Commitment:
Wars and other effects of commitment problems

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LSE

7 March 2014

Introduction

Puzzle of costly conflict

Definition and example

Conflict from commitment problems

Other commitment problems in politics

Commitment devices

Conclusion

Plan

Goal: Understand **commitment problems** as a cause of conflict and other social dilemmas

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- definition of commitment problem, via "marriage game"
- inability to commit as a cause of costly conflict
- more briefly, other political applications

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- Diagnosing and diffusing international and civil conflict
- Designing institutions to enable power transitions, sound economic governance, etc.
- Promoting marriage

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War as a puzzle

Why do wars happen?

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Puzzle of war*:

Wars end with an agreement that divides resources.

Why can't they (and their **costs**) be avoided by an agreement that divides resources?

*And other costly conflicts, e.g. strikes, lawsuits.

War as a puzzle (2)

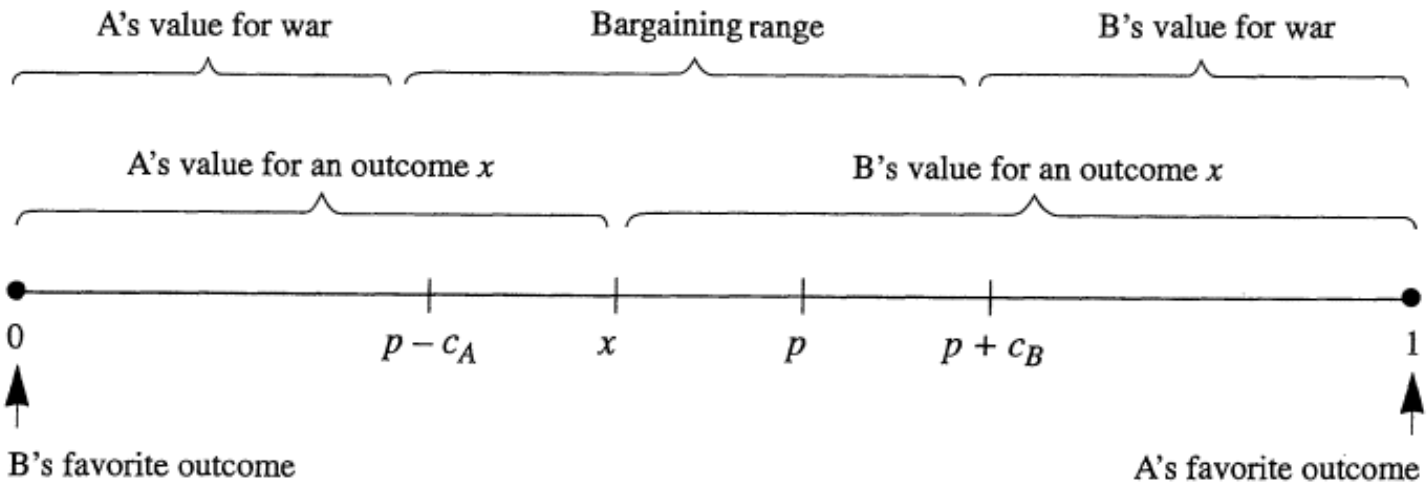

FIGURE 1. *The bargaining range*

From Fearon (1995), Frieden et al (2010)

- Countries A and B are deciding how to split a resource (e.g. territory) of size 1.
- Let x denote A's portion, such that $1 - x$ is B's portion.
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Some explanations for war

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- Indivisibility of the resource
- **Next week:** Asymmetric information $\Longrightarrow$ overconfidence, miscalculation
- **Today:** commitment problems

Introduction

Puzzle of costly conflict

Definition and example

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Commitment devices

Conclusion

Commitment problem?

COSMOPOLITAN

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Quiz: Are You a Closet Commitment-Phobe?

Are you forever a free agent? Take this quiz to find out.

BY MOLLY FAHNER

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Are You a Closet Commitment-Phobe?

