

Brought to you by:

**ASTRA**

# **POLITICAL SCIENCE AND COMPARATIVE POLITICS**

## **1° BIG**

Written By:

**Carlo Pagliula**

Curated By:

**Susanna Goso**

2023-2024 Edition

Find more at:

**[astrabocconi.it](http://astrabocconi.it)**

This handout has no intention of substituting University material for what concerns exams preparation, as this is only additional material that does not grant in any way a preparation as exhaustive as the ones proposed by the University.

Questa dispensa non ha come scopo quello di sostituire il materiale di preparazione per gli esami fornito dall'Università, in quanto è pensato come materiale aggiuntivo che non garantisce una preparazione esaustiva tanto quanto il materiale consigliato dall'Università.



## LECTURE 1 LIVIO

### Theories and Arguments

- **Linking variables:**
  - *Dependent*: what we're trying to explain (eg: success or failure of a Revolution);
  - *Independent*: what we think will help us in explanation (eg: military's loyalty)
- **Assumptions**: deductive theories
- **Logic**
- **Predictions/hypothesis**: that links depend. to indepen. variables. We need to test these against past data (selecting on the dep. variables).

### Conditions for an event to happen:

- *Sufficient cond.*: what's enough for an event to happen;
- *Necessary and insufficient cond.*: what needs to be there, but not enough;
- *Strictly only insufficient cond.*: something that adds up but it's not essential.

### INDUCTION

One piece of data leads to the next (from specific cases to norm)

### DEDUCTION

Opposite of Induction: from norm to specific cases

### HOW TO BUILD THEORIES? Build a Model

**MODEL**: simplification of a phenomenon, it gives specific info, none of them is more true than the others, because each model analyze a specific character. LOGICAL CONSISTENCY IS ESSENTIAL!

## LECTURE 2 LIVIO

**Commitment problem**: A commitment problem is a situation in which people cannot achieve their goals because of an inability to make credible threats or promises. If both players in the Prisoner's Dilemma could make binding promise to remain silent, both would be assured of a shorter sentence. (EG: Terrorists that keep on asking things, compromise between gov and terrorists.)

**GAME THEORY** The traditional methods of game theory addressed two-person zero-sum games, in which each participant's gains or losses are exactly balanced by the losses and gains of other participants. DETERRENTS AND INCENTIVES (look at notebook 4 more)

$$b - Kq > 0$$

↓ adv.      ↑ Cost/punish.      ↓ probability

} convenient to copy

$$\begin{array}{l} b > 0 \quad S \in \{0, 1\} \\ K > 0 \quad P \in \{0, 1\} \end{array}$$



## Assumptions

- Assumptions about incentives related to the particular phenomenon of interest should be correct
- Assumptions meant to simplify the environment can be unrealistic
- To judge the role of an assumption, need to ask what it contributes to the theory
  - *what happens to the predictions if we take it out?*
- If we made silly assumptions, we will (likely) get silly conclusions.
- But they will be logically valid
- Our results are only as good as our assumptions

## Hypotheses vs Laws

- Hypotheses are theoretical predictions
  - Laws are empirical regularities
- Examples:
- Newton's laws of motion
  - Democratic peace
    - *Democratic states do not fight each other - BUT WHY?*
    - *Most recent presidential inaugural speeches embrace democratic peace, but whether this is good depends upon why the result is true*

## SYLLOGISM : STATEMENTS

Need to learn how to evaluate arguments and statements.

A statement is a sentence or a mathematical expression that is either definitely true or definitely false.

ex.  $6 \times 3 = 18$  is a (true) statement

$6 \times 3$  isn't a statement

There are seven days in a week is true a statement

Every odd number is a prime number is a false statement

We often give statements single-letter names, as we do for variables.

ex. P:  $6 \times 3 = 18$

An **argument** is a set of logically connected statements, typically in the form of a set of premises and a conclusion.

A **premise** is a statement that is presumed to be true within the context of an argument leading to a conclusion.

A **conclusion** in an argument is a claim that is thought to be supported by the premises.

An argument is **valid** when accepting the premises compels us to accept its conclusion.

An argument is **invalid** if, when we accept the premises, we are free to accept or reject its conclusions.

A categorical syllogism consists of a **major premise**, a **minor premise** and a **conclusion**.



**Major premise** is typically a conditional statement

If X is antecedent, then Q is the consequent Ex. If you study, then you will get a good grade.

The **minor premise** consists of a claim either about the antecedent or the consequent of the conditional statement

The **conclusion** is a claim that is thought to be supported by the premises

**NOTE.** When the premise P is false, the **implication  $P \rightarrow Q$**  is vacuously true In mathematics and logic, a vacuous truth is a conditional or universal statement that is true because the antecedent cannot be satisfied. It is sometimes said that a statement is vacuously true because it does not really say anything. Wikipedia NOTE. When the premise P is false, the implication  $P \rightarrow Q$  is vacuously true In mathematics and logic, a vacuous truth is a conditional or universal statement that is true because the antecedent cannot be satisfied. It is sometimes said that a statement is vacuously true because it does not really say anything. Wikipedia

Ex. If  $2+2=76$ , then today my hair is growing back

Since the premise is false we can not evaluate the implication, which review on the premise being true (this is just an example)

Be careful if  $P \rightarrow Q$  it doesn't necessarily mean that  $Q \rightarrow P$  Ex.  $P \rightarrow Q$  if you are the prime minister, then you are a human  $Q \rightarrow P$  if you are a human, then you are the prime minister NO NO

	Antecedent	Consequent
Affirm	Valid	Invalid
Deny	Invalid	Valid

### HOW TO EVALUATE THEORIES

Empirically scientists evaluate their theories by examining if the implications they supposed are true -  
> If a theory is true then its implications must also be true

We have a theory "if A then B"

Empirical test — if A occurs but B doesn't that the theory is false

Ex 1. Bipolar stability

If we are in a bipolar world (ex. Cold war) A, then there should be no large scale war B **FALSIFICATION** could be if we observe a large scale war

Ex 2. Democratic peace

If two nations are democratic A, then there should be no war between them B **FALSIFICATION** a war occurs between two democratic countries

### !! DENYING THE CONSEQUENT/ CONCLUSION: VALID

When an implication of our theory is disconfirmed, we are compelled to conclude that our theory was wrong.

In other words if while testing a theory we realize that the conclusion we derived was wrong then the theory must be wrong.

The same doesn't happen when affirming that a theory is true.

### AFFIRMING THE CONSEQUENT: INVALID

When an implication of our theory is confirmed the most we can say is that that theory **MAY** be correct.

In other words we can never be 100% sure that our knowledge is correct.



(For those who did it in high school you can look at the story of "il tacchino induttivista")

"All our knowledge remains tentative and cannot ever be proven"

Since confirming observations doesn't prove that a theory is correct, does this mean that there is no use whatsoever for trying to gain knowledge? NO

As a master of fact if our observations are consistent with our theory than we have a greater measure of confidence in our theory (because it withstood a greater chance of being falsified).

#### **TYPES OF CONDITIONAL STATEMENTS**

**Necessary** if not A then not B (you can't B without A)

Ex. You need a passport (A) to international travel (B)

!! necessary doesn't mean that if A happens than B **MUST** happen

**Sufficient** if A than B (if A happens, B happens as well)

Ex. If it rains (A) the ground gets wet (B)

!! rain isn't the only thing that can get the ground wet but it's sufficient

**Necessary and sufficient if not A not B and if A than B**

### **LECTURE 3**

- Country: a territory and group of people
- Nation: a human group with more or less mythical "common ancestry"
- State: an organization that has specific way of obtaining compliance and reaching its goals
- Nation-state: specific type of state that rules over a nation
- In polisci, state is not country nor nation
- Examples of
  - States that are not nations? *URSS, USA*
  - Nations without states? *Catalunia*

**WEBER'S DEFINITION:** organization that successfully claims monopoly of legitimate use of physical force within a given territory

- Organization
- Monopoly
- Physical force
- Legitimacy
- Success
- Territory

Monopoly of the force (hooligans, organized crime etc)?

