

Commitment: Threats and Promises, Wars and Parliaments

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LSE

1 March 2012

Introduction

Definition and example

Three political commitment problems

- Predatory state

- Transitional justice

- War in response to changing power

Three solutions to political commitment problems

- Reputation

- Burning bridges/giving hostages

- Delegation/power sharing

Conclusion

Plan

Goal: Understand **commitment problems** and a few important attempts to solve them

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Commitment problem?

COSMOPOLITAN








SEX/LOVE : HAIR/BEAUTY : CELEBS/STYLE : FOOD/COCKTAILS : SECRETS/ADVICE

[Homepage](#) | [Quizzes & Games](#) | [Quizzes](#)

Quiz: Are You a Closet Commitment-Phobe?

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

BY MOLLY FAHNER

Are You a Closet Commitment-Phobe?

By Molly Fahner



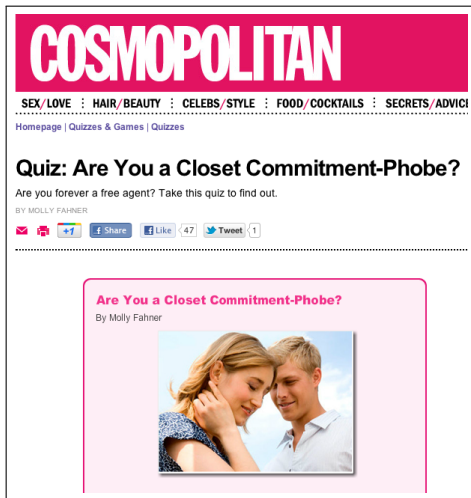
Commitment problem?



The image is a screenshot of a webpage from Cosmopolitan magazine. At the top, the word "COSMOPOLITAN" is written in large, white, bold letters on a red background. Below this, there is a navigation bar with links for "SEX/LOVE", "HAIR/BEAUTY", "CELEBS/STYLE", "FOOD/COCKTAILS", and "SECRETS/ADVICE". Underneath the navigation bar, there are links for "Homepage", "Quizzes & Games", and "Quizzes". The main heading of the article is "Quiz: Are You a Closet Commitment-Phobe?". Below the heading, there is a sub-heading "Are you forever a free agent? Take this quiz to find out." and the author's name "BY MOLLY FAHNER". There are social media sharing buttons for "Share", "Like", and "Tweet". The "Like" button shows a count of 47, and the "Tweet" button shows a count of 1. Below the social media buttons, there is a small image of a young couple embracing. The image shows a woman with blonde hair wearing a blue patterned top and a man with short blonde hair wearing a white shirt. They are both smiling and looking at each other. The background of the image is a bright blue sky with some clouds.

Cosmo: *Unwillingness* to commit.

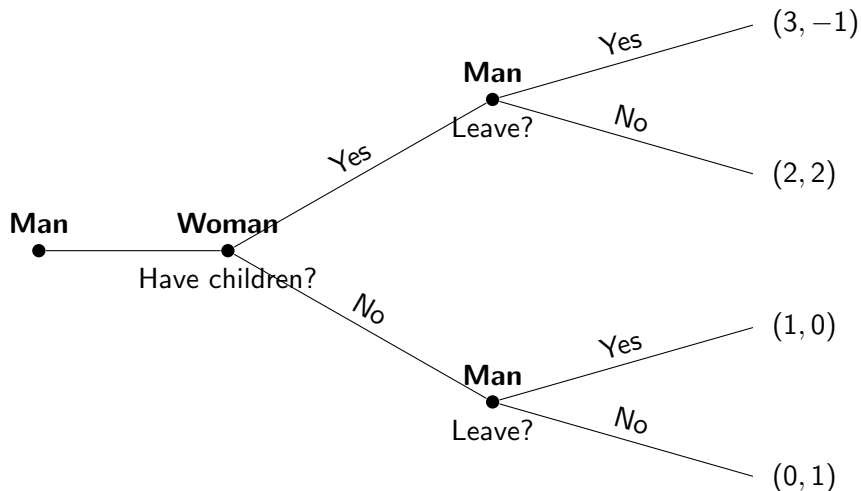
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Cosmo: *Unwillingness* to commit. **GV478:** *Inability* to commit.