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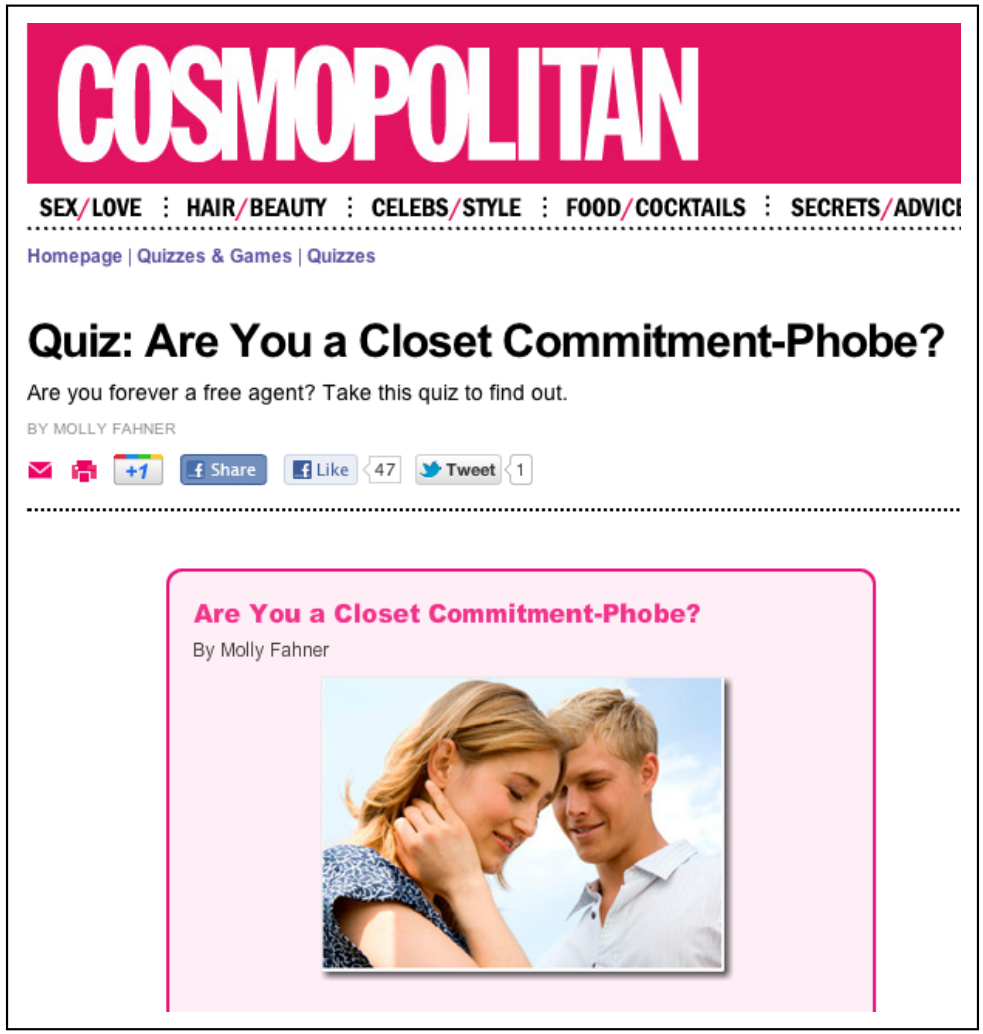
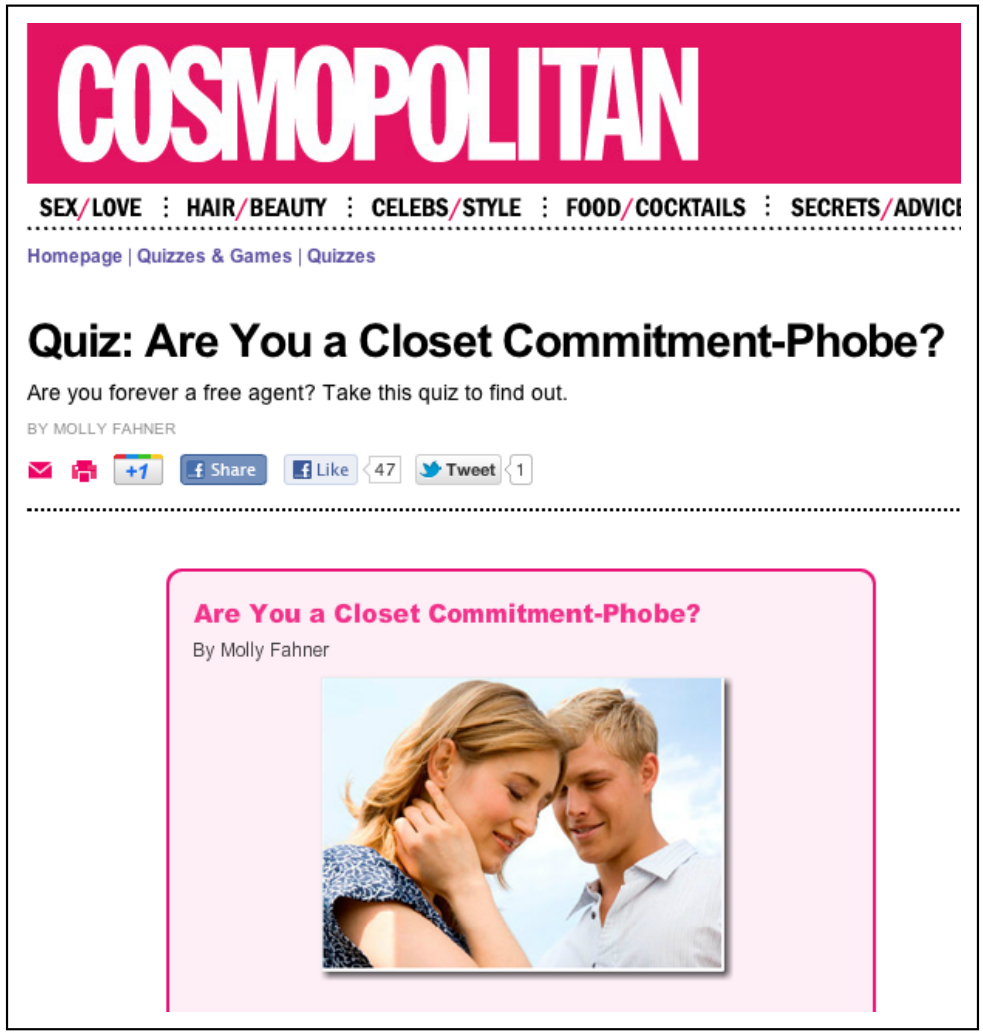
Commitment problem?



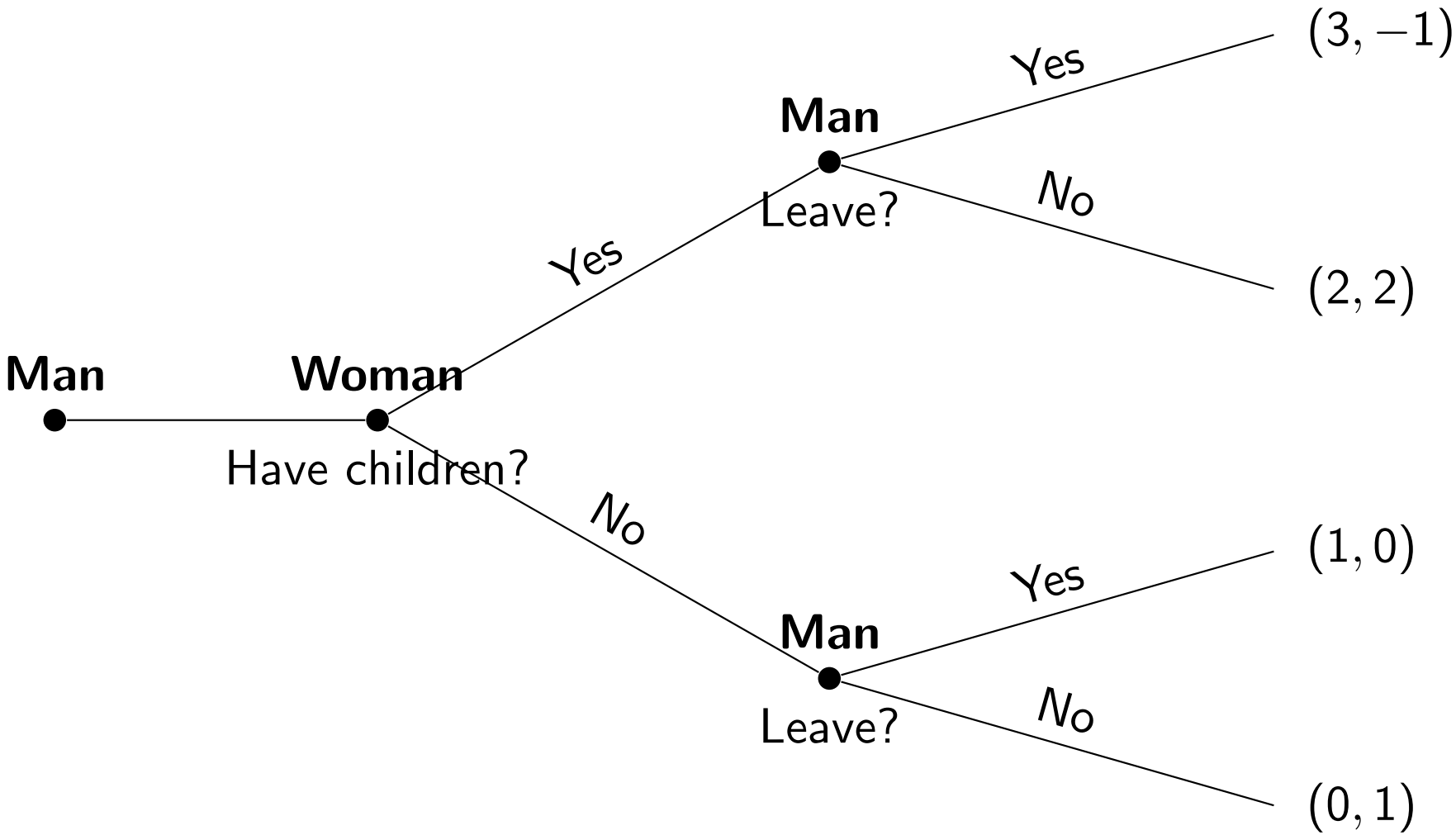
Cosmo: *Unwillingness* to commit.