What's the limit and definitions of legitimacy (both domestic and international)?

Other definitions

- **Randall Collins:** the state is first and foremost the army and the police
- **Charles Tilly:** centralized, differentiated organization, that successfully claims control over main means of violence within population inhabiting large contiguous territory (his predatory view: State sells protection from itself)
- **Douglass North:** organization with comparative advantage in violence, extending over geographic area with power to tax constituents



## POSITIVE VS NORMATIVE

- POSITIVE: *as things are*
- NORMATIVE: *as things ought to be*

**We'll analyze states by normative view (getting things done: coercion using violence)**

A state is failed when it loses monopoly of force and collect the least amount of money.

STATE'S OBJECTIVE: dictated by politics, States might not want to control force (USA guns) or control disease, even if they could do so.

### States and the International System

- Norm of territorial integrity
- International system preserves states
  - ...even when they are weak or failing.

### Non-state actors and contested sovereignty

- organizations that act like states (try to monopolize violence and extract revenues )
- but lack well-defined territory
- other organization (e.g., a former non-failed state) also claims monopoly
- example of ISIS: claim control of part of territory also claimed by Syrian Arab Republic

### State of nature

- Hobbes' "war of all against all"
- life is "short, nasty, brutish, etc.etc."
- why?
- state of nature as thought experiment
- choice between
  - producing
  - "grabbing"
- state of nature as paradigmatic case of *coordination failure*

CONTRACTARIAN VIEW: society gives its willing to the State, in exchange for order

### **BANDITS: ROVING VS STATIONARY**

**ROVING BANDITS:** *can plunder and move on, no incentives to invest or produce, people will just produce the bare minimum (cioè che senso ha produrre se poi glielo rubano boh)*



**STATIONARY BANDITS:** (*mafia eg*) rational monopolization of theft, set “tax rate” such that people produce more, element of predictability, protection instead from roving bandits.

TILLY: states make wars, wars make states → competition= need to pay for war leads to setting up bureaucratic machine

In Europe: **Gryzmala-Busse (2020):** European states emulated the Church’s bureaucratic capacities.

## LECTURE 4 W

### OUTRIGHT PREDATORY STATE

- Rulers see country as personal property
- State → extortion racket
- Freely plunder any resource
- Public offices, court rulings, police enforcement all for sale
- Predatory behavior inhibits economic activity → get large share of small pie
- Prefer stationary bandits if long period → longer period of time in future than roving.

public good provision: a continuum from

1. keeping out roving bandits
2. basic order / physical integrity
3. contract enforcement and property rights
4. infrastructure
5. health and education

- incidental to the revenue-seeking behavior of the dictator
- only invest in public goods to the point in which marginal revenue equal marginal cost
  - can think of stationary bandit as “selling” order (or other public goods)
  - in exchange for revenues
  - revenues first increase, then decrease with tax rate
  - disincentive to produce and invest
  - crucial: dictator charges monopoly price
  - not the welfare-maximizing price and quantity
  - democracy as competition between “candidate stationary bandits”
  - democratic political leaders are as self-interested as the stationary bandit
  - want to obtain majority support
  - candidate needs to “buy” 50%+1 of population

### Limitations to the Predatory View?

- Predatory view of state formation a useful theoretical tool. • But what are some of its shortcomings in explaining
- political developments in the real world?
- People have agency in responding to coercive power
- Political leaders are not purely / always self-interested (ideology, morality)

Variation in state behavior



- can we explain variation in state behavior?
- want general tools to understand why some states are predatory and other are benign, etc.
- understanding variation in behavior of states requires other conceptual frame: *political regimes*
- move down ladder of abstraction and think about **how powers in society are allocated**

#### State, Regime, and Government: USA

- State: political institutions, bureaucracy, military, etc
- Regime: democracy
- Government: currently, the Biden administration and the 117<sup>th</sup> congress

#### State, Regime, and Government: Egypt

- State: political institutions, bureaucracy, military, etc
- Regime: authoritarian
- Government: President Sisi and his cabinet
  - Regimes can change: from auth to dem in 2011, from dem to auth in 2013

#### Payoffs: steal or refrain

- Ordinal payoff (preference ordering)
- Cardinal payoff → steal = a (benefit) - p (punishment)
- NASH EQUILIBRIUM → no player changes their mind, dominant equilibrium

Civil society → bigger power that forces to refrain:

- People give natural rights to sovereign
- They have in exchange civil rights

How Does Political Science View Democracy?

- **competition (Schumpeter):**
  - central element is having teams of politicians competing for power to make policy
  - citizens' influence stops after election
  - minimal requirements of freedom (speech, media) to ensure that competition is real
- **responsiveness (Dahl) aka "congruence":** policy preferences of every citizen given (approximately) equal weight
- all these are *procedural* definitions: democracy as a "method" to rule
- actual policy outcomes not part of definition

### LECTURE 5

- STATE: entity that uses coercion and threat of force to rule in a given territory
- GOVERNMENT: set of people who run the state
- REGIME: set of rules or institutions that determines how the gov is constituted, organized and how decisions are made





**DEMOCRACY** → contestation, alternating of parties. (Przeworski)

1. Substantive view → outcomes produced
2. Minimalist or procedural view → institution and procedures

Minimalism → Dahl: high levels → POLYARCHY

- Contestation
- Inclusion

- ex-ante uncertainty (winner not know in advance with certainty)
- ex-post irreversibility (if opposition wins, it can take office)
- replicability (whoever wins does not discard rules)

- *democracy as temporary suspension of conflict*
- *democracy benefits from stalemate in social conflict*
- *democracy not about “discovering the general will”*
- *simply accepting that “the other team” has won, but will not rule forever*
- *also notice that anti-majoritarian provisions (e.g., bill of rights + constitutional court) not part of definition*
- *freedoms as byproduct of the temporary nature of victory?*

#### **THE DD MEASURE: dichotomous**

*It provides operational version of conceptual definition, it excludes substantive outcomes → purely minimalist*

#### **Checklist:**

- *chief executive elected*
- *legislature elected*
- *more than one party*
- *alternation in power has taken place*

failing just one of these → classified as dictatorship

#### **Varieties of Democracy**

• agnostic (and inclusive) in terms of definition of democracy • various views (with respective definitions):

1. **electoral democracy**: rulers responsive to citizens through elections.
2. **liberal democracy**: elections take place and expansive rights protected.
3. **participatory democracy**: participation by citizens in electoral and non-electoral processes.
4. **deliberative democracy**: common good motivates decision-making.
5. **egalitarian democracy**: equality of rights, distribution.

*Other measures: Polity IV* (clear coding scheme from -10 to 10, more focus on constitution, (a) the competitiveness of executive recruitment, (b) the openness of executive recruitment, (c) the constraints that exist on the executive, (d) the regulation of political participation, and (e) the competitiveness of political participation) **and Freedom House** (political and civil rights focus)





### WAVES OF DEMOCRACY

- After WW1
- After WW2
- After USSR fall

Today → stall of democracy, spread of **autocracy**

#### 3 different measurement levels:

1. Nominal measure → discrete categories, mutually exclusive and collectively exhaustive (DD)
2. Ordinal measure: tells if a country has more or less democracy
3. Interval measure: how much a country is demo or dict (Polity and Freedom World)
  - **RELIABILITY** → same case repeated
  - **VALIDITY** → reflects reality or not?
  - **REPLICABILITY** → can be done by other scholars

### AUTOCRACY

*Or authoritarian regime, dictatorship (autocrat, dictator)*

- no political pluralism
- no social and economic pluralism
- elaborate ideology with “reachable utopia”
- extensive mobilization, mandatory organizations, hostile to private life
- charismatic leadership with undefined limits and unpredictability

NON-DEMOCRACY AUTOCRACY but NOT TOTALITARIAN → Jordan after independence

*(also: bureaucratic-authoritarian, sultanistic etc)*

- All dictators rely on some support coalition to seize power (Haber refers to the “launching organization”)
- No one governs alone, need of support

#### Two questions of classification:

- Which type of institution holds the most power?
  - **Monarchies** are led by dictatorial monarchs who often rely on family and kin networks for power. The succession process varies but typically involves consensus within the royal family.