Example: marriage game (with no marriage)



Note: payoffs are (man, woman)

Marriage game (no marriage): normal form

		Woman	
		No child	Child
Man	Stay	0,1	2,2
	Leave	1,0	3,-1

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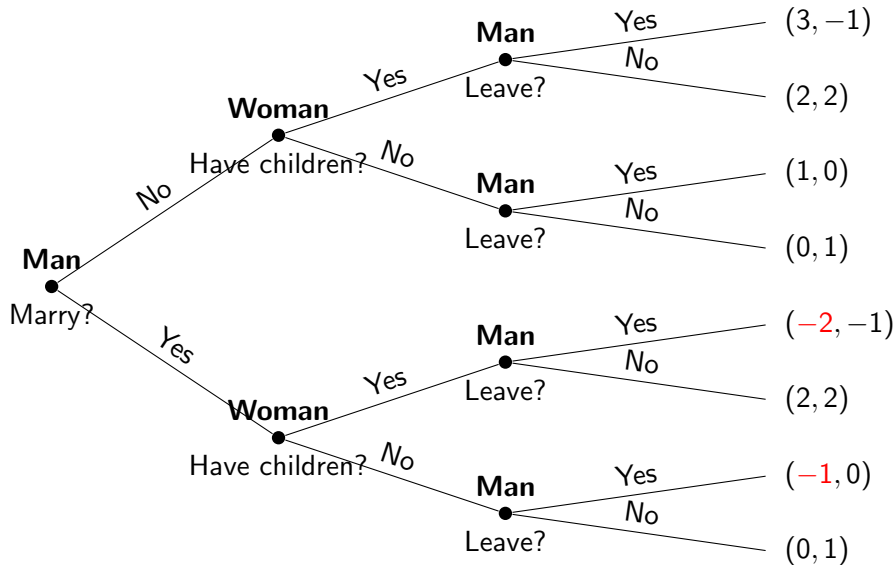
Extensive form or normal form?

In this case, either is fine.

But:

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

Example: marriage game with marriage option



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Key points

- ▶ **Order of play matters.** If man could choose “stay/leave” before woman chooses “child/no child”, both would be better off. (Compare to prisoners dilemma.)

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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 prisoners dilemma.)
- ▶ **Power is weakness.** Man’s problem is his ability to leave.
- ▶ Marriage is a **commitment device** – an action that makes a promise (or threat, generally) credible.

Key points

- ▶ **Order of play matters.** If man could choose “stay/leave” before woman chooses “child/no child”, both would be better off. (Compare to prisoners dilemma.)
- ▶ **Power is weakness.** Man’s problem is his ability to leave.
- ▶ Marriage is a **commitment device** – an action that makes a promise (or threat, generally) credible. Types of commitment devices:
 - ▶ Take actions to invoke reputation.
 - ▶ Burn bridges: take actions now that reduce attractiveness of “leaving” later.
 - ▶ Share/delegate power now to reduce/eliminate discretion later.
 - ▶ Others in Dixit/Nalebuff.

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In the marriage game,

- ▶ if the woman tells the man she will not have children with him unless he marries her, it's a *warning*.
- ▶ if the man tells the woman he will not leave if she has children with him, it's a *promise*.

Today is about threats and promises as *strategic moves* and the **commitment devices** players can (sometimes) use to make them credible.