Commitment problem?



Cosmo: *Unwillingness* to commit. **GV478**: *Inability* to commit.

Example: marriage game (with no marriage)



Note: payoffs are (man, woman)

Marriage game (no marriage): normal form

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		No child	Child
Man	Stay	0,1	2,2
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Extensive form or **normal form**?

In this case, either is fine.

But:

- Extensive form emphasizes importance of *credibility* of strategies
- Order of play can be important *(e.g. SPNE)*

The commitment problem

What is the problem here?

Both players would be better off if the man could make it impossible to leave. This is a commitment problem. (GV478 style.)

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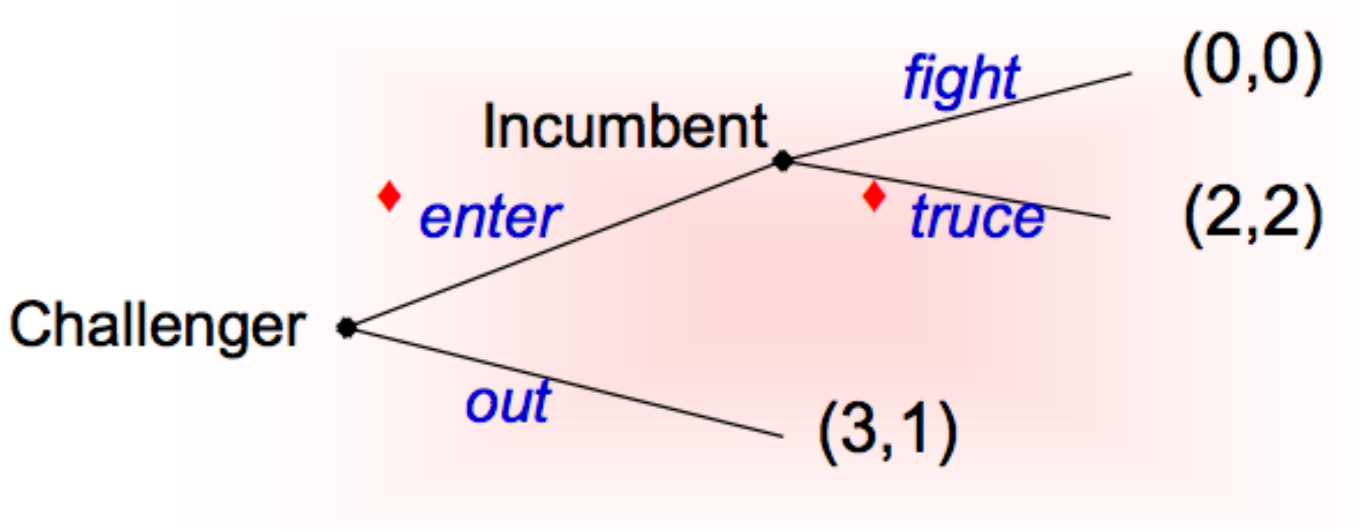
- **Order of play matters.** If man could choose "stay/leave" before woman chooses "child/no child", both would be better off. (Compare to prisoner's dilemma, coordination games.)
- **Power is weakness.** Man's problem is his ability to leave.
- **Commitment and credibility**: A commitment problem always involves a non-credible threat/promise.

Sound familiar?

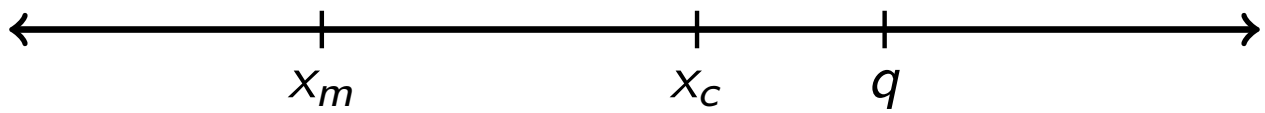
This game involves a non-credible threat:



Incumbent has a commitment problem: would like to commit to fighting.

But because $(3, 1)$ is not a Pareto improvement over $(2, 2)$, this situation *as a whole* is typically not called "a commitment problem".