Examples include Qatar, where the emir appointed his family members to key government positions.

- **Military dictatorships** are characterized by rule by high-ranking military officers, either individually or as part of a junta. They often present themselves as guardians of national interest, but motivations may be influenced by class conflict or corporate interests. The main threat to stability in military dictatorships often comes from factions within the military itself. Examples include Chad, Burma, and Central African Republic.
- **Civilian dictatorships** lack an immediate institutional support base. These leaders may create new institutions like regime parties or personality cults to maintain power. Examples include North Korea, Uzbekistan, and Zimbabwe.
  - I. **Dominant-party dictatorship** → one party dominates access to political office and control over policy, though other parties may exist and compete as minor players in elections (*Geddes*)
    - Soviet *nomenklatura* in the 1980s, Voslensky (1984, 98) writes, “While a party card is of course no guarantee of success, lack of it is a guarantee that you will not have a career of any kind.”
    - One way to think of this “multipartism” is that it represented a menu of contracts, allowing people characterized by different political attitudes (and differing degrees of opportunism) to sort themselves out. Membership in each party entailed a different degree of identification with the regime (Ghandi and Przeworski)
    - “tragic brilliance” of the regime, in which “citizens’ choices are free, yet they are constrained by a series of strategic dilemmas that compel them to remain loyal to the regime” (Magaloni 2006, 19)
  - II. **Personalistic dictatorship** → the leader, although often supported by a party or the military, retains personal control of policy decisions and the selection of regime personnel.
    - Characterized by a weak or nonexistent press, a strong secret police, and an arbitrary use of state violence that keeps the population living in constant fear.
    - Consider Saparmurat Niyazov, who ruled Turkmenistan from 1985 to 2006. His book, the *Ruhnama* (Book of Souls)
    - Green Book by al-Qaddafi and Red Book by Chairman Mao
    - The **dictator’s dilemma** is that he relies on repression to stay in power, but this repression creates incentives for everyone to falsify their preferences so that the dictator never knows his true level of societal support.
- **Electoral authoritarian regime**, leaders “hold elections and tolerate some pluralism and interparty competition, but at the same time violate minimal democratic norms so severely and systematically that it makes no sense to classify them as democracies, however qualified” (Schedler 2002, 36).
- A **politically closed authoritarian regime** is one in which no opposition party is granted a legal space in the political arena. (EG. China, Cuba, Turkmenistan, North Korea, and Burma)
- **Selectorate theory** characterizes all governments by their location in a two-dimensional institutional space. One dimension is the size of the selectorate, and the second dimension is the size of the winning coalition.
- The **disenfranchised** → residents who do not have the legal right to participate in choosing the government. The selectorate is the set of people who can play a role in selecting the leader. The winning coalition includes those people whose support is necessary for the leader to stay in power.



- How broadly does the autocrat share power?
- Are there other institutions like legislatures, elections, parties?
- Do these institutions provide political actors other than the dictator with influence?

**Geddes** (1999) developed first systematic classification scheme based on dictator's key support group.

- **Three regime types:**
  - *Party regimes*
  - *Military regimes*
  - *Personalist regimes*

**Maglioni, Chu, and Min (2013)** use a similar coding scheme.

- *Four regime types*
- *Single party regimes*
- *Multi-party regimes*
- *Military regimes*
- *Monarchies*

#### **LOSING POWER**

Competitive elections not accepted means of choosing leaders = autocrats always fear losing power. Leader changes are *unpredictable*.

AUTHOCRATS CAN BE REMOVED IN TWO WAYS

- By other political elites (i.e. a coup)
- By the masses (i.e. an uprising)

***Military last the least***

#### **Problems with Elites**

- Officers care about privileges for military beyond direct control of government; they also care about military unity.
- Difficulties of governance cause splits in military, and splits create pressures to return to the barracks.

#### **Problems with Masses**

- Military rule is a particularly visible violation of democratic principles.
- Provides a focal point for mass opposition.

***Party quite stable***

#### **Benefits to Elites**

- System of promotion and privilege for party members.
- For top elites, institution to check the autocrats.

#### **Control of Masses**

- Network of informants to monitor the public.
- Organization to facilitate patronage distribution.



### *Monarchy's the most stable*

#### **Advantages with Elites**

- Hereditary norms facilitates coordination over succession.
- Hereditary norms reduce competition between autocrat and elites.

#### **Advantages with Public**

- Monarchs better at blame avoidance.
- Monarchs better at pretending to be democrats.

## **LECTURE 6**

### **DICTATORSHIP: Personalization and Institutionalization**

Eg. Saddam Hussein, 1980s, monopolizes all political power in Iraq (personalization)

Eg2: King Mohammad in Morocco has power but the Parliament gets elected in mostly free competitions (less personalization)

#### **Benefits of Legislatures: Elites**

- Legislatures provide arenas for elites to influence decision-making.
- Formal powers to query government, sometimes propose bills, advocate for policies.
- Regular access to ministers and other government bodies: facilitates coalition-building to push for policy change.
- Legislator immunity / connections useful for business opportunities and corruption.

#### **Benefits of Legislatures: Masses**

- Whether elected fairly or not, legislators often have relationships with their constituents.
- These relationships can be used to provide limited representation.
- Collect information about what the public wants and pass it up to the autocrat.

#### **Democracy and development**

- empirical fact: rich countries are usually democracies
- poor countries are usually autocracies
- main problem: correlational evidence
- squeezing a causal story (development → democracy) more complicated
- notable exceptions to pattern:
  - rich Gulf autocracies
  - some relatively poor democracies (largest one: India)



Three possible stories:

- Development causes democracy (i.e. modernization theory)
- Development sustains democracy (i.e. survival theory)
  
- Democracy causes development

### Naive" modernization theory (most supported)

- 1950's idea: all countries go through same stages
- large agricultural sector → small agricultural sector
- small industrial and service → industrial and service economy
- ascribed status → status based on achievement
- religiosity → secularism
- autocracy → democracy
- posited as co-evolution (that just "happens")

### The "Survival story" (every country can become democratic but only rich ones survive)

- democratization attempts can be explained by proximate causes (splits in elite, attempts to broaden base of regime, etc.)
- in rich countries, opportunity cost of fighting/coup/revolution too high → stay democratic once you are democratic
- notice also that rich autocracies are simply countries that never got the chance to experiment with democratic institutions

### Modern" modernization theory: the argument BOOK

- Starting point: Predatory view of state, with rulers wanting to extract from the people
- As countries develop, different sectors emerge
- Often a shift from agriculture to industry and commerce
  - Important because some sources of income harder to tax
  - In this case, a shift from less mobile assets (e.g., landed estates) to more mobile assets (e.g., factories moved to another country) to non-expropriable (cannot be taken away, such as engineer education) assets (e.g., engineering training)
  - more mobile assets →
    - take assets out of country if expropriation attempted
    - cannot force "enslaved engineer" to invent brilliant devices
- When taxes are harder to collect, rulers offer to limit their powers, making democracy more likely

### COMMITMENT PROBLEM

- Why wouldn't the government just borrow the money? Credible commitment problem
- pervasive problem in social interactions
  - A promises something to B
  - B does/gives something to A now
  - A will pay back at later time



- A wants his promise to be believed...
- but B fears that, when the time comes, A will renege
- how can A increase credibility of promise?
  1. 1 contract (third party enforcement)
  2. 2 repeated interaction