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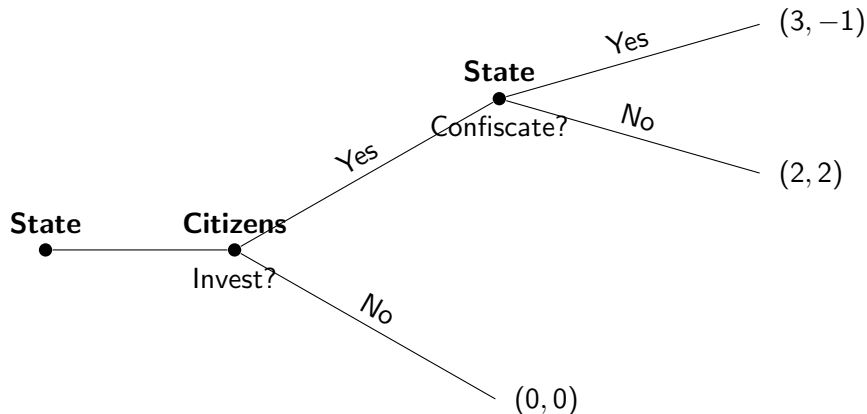
- Delegation/power sharing

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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



Note: payoffs are (State, Citizens)

Transitional justice: background

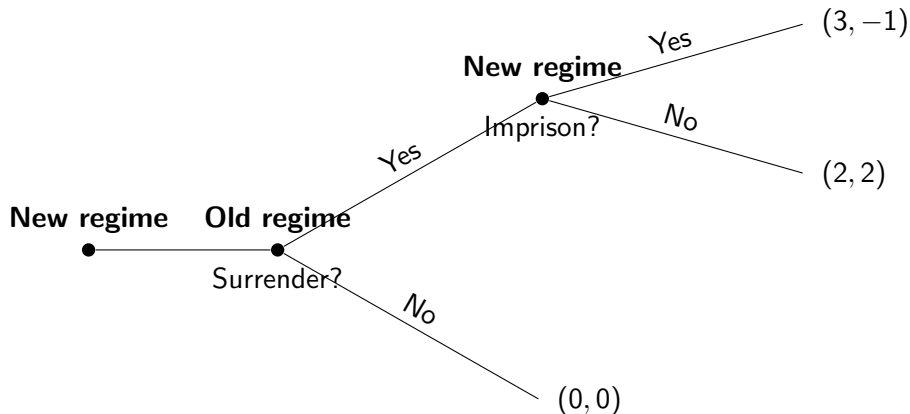
Question 1: When an existing regime is in danger of being toppled by rebels (a new regime), should its leaders be offered amnesty?

Transitional justice: background

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

Transitional justice: model



Note: payoffs are (New regime, Old regime)

War in response to changing power: basic idea

War is costly. In most conflicts, there is a peaceful solution that both sides would prefer to war. (Fearon 1995, Frieden et al 2010)

Fearon (1995) (popularized and extended in Frieden et al 2010) asks: Why then does war occur?

One reason: commitment problems resulting from changes in power over time.

War in response to changing power: basic idea (2)

Basic idea:

- ▶ Suppose two players, A and B
- ▶ Economy produces 1 unit of output in each of two periods: now and future.
- ▶ Players divide it in each period; they can divide it peacefully or fight over it.

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- ▶ \implies B might choose to fight now, even though there is a peaceful division of the economy in each period that is better for both players.

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(See problem set for more.)

War in response to changing power: applications

Applications of this idea (see Frieden et al (2010), Fearon (1995)):

- ▶ Preventive war:
 - ▶ Germany and Russia in 1914: Russia rising; Germany seeing “window of opportunity”

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- ▶ Preventive war:
 - ▶ Germany and Russia in 1914: Russia rising; Germany seeing “window of opportunity”
 - ▶ U.S. et al. and Iraq in 2003: desire to change the regime before it gets strong
- ▶ Starting any revolution: the rebels' power is transitory (coordination, collective problems) \implies they may not trust promises by the government
- ▶ Ending any civil war: peace involves disarming the rebels \implies peace agreements rarely successful without military defeat (see appendix to Frieden et al (2010))