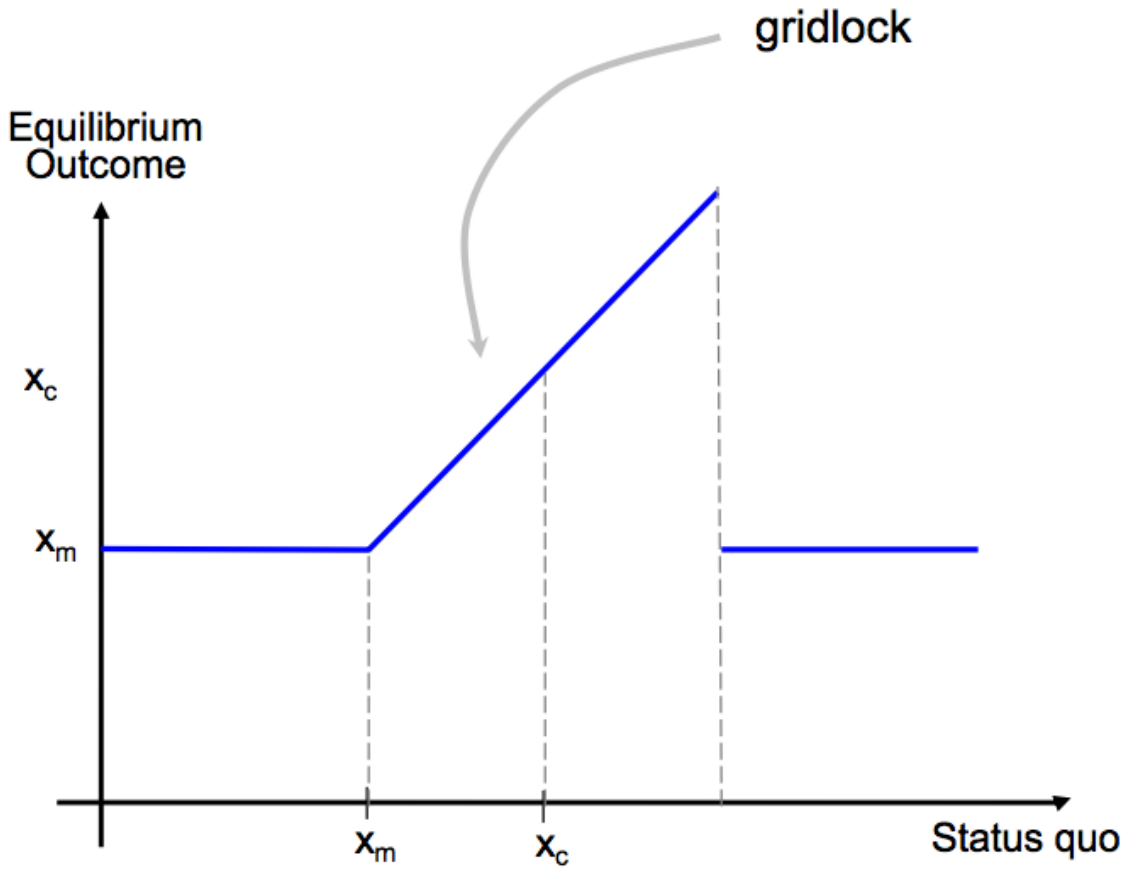
Sound familiar? (2)



- x_c is committee median
- x_m is floor (legislature) median
- q is status quo.

Is there a commitment problem under **open rule** or **closed rule**?

Sound familiar? (3)



- This is _____ rule.
- For what range of q do the players suffer from a commitment problem?

Introduction

Puzzle of costly conflict

Definition and example

Conflict from commitment problems

Other commitment problems in politics

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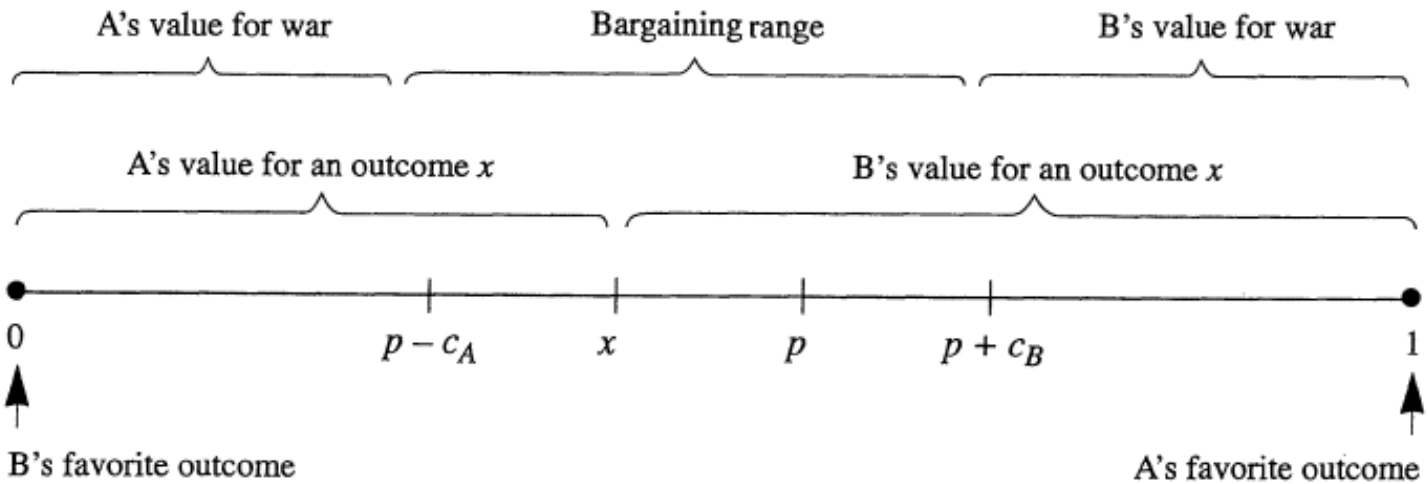
Conclusion

War as a puzzle (recap)