## Inequality, Redistribution, and Democracy

- A common argument is that inequality worsens prospects for democracy
- But our theory also explains how modernization makes this problem less severe
- assume tax rate  $\tau = 100\%$
- everyone receives equal transfer  $b = \frac{Y}{N}$  where  $Y = \text{total}$

economic output and  $N = \text{total population}$

- $b = \text{average income in the country: } y$
- anyone whose  $y_i$  is below average prefers the average  $y$  to their own income  $y_i$
- agents with income less than average are net beneficiaries of redistribution: get back more than they pay in
- notice with *progressive* taxation (variable  $\tau_i$ , higher rate for higher incomes), even *more* appetite for tax
- 100 people

EG:

- 80 "poor", income 1000 euro
- 20 "rich", income 5000 euro
- total income is 180000 euro
- average income is 180000 euro / 100 people = 1800 euro • decisive voter is poor
- if set tax rate equal to 100%:
- poor agent pays in his entire income: 1000 euro • rich agent pays in his entire income: 5000 euro

## LECTURE 7

### CULTURAL ARGUMENTS:

- **Primordialist** (Gertz: democracy not for everyone): culture as seen as objective and inherited
- **Constructivist**: culture as invented and constructed, thus not a barrier for different political institutions

### TWO CLASSICAL ARGUMENTS → MILL AND MONTESQUIEU

- **Montesquieu (primord)** (*in Persian letters*)
  - *Monarchy x Europe*
  - *Despotism x Orient*
  - *Democracy x ancient world*



- **Mill (constru)** (in “*To What Extent Forms of Government Are a Matter of Choice*”)
  - None believes that every people is able of working every sort of institutions
  - Legislators should take account of “pre-existing habits and feeling” (Nomos panton basilea)
  - Familiarity is a great help, but people can learn new things

**ALMOND and VERBA:** democracies need a “civic culture”, they use surveys to measure

*But what is civic culture?*

- *Perceived efficacy/influence*
- *Support for current political system*
- *Interpersonal trust*
- *Gradual change (as opposed to revolution)*

INGLEHART-WELZEL develop theoretical framework linking culture to democracy.

- Inglehart → political culture is determined by, among other things, the levels of overall life satisfaction, the levels of interpersonal trust, and the support for gradual societal change among the individuals of a nation.

- Shift from agriculture to industrial → traditional to secular
- Shift from industrial to service economy → survival to self-express

■ **Causal story:**

- Economic modernization → cultural change
- Cultural change → democracy

■ **Two major distinctions** in Values story:

■ 1st

- Traditional: God, religion, fatherland and family; conformity, nationalistic, respect for authority.
- Secular Values: opposite of traditional, religion and family less important; individualistic.

■ 2nd

- Survival: societies faced by insecurity emphasize economic and physical security; threatened by outsiders, resistant to change, authoritarian tendencies
- Self-Expression Values: secure societies become post-materialist, focused on self-expression and quality of life; demand for participation in decision-making; environmental protection, rights for minorities etc.

- According to the institutional story, cultural values are a *consequence*, not a *cause*, of democracy. In other words, experience with democracy is hypothesized to be a mediating variable that links societal development to cultural values

**World Values Survey →**





1. Democracy may have problems, but it's better than any other form of government. Could you please tell me if you strongly agree, agree, disagree, or strongly disagree? (SUPPORT FOR DEMOCRACY)
2. Do you believe that the entire way our society is organized should be radically changed by revolutionary action, that our society should be gradually improved by reforms, or that our society must be valiantly defended against all subversive forces? (SUPPORT FOR GRADUAL CHANGE)

### LIMITATIONS OF SURVEY

- surveys can really only get at how culture affects democratic stability; they are not well suited to addressing the question of whether a certain culture produces democracy.
- Individuals [can] understand the 'same' question in vastly different ways

### RELIGION AND DEMOCRACY

- Democracy instability is more likely in a country whose religion does not allow for other ideologies (ex: Catholicism → hierarchy, clergy and laity, ) support given to dictatorships around the world in the past
- Scholars → Protestantism key determinant for levels of democracy (eg. Missionary)
- Friedman (2002) goes so far as to suggest that "Buddhist and Confucian cultures may actually have more democratic elements than Greco- Christian culture
- Confucianism's emphasis on authority and consensus, and Islam's association with political violence and theocracy, make them less compatible with democracy.
- STEPAN: all religions are multi-vocal → religions include both democratic and intolerance elements
  
- **Ultimatum Game** → one player proposes a division of a "pie" (usually money) to another player, who can accept or reject the offer
- **Dictator Game** → the responder cannot reject the proposer's offer and simply receives what is dictated.

"**Homo economicus**" → individuals who only care about their own share of the pie, and theoretical predictions suggest they would offer very little to the responder.

## LECTURE 8

### TRANSITION TO DEMOCRACY



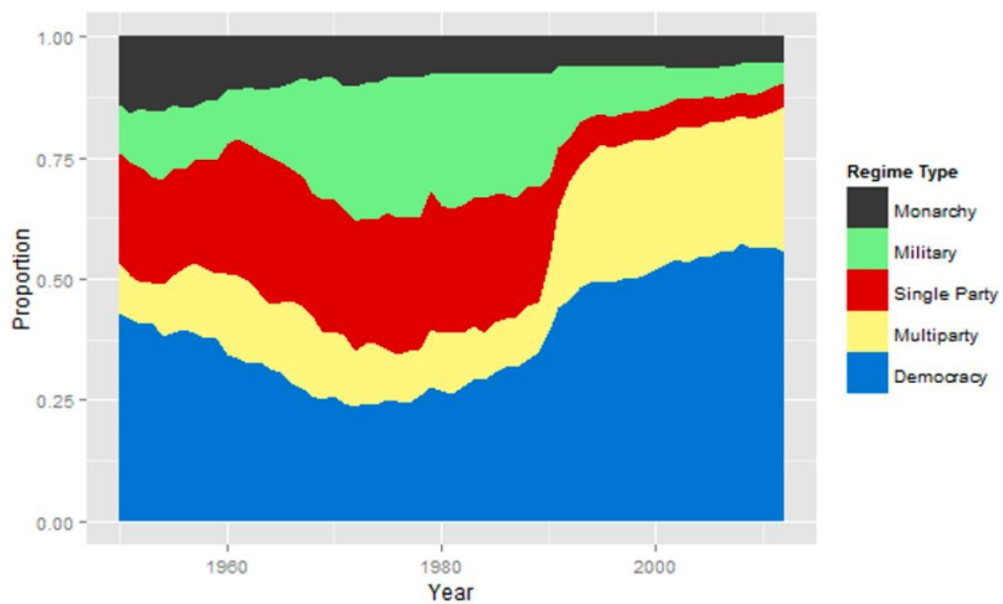


Figure 1: Proportions of regime types from 1950-2012 using this dataset.

