact same offer earlier, and Iraq had rejected it every time. It was only after the civil war severely weakened Iraq that it eventually made the concession.

Conclusion

Why do states voluntarily support weak rebel groups known to have unaligned preferences? This article studies a model of state support for rebels amid an interstate dispute. One state in the dispute sponsors rebels fighting the other to sap the target state's resources. The sponsor thereby gains international bargaining advantages. The analysis yields several results worth reemphasizing.

First, shared preferences facilitate but are not necessary for state support of insurgent groups. The subversive effect of support provides a sufficient incentive even in the absence of favourable conditions suggested by previous studies. Ideological or ethnic misalignment does not override this subversive incentive. Second, foreign sponsors prefer to support weak rebel groups in attempts to wear down their opponents. Given the goal of depleting the enemy's resources, not only do rebels incapable of victory receive external support, but it is also more desirable for the sponsors to support relatively weak groups. Third, in contrast to previous research, the article finds that cost-efficiency of supporting the rebels is neither necessary nor sufficient for explaining state support for insurgent groups. This challenges the conventional wisdom that support for rebels is a cheap substitute for costly interstate conflict.

This article contributes to the study of interstate and civil conflict in general and state support for insurgent groups more specifically. First, it complements existing theories of external support for rebel groups by illustrating a previously under-appreciated mechanism. The model not only recovers results consistent with existing empirical findings but also explains a significant number of cases unaccounted for by existing theories. Second, the article contributes to the study of third parties in interstate conflict by exploring non-state armed groups' influence on international negotiations. Third, although the existing literature argues that external threats may benefit state-building, this article joins recent scholarship suggesting that interstate rivalry is detrimental to domestic stability.

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Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

Appendix A: Supplementary Information for the Baseline Model
Appendix B: Extension: Ideological and Ethnic Concerns
Appendix C: Additional Model Extensions
Appendix D: Empirical Implications