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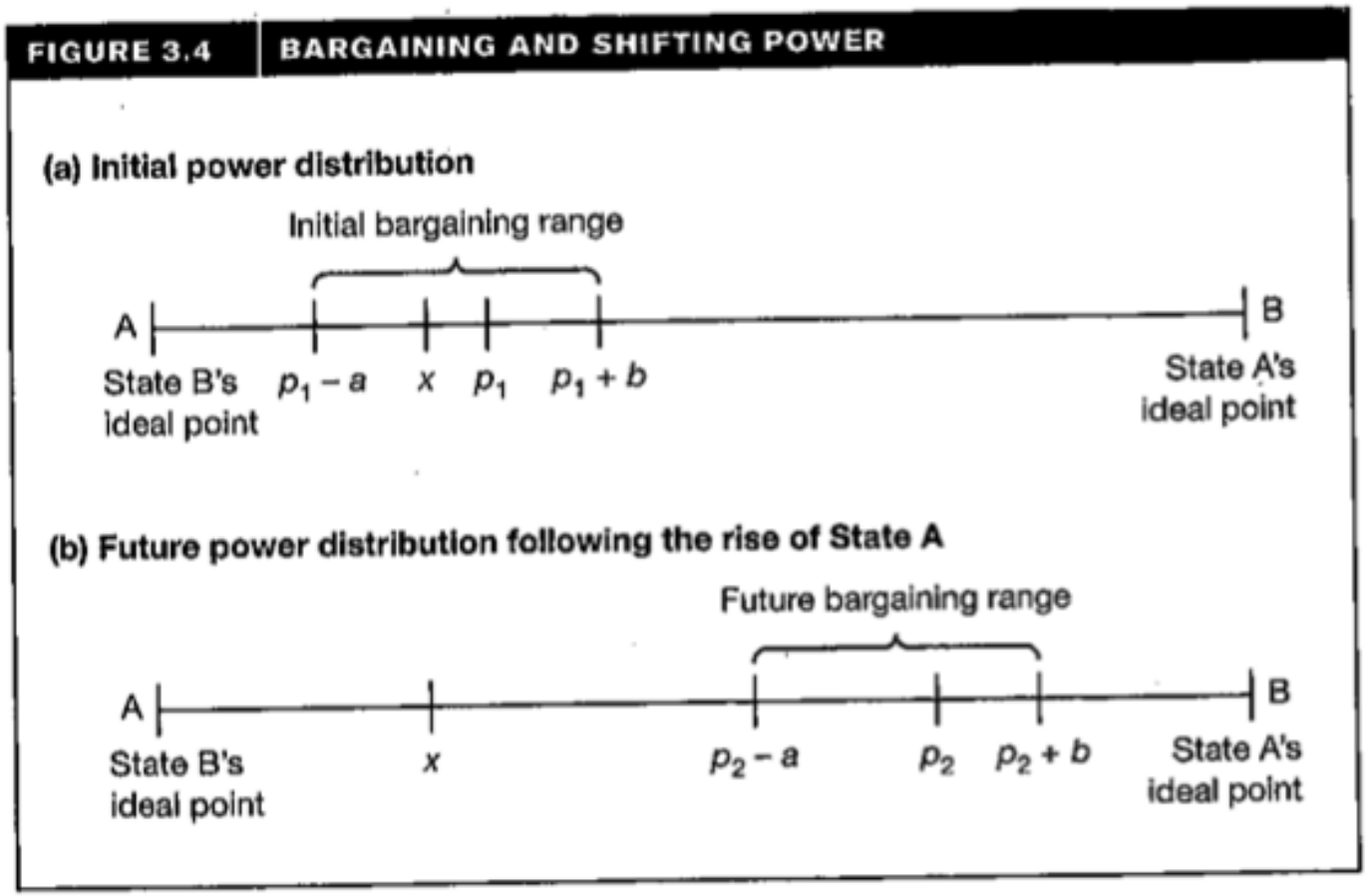
Conflict from shifting power

For Frieden et al (2010) chapter: State A gets stronger unless a war takes place.

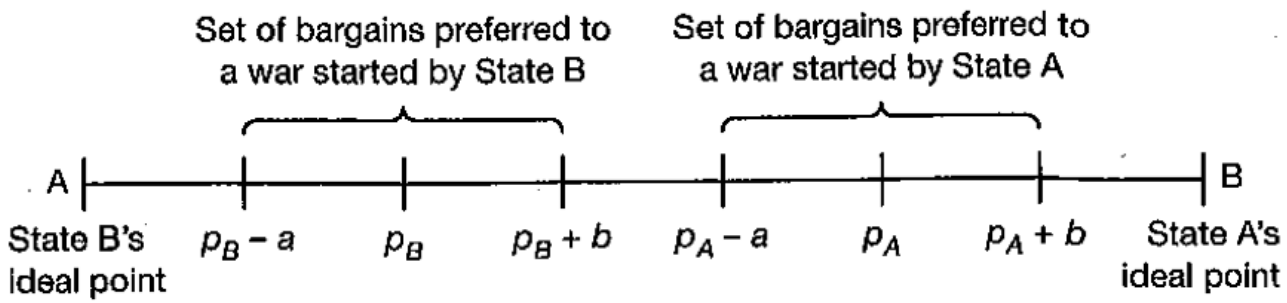


(See problem set for more on this.)

Conflict from first-strike advantage and pre-emptive war

From Frieden et al (2010) chapter: Each state does better if it starts the war.

FIGURE 3.5 BARGAINING AND FIRST-STRIKE ADVANTAGES



Discussion

- Why are these commitment problems?
- How could conflict be avoided?