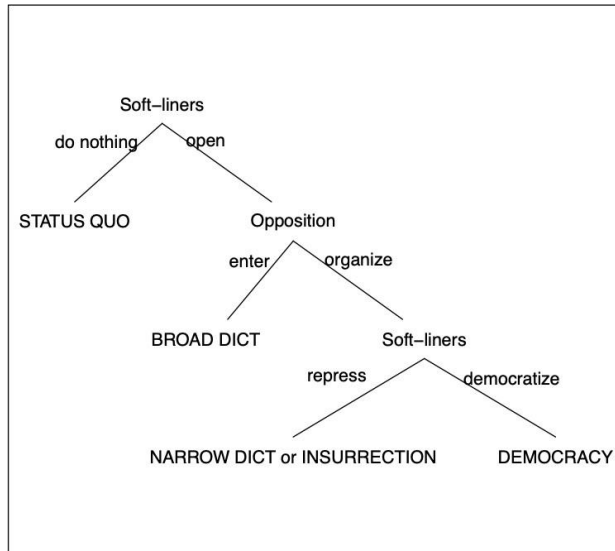
- Regime trembling caused either by masses storming palace of power (=revolution) or intra-elite conflict leading to incorporation of previously excluded groups
- Two frames:
  - o Bottom-up transition: driven by popular mobilization
  - o Top-down transition: driven by intra-elite conflict
- + Alternative perspectives or alternative processes
- + Intellectual tools to understand them: collective action and cascades + modelling mistakes/errors of judgment in game theory
  
- **Top-down transitions**
  - o Intuition in a nutshell: transitions happen by mistake
  - o conflict between elites and attempts to coopt opposition leads to unraveling of regime
  - o helps us understand both *liberalization*/reform that gets out of hand and "*normalization*" periods: sudden phases of brutal repression following initial liberalization
    - ex. Jordan -> partial liberalization but still not democratic
    - miscalculation can lead to democracy or to violence
- **Bottom-up transitions**
  - o Citizen-Led Movements.
  - o Mass demonstrations, rallies, and other forms of public activism
  - o Demand for Political Rights
  - o Challenges to Authoritarianism
  - o Grassroots Initiatives
  - o Uncertain Outcome.
  - o Potential for Social Transformation
  - o Long-Term Impact

- Eg: East Berlin → Mikhail Gorbachev's election as General Secretary of the Communist Party in the Soviet Union in 1985 played a crucial role. Facing a Soviet Union in crisis, Gorbachev introduced policies of perestroika (economic restructuring) and glasnost (political openness), which inadvertently encouraged reformists and opposition groups in Eastern Europe.

- **game theory model**

- **assumptions:** pre-existing split in elite/party: hardliners vs. softliners

- softliners want to broaden support for regime by coopting opposition



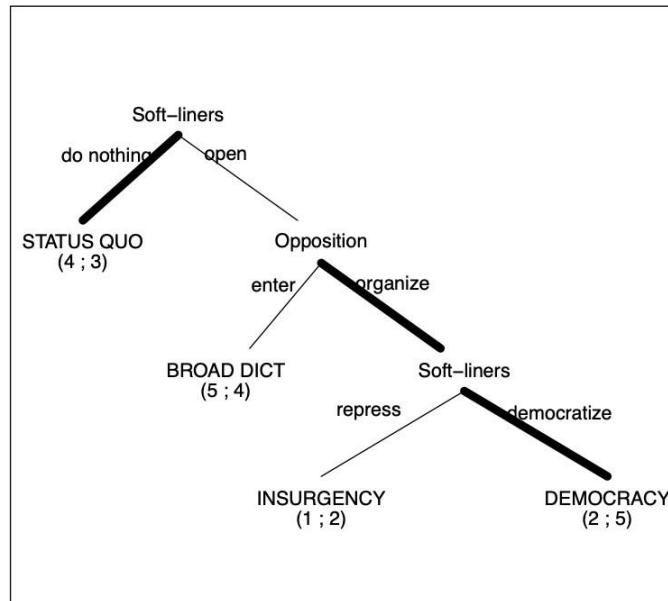
- opposition can decide to participate in regime institutions or take opportunity of opening to organize and fight for full democratization
    - regime can then respond either by repressing, or by letting democratization take place

- **payoffs** (numbers= what they get for → they want highest number → first n=soft-liners, second n= opposition) → everyone knows what the others know

- Soft-liners
  - prefer broad dictatorship over status quo
  - prefer status quo over narrow dictatorship
  - prefer narrow dictatorship over democracy
  - prefer democracy over insurgency
- opposition
  - prefers democracy over broadened dictatorship
  - prefers broadened dictatorship over status quo
  - prefers status quo to insurgency and narrow dictatorship
  - can be:

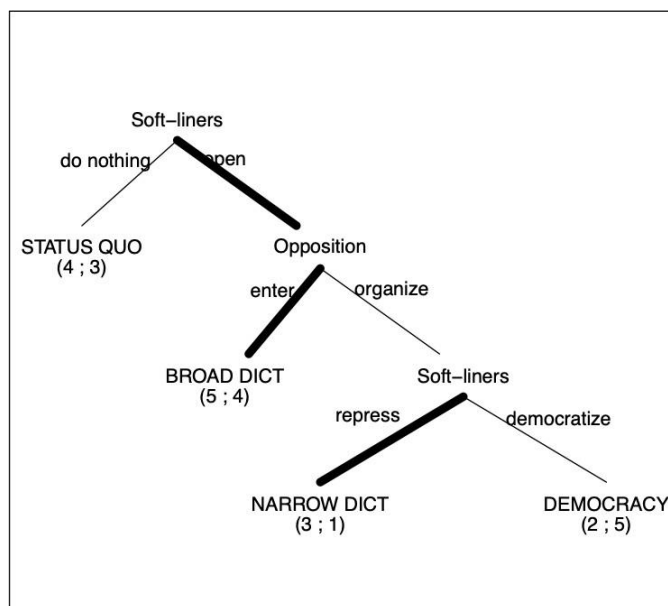


■ strong: mount insurgency



■ weak: accept repression and narrow dictatorship

- work way back



■ Mistakes

- Neither case we have democratization
- Assumption of complete information: everyone knows everything
  - yet: what if soft-liners think they are facing weak opposition, but opposition in reality is strong?
    - open, thinking opposition will simply accept offer of partial broadening but then find itself having to concede full democratization



- We don't know everything actually
- Examples
  - Communist Poland proceeds with elections in 1989; surprise victory for solidarity results in selection of non-Communist prime minister that the ruling party is not strong enough to undo.
  - Surprise electoral victory for Islamists in Algeria leads to military coup and narrow dictatorship, insurgency.
  - Success of NLD in Myanmar after liberalization prompts military coup and narrow dictatorship, insurgency.
- Collective action
- Naïve view of people with same interests acting upon it + large groups more powerful than small ones
- Olson's "Logic of Collective Action" completely reverses picture:
  - people with common interest tend to freeride and not act collectively
  - small groups better able to exert influence and achieve common goals
- **public goods**
  - non-excludable: if available to one, available to all
  - non-rivalrous: amount consumed by one does not affect the amount available to others
  - ex. Clean air, national defense, democracy
  - *Would people organize and act collectively to produce public good?*
    - Not really, better to let other fight -> you can avoid cost (ex being killed) and still enjoy benefits (still consume public good)
  - To make people participate, need to offer selective incentives:
    - Private (or club) goods,
      - e.g., cash handouts, access to "members-only" resources, "fun" of being part of movement, punishment for non-participation, notice in small group, monitoring and rewarding easier
    - easier to monitor and reward small groups
    - setting up problem
      - $N$  people, potential participants
      - at least  $K \leq N$  people must participate for action to succeed
      - benefit of success is  $B$
      - cost of participation is  $C < B$
      - whether you participate depends on conjecture  $\kappa$  about how many other join...