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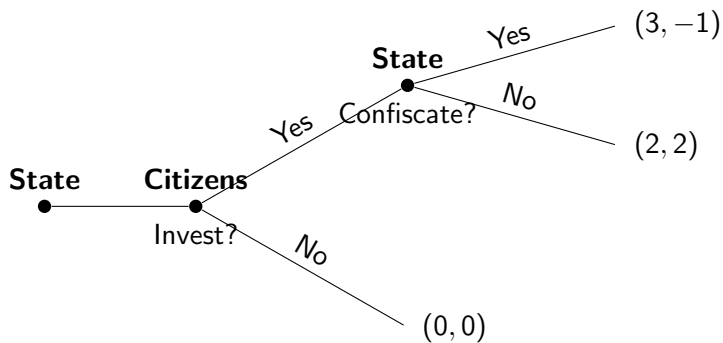
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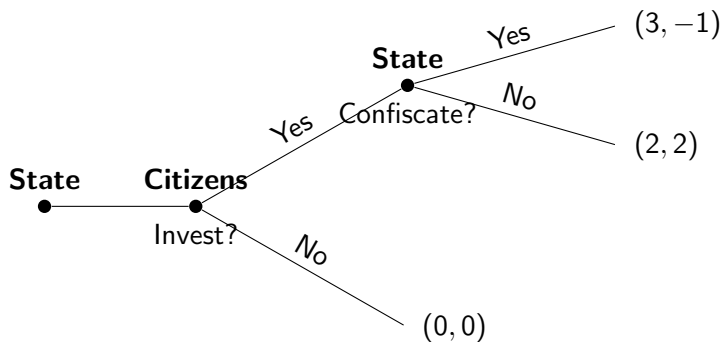
Delegation/power sharing

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Reputation and the predatory state



Reputation and the predatory state



Clearly, game is repeated. ("Stationary bandit" vs. "roving bandit", Olson (1993).)

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North and Weingast (1989): Reputation often but not always enough to constrain the state.

Burning bridges/giving hostages: definition and historical political examples

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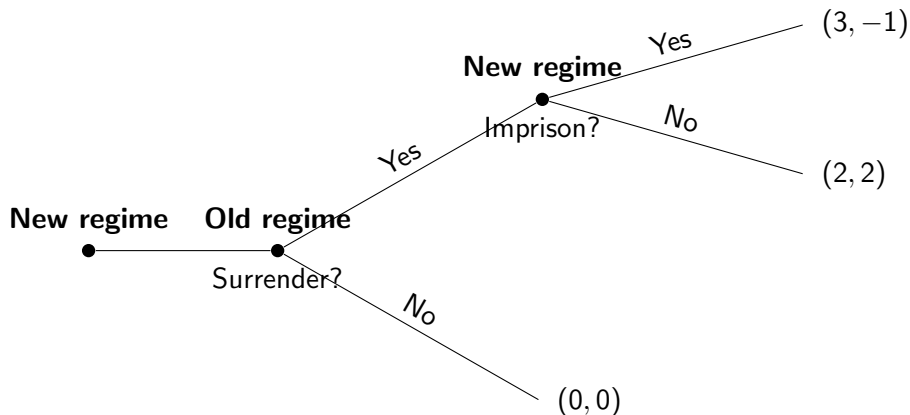
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- ▶ **Giving hostages to seal agreements**
 - ▶ Edo-era Japan (1603-1868): warlords’ families stay in Tokyo
 - ▶ Treaty of Aix-la-Chapelle (1748): two English noblemen sent to France to ensure that England fulfills obligation to transfer Cape Breton

Application to transitional justice (Nalepa 2010)

Recall:



Note: payoffs are (New regime, Old regime)

Application to transitional justice (Nalepa 2010) (2)

Nalepa argues old regime gave up more readily when they could signal that they had information about collaborators within the new regime, i.e. “skeletons in the closet”.

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Archivist, quoted in Nalepa (2010), on Polish transition:

The Communists promised not to come back to power in return for lack of transitional justice. The files of secret agents who had been Solidarity members were the guarantor of the promise. The contract was of the sort “we have something on you and you’ve got something on us”.