Introduction

Puzzle of costly conflict

Definition and example

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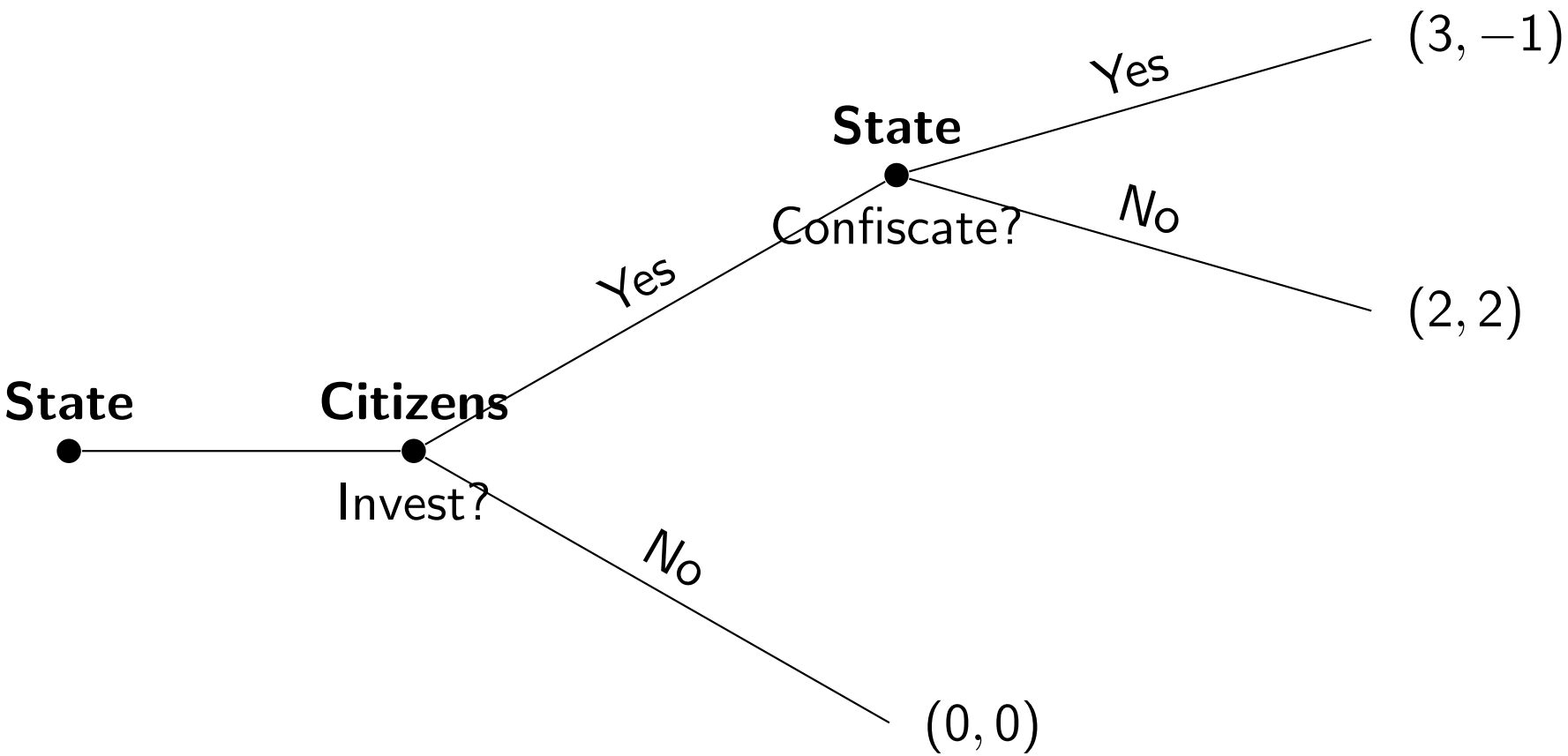
Predatory state: background

The fundamental political dilemma of an economic system is this: A government strong enough to protect property rights and enforce contracts is also strong enough to confiscate the wealth of its citizens. *(Weingast 1995 JLEO, pg. 1)*

Predatory state: model



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Transitional justice: background

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Question 2: Should the existing regime believe an offer of amnesty?

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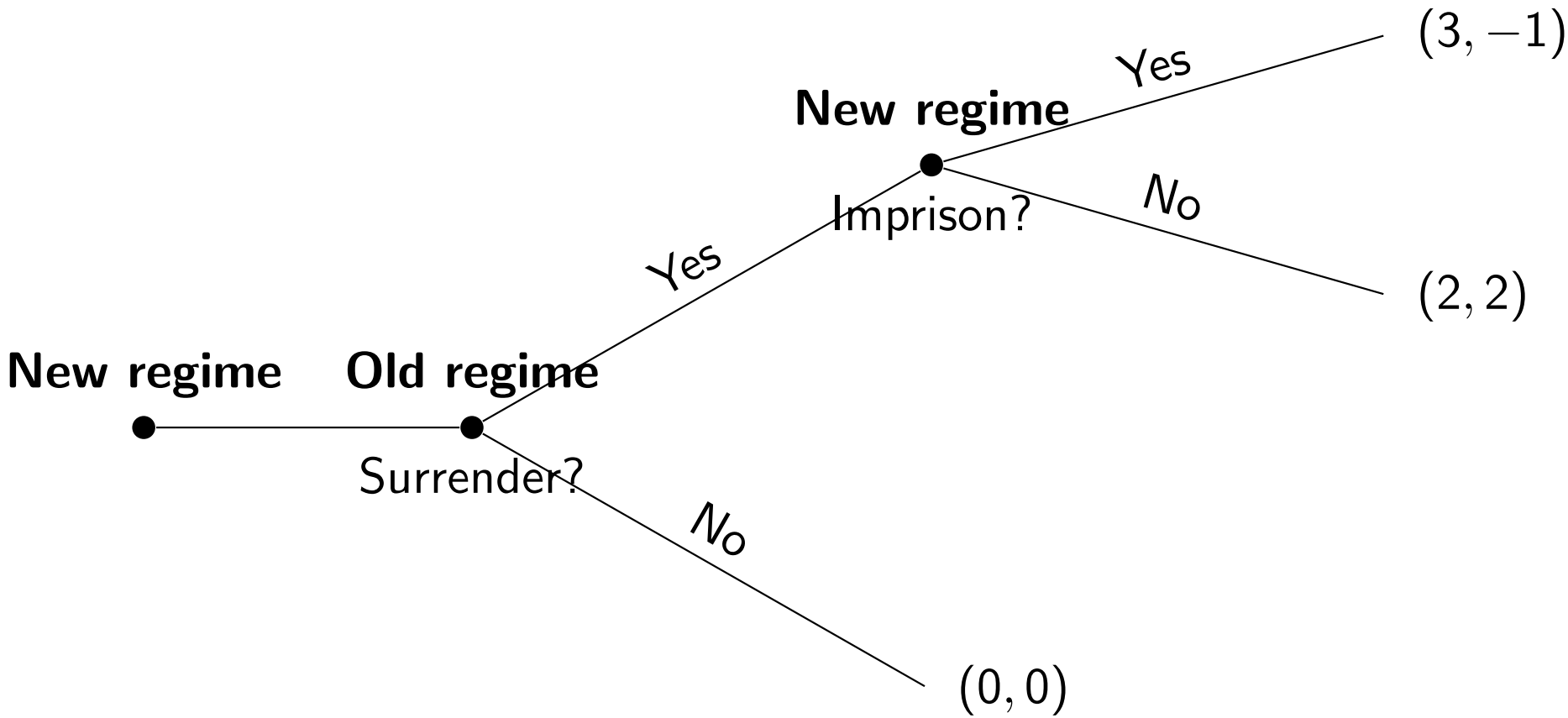