	$\kappa < K-1$	$\kappa = K-1$	$\kappa \geq K$
Join	- C	B - C	B - C
Stay home	0	0	B

- People must believe that they are pivotal/fundamental individually too: succeed if they join, fail otherwise
  - closer  $K$  is to  $N-A \rightarrow$  clearer that no success without me that's why campaigns always insist "every vote counts" or "every donation is indispensable"
- **with smaller N:**
  - easier monitoring
  - easier to figure out whether one is pivotal
- **systematic advantage of small groups** (e.g., industrial lobbies) vs large groups (e.g., consumers)
- **key takeaway:** mobilizing large groups for collective purposes (e.g. regime change) is difficult



Why collective action is unpredictable

- Authoritarian regimes often seem very stable: mass unrest always starts unexpectedly and is difficult to predict.
- happened with Communist regimes in 1989
- equally unexpected in North Africa and Middle East
- can we understand these processes systematically?
- preference falsification • cascades
- preference falsification: given cost of opposing regime, people pretend to support it
- lack of knowledge about discontent → inaction

**Model of cascading** → why uprisings are unexpected

- Each person has a "revolutionary threshold"  $\theta_i$
- willing to participate if  $K \geq \theta_i$ , stay at home otherwise
- some might have  $\theta_i = 0$ : protest anyway
- other might have  $\theta_i \geq N$ : not willing to protest even if everyone is protesting
- $\theta_i$  itself might depend on outside conditions (e.g., economic crisis, how unpleasant regime is, etc.)
- turns out that widespread protest depends in complicated ways on whole distribution of the  $\theta$
- examples:
  - + ten-group society  $A = \{0,2,2,3,4,5,6,7,8,10\}$ 
    - example: one group is "middle-class university students", another is "poor farmers", etc.
    - only the "radicalized" first group will protest → nothing happens
    - now same society undergoes a shock: ONE group changes their revolutionary threshold
    - ten-group society  $A' = \{0,1,2,3,4,5,6,7,8,10\}$
    - the cascade
      - radicalized one always protests
      - second one sees 1 protester → join
      - third one sees 2 protesters → join
    - one small change but completely different outcome!
  - + Notice change in thresholds has different consequences depending on whom it affects
    - in substantive terms: in which sectors of society discontent grows easy to contrive wild examples...
    - ten-group society  $B = \{0,2,3,3,4,5,6,7,8,10\}$
    - change preferences of second most revolutionary as before
    - ten-group society  $B, \checkmark \leq = \{0,1,3,3,4,5,6,7,8,10\}$
    - nothing happens...
  - + Even generalized discontent can lead to inaction
    - ten-group society  $B = \{0,2,2,2,2,2,2,2,10\}$
    - no one wants to be the second to start protesting...
    - substantive implication: generalized discontent not enough
    - revolutions start after otherwise-unremarkable event ignites mobilization



## 9 LECTURE

### Two Visions of Democracy

#### Implications for Representation and Accountability From Visions to Reality

##### 1. Majoritarian Democracy:

- *Elections focus on choosing between competing political teams to form the government.*
- *Citizens influence policy primarily through their votes during elections.*
- *Policy decisions are driven by what the majority wants, and minority preferences may not have significant influence.*
- *Power is often concentrated in the hands of the majority government.*

##### 2. Consensus Democracy:

- *Elections aim to select representatives who will effectively advocate for citizens' interests during policy negotiations.*
- *Citizens' influence on policy decisions continues beyond elections through ongoing bargaining in the legislature.*
- *The goal is to have a legislature that reflects the diversity of society, giving voice to various social groups.*
- *Policy decisions aim to consider the interests of all citizens, including minorities, with power dispersed to prevent majority dominance.*

1. **Causal Relationships Among Institution** → The electoral system, party system, and type of government are interdependent. **Majoritarian** electoral systems often lead to small party systems, while **proportional** systems tend to result in large party systems.

2. **Federalism, Bicameralism, and Constitutionalism** → These institutions can be understood in terms of their position on the majoritarian-consensus spectrum. Federalism disperses power, while unitarism concentrates it. Bicameralism disperses power between two legislative chambers, while unicameralism concentrates it. Constitutionalism disperses power through checks and balances, while legislative supremacy concentrates it.

3. **Interplay of Federalism, Bicameralism, and Constitutionalism** → These institutions often work together to create stable and credible decentralized systems of government. Federalism alone may not suffice; incorporating a constitutional court and a bicameral legislature can further strengthen the decentralization.

4. **Parliamentary vs. Presidential Systems** → These two systems fall on the majoritarian-consensus spectrum. Presidential systems are at the consensus end due to the separation of powers, while parliamentary systems are at the majoritarian end as power is concentrated in the executive supported by a legislative majority.

5. **Semi-Presidential Regime** → Their position on the spectrum depends on whether there is cohabitation. With cohabitation, they are closer to consensus, but without it, they align more with majoritarian systems.



6. **Interest Group Relations** → Corporatist relations, where key interest groups are integrated into policymaking, disperse power. Pluralist relations, where interest groups compete outside formal policymaking, concentrate power.

7. **Data Representation** → The passage refers to star-plots representing countries' institutional characteristics on majoritarian-consensus dimensions. Larger star-plots indicate more majoritarian systems, while smaller ones suggest more consensus-oriented systems.

## **REPRESENTATIVE**

### **Delegate Model of Representation**

- Clear mandate
- Clear roles
- Easy to monitor

### **Trustee Model of Representation**

- Open mandate
- Benevolent ideal of policy-making
- Policy-makers decide x-post optimal policies

Consensus → fragmentation

Consensus Democracy

Decisions/Policies should be the result of a bargaining between representatives from a wide range of groups

Voters → Several Parties in Government → Bargaining → Decision/Compromise → Review

- Government should mirror the preferences and interests of society
- Should reflect the opinions of all citizens
- Decisions are made through bargaining, which leads to policies that are in line with citizens' preferences
- Strong "checks and balances"

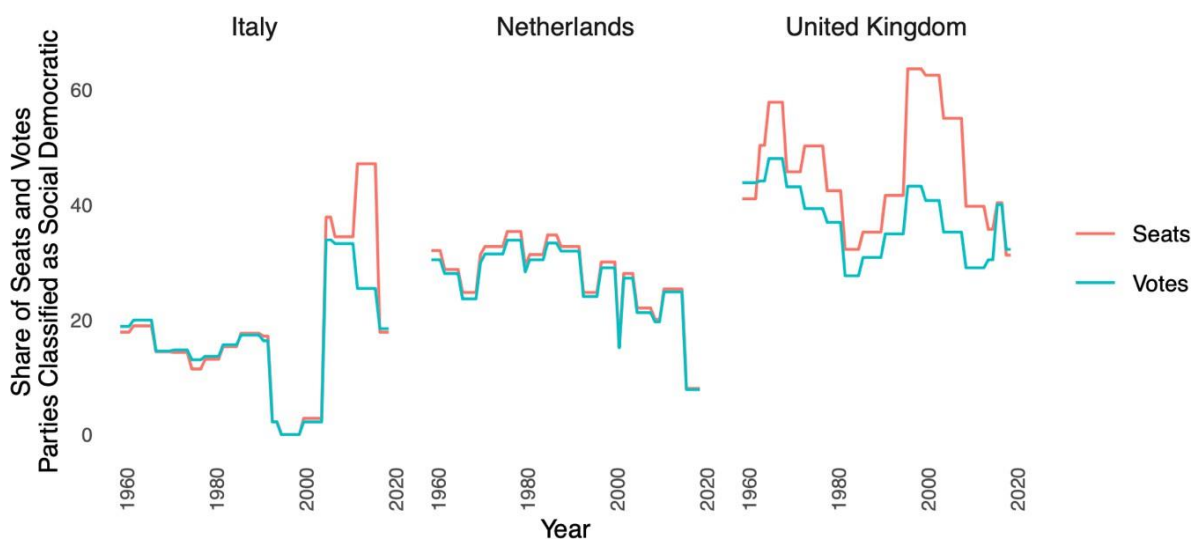
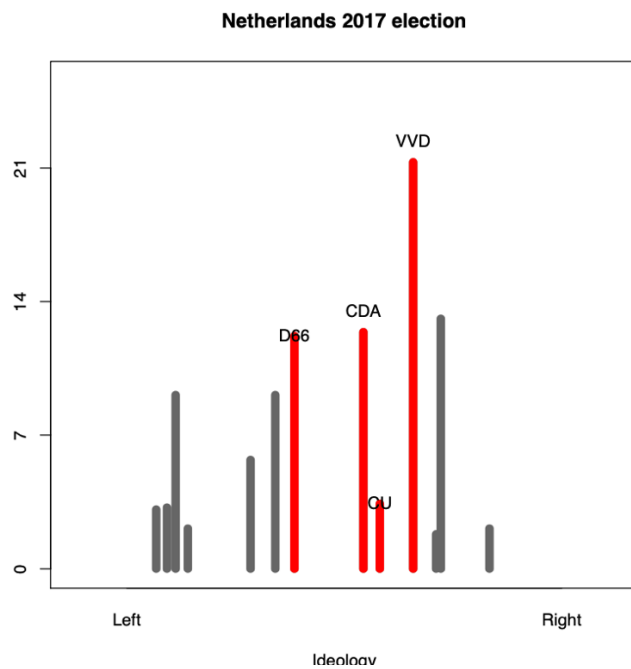
Elections are still a competition between "teams", although now teams will form a coalition government that bargains over policy decisions