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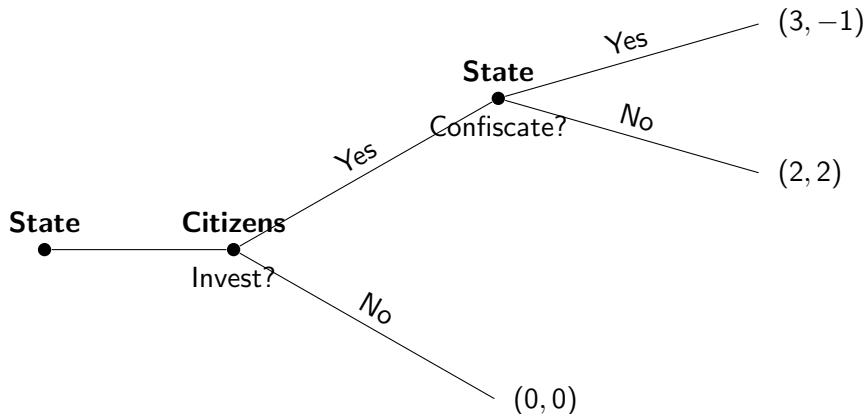
Note: In this case, the old regime had “hostages”, but they were not voluntarily given.

Could voluntary/strategic hostage-giving have worked?

What secures commitment in e.g. South African transition?

Delegation/power sharing: predatory state

Recall:



Note: payoffs are (State, Citizens)

Delegation/power sharing: North and Weingast (1989)

Focus on England around . . .

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Revolution Settlement:

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- ▶ Weingast (1997): citizens constrain the state through coordination (i.e. focus on effects of citizen behavior on state behavior)
- ▶ North and Weingast (1989): economic growth through constraints on the state (i.e. focus on effects of state constraints on citizen behavior)

Delegation/power sharing: North and Weingast (1989) (2)

Evidence that delegation resolved commitment problem (North and Weingast 1989):

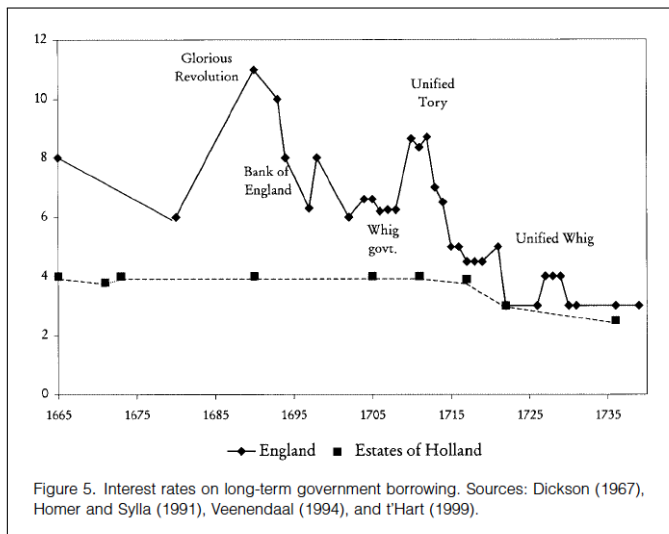
TABLE 3
GROWTH OF GOVERNMENT DEBT, 1618-1740
(£ million)

Year	Governmental Expenditure ¹	Debt ²	Prices ³ (1701 = 100)
Stuart England			
1618 ⁴	£0.5	£0.8	
mid-1630s ⁵	1.0	1.0	
1680 ⁶	1.4		113
1688 ⁶	1.8	1.0 ⁷	99
Post Glorious Revolution			
1695	6.2	8.4	116
1697	7.9	16.7	122
1700	3.2	14.2	115
1710	9.8	21.4	122
1714	6.2	36.2	103
1720	6.0	54.0	102
1730	5.6	51.4	95
1740	6.2	47.4	100
1750	7.2	78.0	95

Note: Because these figures are obtained from a variety of sources, they are intended solely to provide an indication of underlying trends. Figures for expenditures and debt after the Glorious Revolution are most reliable.

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

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Commitment problems in game theory: actors want to make threats or promises that are not credible.

Examples:

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- ▶ **Predatory state** wants to commit to **not steal**, so that citizens will **invest**.
- ▶ **New regime** wants to commit to **amnesty**, so that old regime will **hand over power**.
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Next week: Signaling models.