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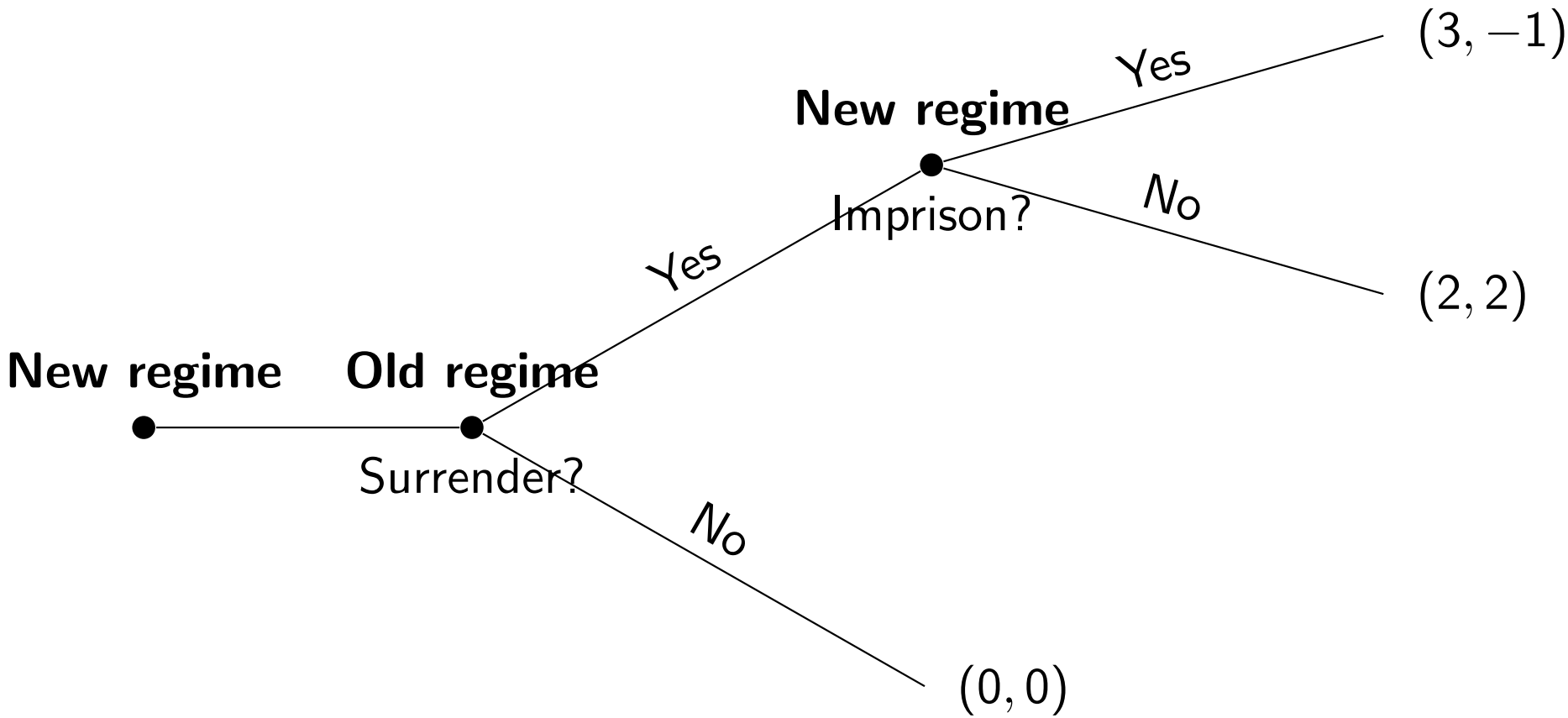

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This is also a model of conflict from commitment problems!

Introduction

Puzzle of costly conflict

Definition and example

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Other commitment problems in politics

Commitment devices

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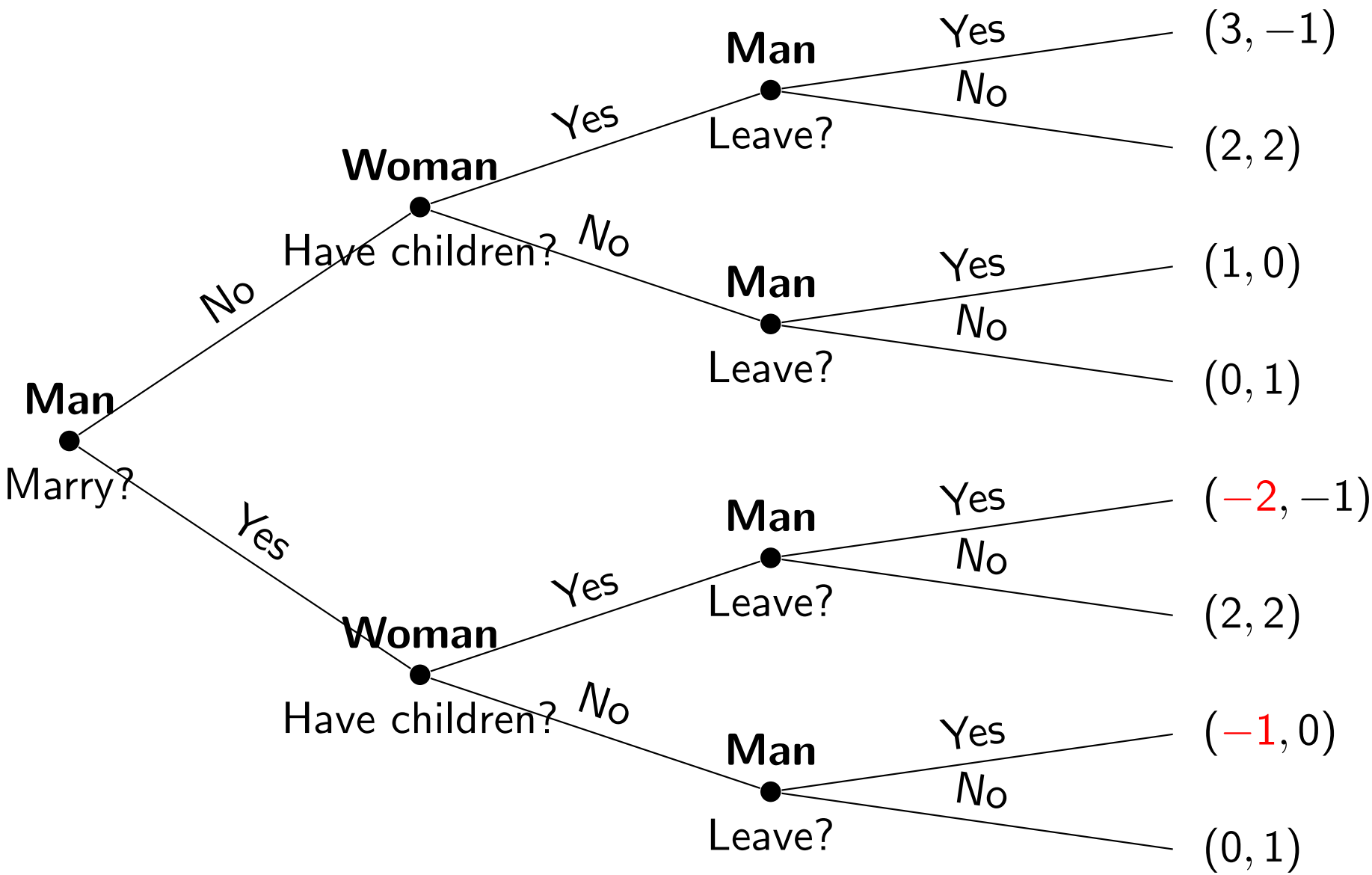
Commitment device