**SUBSTANTIVE REPRESENTATION:** Representatives take actions in line with ideological interests of those they represent → Congruence

**DESCRIPTIVE REPRESENTATION:** Representative resemble their constituents







Disproportionality of votes and seats: votes received and seats allotted

Congruence can be interpreted as the distance between the preferences of voters and policy-makers and/or policies

- In MD: policy-makers and policy represent the plurality of voters
- In CD: policy-makers and policy represent the different opinions and groups of society

#### Who governs?

- Experiences of different groups (e.g., minorities) can improve substantive representation (ideological congruence)



- Female issues better understood and promoted by women
- Role model
- Risk of essentialism: reducing a group to a set of identical individuals
- Intersectionality: combining different groups (e.g., gender with race: women of colour, white women)
- They advocate for a more fine-grained approach to descriptive representation

- **Accountability**→ the extent to which voters can hold parties accountable for their actions and policies in office. It involves retrospective voting, where citizens evaluate the incumbent party's performance to decide whether to reward or punish it in the next election. *Majoritarian democracies* generally have higher levels of accountability.
- **Clarity of Responsibility**→ ability of citizens to identify who is responsible for implementing policies. It is higher in systems with concentrated power, like *majoritarian democracies*, and lower in those with dispersed power, such as *consensus democracies*.
- **Mandate**→In *majoritarian democracies*, mandates refer to the policies that a government is authorized and obligated to carry out once in office. This concept is not as crucial in *consensus democracies*, which focus less on giving mandates due to their emphasis on power-sharing and inclusivity.
- **Government Identifiability**→ extent to which voters can identify the different government alternatives when they vote. It is higher in *majoritarian democracies*, where single-party majority governments are more common.
- **Responsiveness**→how well elected representatives respond to changes in the preferences of the electorate. In *majoritarian democracies*, responsiveness is about how the winning party gains control over policymaking power. In *consensus democracies*, it's about the connection between the percentage of votes and the percentage of policymaking power.
- **Congruence**→ how well elected representatives match the preferences of the electorate, reflecting the degree to which the government's policy position aligns with public preferences. This depends on how well the government's policies align with public preferences, which is a goal for both majoritarian and consensus democracies.

## Accountability

### Democracy gives citizens ability to reward and punish politicians

- When election comes
- re-elect if approve
- vote for challenger if disapprove

### Knowing expected reaction, incumbent has more incentives to perform well

- exert "effort"
- turndown(inefficient)offers by special interests
- avoid corruption

- Accountability higher when small changes in support lead to complete loss of power
- Majority control systems have an advantage: small changes → defeat
- Because majoritarian democracy has a clear link voters → policy-makers → policies, easier for voters to attribute blame and credit for policy outcomes
- This is harder for coalition governments



Institution	Majoritarian	Consensus
Electoral System	FPTP	PR
Party System	Two-party	Many parties
Government Type	Single-party majority	Coalition
Federalism	Unitary State	Federal
Bicameralism	Unicameral	Bicameral
Constitutionalism	Legislative supremacy	Constitution
Regime Type	Parliamentary	Presidential

## LECTURE 10

Electoral system → sets of rules governing electoral competition, including how votes are translated into seats. How votes are counted and cast affect my voting choice

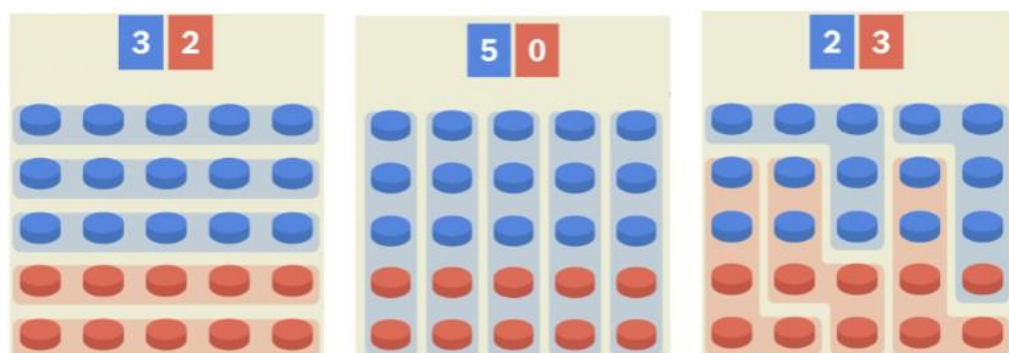
- **Electoral formula** → determines how votes are translated into seats.
- **The ballot structure** → how electoral choices are presented on the ballot paper.
- **District magnitude** → the number of representatives elected in a district.

### MAJORITY SYSTEM

The candidate or party that receives the most votes (even not 50%+1 votes) wins → gets a legislative majority (this time yes 50%+1 seats)

- Country divided in as many seats as there are seats (300 representatives, 300 districts);
  - *If the main party wins all districts with 25% of votes:*
    - 100% of seats with just a 25% nationally
    - Having concentrated geographic support
  - PROS:
    - Simple
    - Clear link between constituents and representative (good for accountability)
  - CONS:
    - Not very representative (a candidate can win even with a small % of votes)
    - Risk of large disproportionality (difference between % votes and %seats)
    - Incentivizes strategic voting
    - If voters geographically concentrated

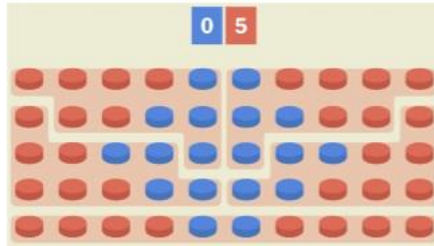
### Drawing Districts Makes Difference



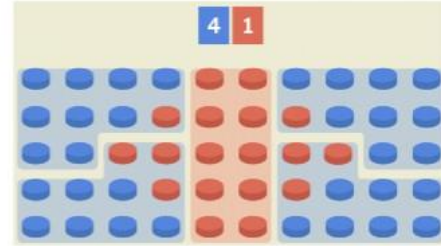
## What is Gerrymandering?

Electoral district boundaries can be manipulated to create advantages for a party

**Cracking:** diluting the voting power of the opposing party's supporters across many districts



**Packing:** concentrating the opposing party's voting power in one district (to reduce their voting power in other districts)



- TWO-ROUND SYSTEM
  - First round where many candidates run
  - Second round in which only the best performing candidates in first round run
    - Small parties can run first round
    - More choices to voters
    - Less incentives to vote strategically
    - Second-round candidates can enlarge their voting basis by changing their policies
- The text you've provided explains various electoral systems, including majority-runoff systems, majority-plurality two-round systems, single nontransferable vote (SNTV), block vote (BV), and party block vote (PBV).
  - Majority-Runoff Two-Round Systems:
    - - Voters have a single vote.
    - - In the first round, if a candidate gets an absolute majority, they are automatically elected.
    - - If no candidate gets an absolute majority, the top two candidates go to a runoff election.
    - - The candidate with the most votes in the runoff wins.
  - Majority-Plurality Two-Round Systems:
    - - Similar to majority-runoff, but allows multiple candidates who pass a threshold to compete in the second round.
    - - In France, for example, candidates with over 12.5% of registered electorate in the first round can compete in the second round.
- Other majoritarian system
  - **Alternative vote** (eg Australia): Preference, or preferential, voting involves voters ranking one or more candidates or parties in order of preference on the ballots. The alternative vote (AV), used in single-member districts, is an electoral system in which voters mark their preferences by rank ordering the candidates. A candidate who receives an absolute majority is elected. If no candidate wins an absolute majority, then the candidate with the fewest votes is eliminated, and her votes are reallocated until one candidate has an absolute majority of the valid votes remaining.
  - Single Nontransferable Vote (SNTV):
    - - Used in multimember districts.
    - - Voters cast a single candidate-centered vote.
    - - Candidates with the most votes are elected.