A **commitment device** is designed to change payoffs in a way that makes a threat or a promise credible.

Compare with **coordination device** (last week) and **signal** (next week).

Example: marriage game with marriage option



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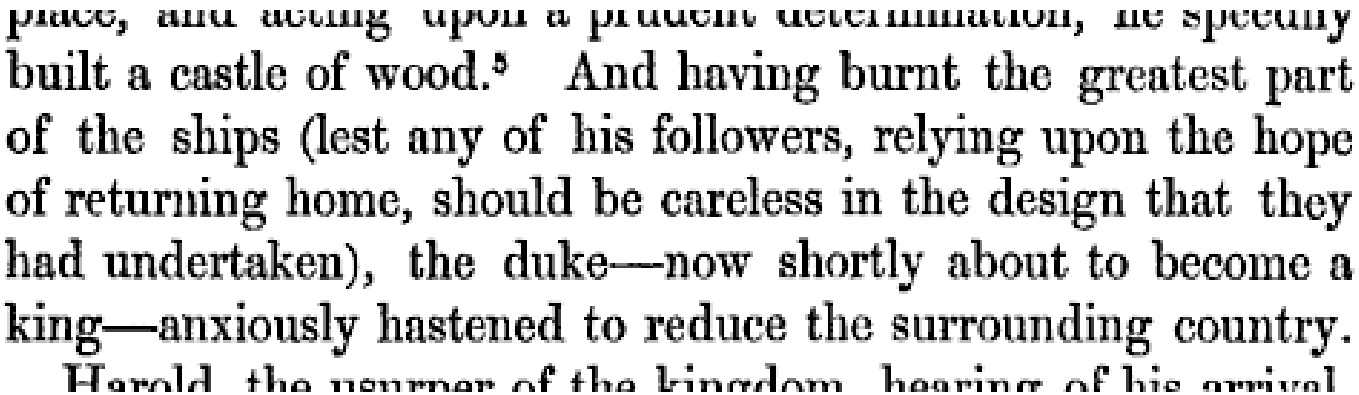
Commitment devices

How do we affect future payoffs? Two strategies:

- By taking actions that reduce the appeal of a "tempting" option (burning bridges, tying hands)
- By ceding control

Burning bridges (actually ships)

Chronicle of Battle Abbey (record of the invasion of William the Conqueror)



place, and acting upon a prudent determination, he speedily built a castle of wood.[5] And having burnt the greatest part of the ships (lest any of his followers, relying upon the hope of returning home, should be careless in the design that they had undertaken), the duke—now shortly about to become a king—anxiously hastened to reduce the surrounding country. Harold, the governor of the kingdom, hearing of his arrival

One way to formalize in terms of commitment problem: Two groups among invaders ("brave" and "cowardly"); perhaps both are better off when cowardly soldiers can't retreat. (Like marriage game where "cowards" are "man" and "brave" are "woman".)

Burning bridges (2)

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"Burning bridges" (or "tying hands") by raising domestic **audience costs**.

Why? To make the U.S.'s threat of force credible to Saddam Hussein and thus convince him to leave Kuwait.

Burning bridges (3)

One way of burn bridges is to **invoke reputation**: encourage others to view this case as connected to others.

> *If we break this promise, no one will (should) believe similar promises in the future.*

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Some challenges with **invoking reputation** as a commitment device:

- Unique circumstances (e.g. transitional justice)
- Whose reputation is at stake? (Current government's? All governments'?)

Ceding control

One solution for predatory state: delegate expropriation power to someone with different preferences, e.g. to a Parliament of property owners. (North and Weingast, 1989)

Other examples of commitment through delegation:

- Democratization as a commitment to redistribution (Acemoglu & Robinson, 2000 & 2005)
- Independent central bank as a commitment to consistently fighting inflation (Rogoff, 1985)

Democratization as commitment device

Claim: democratization is a commitment to distributing in the future that solves the domestic "war in response to changing power" problem.

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- but the rich will soon regain the upper hand (the poor cannot stay in the streets forever).

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Commitment device: democratization. Give power to the people, to avoid costly revolution.

Commitment and contracts

Most commitment problems (in the efficiency sense) would disappear if there were a third-party to enforce a contract.

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For example,

- **Transitional justice:** You leave power now and we agree not to prosecute you
- **Changing power:** You agree to this future division of the resource and we agree not to seize power when we are strong

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The problem (in politics) is that **states enforce contracts**; there is no one to enforce a **contract involving the state**.

External enforcement

How do states make commitments? A role for international organizations:

World Trade Organization:

- Voluntary membership requires members to follow certain guidelines in trade relations
- Disputes adjudicated (international orgs and NGOs provide *information*)–
- Violations result in specified punishments by other WTO members.

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What is the commitment problem the WTO solves? How does WTO membership "tie hands" / "burn bridges"?

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Conflict from commitment problems

Other commitment problems in politics

Commitment devices

Conclusion

Summing up: commitment and conflict

We have seen how conflict can result from an **inability to commit** to a **mutually-preferable peaceful path**:

- **Preventive war:** rising state cannot credibly promise to be generous when it is strong, so declining state attacks to prevent change in power
- **Preemptive war:** given first-strike advantages, neither state can credibly promise not to attack first

Everyone would be better off if they could write enforceable contracts (or find other commitment devices).

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This behavior makes most sense in light of incomplete information, **next week**'s focus.

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- Take actions now that affect future payoffs (e.g. spending now, invoking reputation, coordinating others' actions)
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No easy solution – often we're talking about *degrees* of commitment.