- - Allows minority candidates from smaller parties or groups to get elected.
- **A single-member district plurality system** is one in which individuals cast a single vote for a candidate in a single-member district. The candidate with the most votes is elected.
- **Block Vote (BV):**
  - - Voters have as many votes as there are seats.
  - - They can give one vote to each candidate.
  - - Candidates with the most votes are elected.
  - - Can lead to disproportional outcomes if voters only choose candidates from one party.
- **Party Block Vote (PBV):**
  - - Voters cast a single party-centered vote for a party list in multimember districts.
  - - The party with the most votes wins all seats in the district.
  - - Can lead to highly disproportional outcomes if one party consistently wins a majority.

### PROPORTIONAL REPRESENTATION: THE BASICS

- *Rationale: reduce gap between votes and seats*
- *Each party presents a list*
- *Voters choose one list (eg one party)*
- *M seats are allocated according to vote shared ai*
- *Each party i gets (approximately)  $\frac{v_i}{M}$  seats*
- e.g., party A gets 1/2 of votes,  $M = 6$ : get  $12 \times 6 = 3$  seats
- e.g., party B gets 1/3 of votes,  $M = 6$ : get  $13 \times 6 = 2$  seats
- e.g., party C gets 1/6 of votes,  $M = 6$ : get  $16 \times 6 = 1$  seat

#### Implicit and Explicit Thresholds

- Formal/Explicit threshold: exclude from distribution of seats parties that get less than a given % at district or national level
  - Effect: increase disproportionality
- Natural/Implicit threshold driven by district magnitude  $M$ 
  - elect  $M = 10$ : party receiving less than 10% of vote is excluded for sure
  - elect  $M = 100$ : party receiving less than 10% might get 8 or 9 seats

Notice SMD is, in a sense, PR with  $M$  equal to 1

Smaller  $M$  : closest in behaviour to SMD

Electoral systems are more proportional when  $M$  is large

The passage provides detailed information about electoral systems, district magnitude, electoral thresholds, and types of party lists. Here is a summary:

**1. District Magnitude and Proportionality** → the number of representatives elected in a district. Larger district magnitudes lead to greater proportionality in electoral outcomes, as smaller parties have a better chance of winning seats. Electoral outcomes tend to be less proportional when district magnitude is small, regardless of the specific formula used.

**2. Variation in District Magnitude** → Different countries have varying average district magnitudes. Examples of countries with low average district magnitudes include Chile, Benin, and Cape Verde. Examples of countries with high average district magnitudes include the Netherlands, Slovakia, Israel, and Brazil.



**3. Higher Electoral Tiers** → Some countries use a two-tiered system to maintain a strong link between representatives and their voters while ensuring proportionality. Seats are allocated at the constituency level and in a higher electoral tier (usually regional or national level) for parties that did not receive their fair share in the constituency level.

**4. Electoral Thresholds** → All proportional electoral systems have an electoral threshold, which is the minimum percentage of votes a party needs to gain representation. Thresholds can be formal (explicitly written into electoral law) or natural (mathematical property of the electoral system). Formal thresholds can increase disproportionality and are often used to prevent very small parties from gaining representation.

## Closed List Systems

Once number of seats allocated, *which individuals* will sit in the legislature?

Closed list: party decides order in which they are picked

Example: Christian Democratic Party wins 3 seats in district

CDP	
1	John Smith
2	Mary Jones
3	Liam O'Neil
4	Martha Shapiro
5	Craig David

Smith, Jones, and O'Neil sit in the legislature

Generates dependence of legislators on parties

Party directorate can punish representatives by placing them at bottom

## Open List Systems

In addition to party list, voter can express one or more preferences for candidates

Once seats are allocated to party (in proportion to party list votes), candidates with most preference votes occupy the seats

### Example:

Christian Dem Party wins 3 seats in district

David, O'Neil, and Jones sit in legislature

	CDP	Preferences Received
1	John Smith	80
2	Mary Jones	200
3	Liam O'Neil	2,500
4	Martha Shapiro	100
5	Craig David	3,500

Kind of an "instant primary":

- politicians depend less on party, more on personal reputation
- create *factional conflict* within parties

## WHO CHOOSES CANDIDATES?

### DUVERGER'S LAW

SMD lead to two party-system → small parties have no incentives to form because it's hard to win if you're small, voters don't want to waste their vote

- **Single Transferable Vote (STV):**
  - STV is a preferential candidate-centered proportional representation (PR) electoral system used in multimember districts.





- Voters rank candidates in order of preference, indicating their first, second, third choice, and so on.
- Candidates must reach a specific quota of votes to win a seat.
- Votes are initially allocated to each voter's top choice. If there are insufficient candidates meeting the quota, the candidate with the fewest first-choice votes is eliminated. Their votes are then redistributed.
- This process continues until enough candidates meet the quota to fill all district seats.

- **Mixed Electoral Systems**

- Mixed systems combine majoritarian and proportional electoral components.
- Independent Mixed Systems: Majoritarian and proportional elements are implemented independently, sometimes in separate electoral tiers.
- Dependent Mixed Systems (MMP): The proportional component compensates for disproportionality produced by the majoritarian component.

If you have any specific questions or need further clarification, feel free to ask!

## LECTURE 11

### PARTIES

- Party: group of people who hold office and those who help win and keep it
- Goal → attain/maintain power
- They're not enshrined in a constitution, they seek power, they arise from interaction of social and institutional forces

- In democracies: participate in elections and organize/coordinate policy-making

- In autocracies: confirm leader's authority and legitimize the regime

PP help structure the political world for both voters and elites.

- For voters:
  - Informational shortcuts
  - Mobilize voters (make collective action possible) (De Gaulle against students and workers in 68 mobilized a counter-protest)
  - Accountability
- For elites:
  - Legislators face coordination problem
  - If pursue own interest and act alone, always lose → chaos
  - Absent parties → dysfunctional legislature (eg. Transformism in Italian Kingdom Parliament)
  - Longrolling: I vote for your proposal if you vote for mine
  - Often only chance for people to enter politics
    - *"gaining access to political power requires being accepted by a party, and usually being a leading figure in it. Parties also socialize the political elite; most government ministers have spent a number of years as party members, working with other party members and learning to see the political world from the party's perspective" (Gallagher)*

A **whip** is an individual whose job it is to ensure that members of the party attend legislative sessions and vote as the party leadership desires.

### PARTY SYSTEM

#### 1. Nonpartisan Democracy:





- A democracy without official political parties.
- Example: Some small Pacific islands like Kiribati, the Marshall Islands, Micronesia, Nauru, Palau, and Tuvalu are considered nonpartisan democracies.

## 2. Single-Party System:

- Definition: Only one political party is legally allowed to hold power.
- Example: Liberia under the rule of the True Whig Party from 1878 to 1980.

## 3. One-Party Dominant System:

- Definition: Multiple parties may legally operate, but only one particular party has a realistic chance of gaining power.
- Example: Some dictatorships employ this system, such as the Patriotic Salvation Movement (MPS) in Chad and the Cameroon People's Democratic Movement (CPDM) in Cameroon.

## 4. Two-Party System:

- Definition: Only two major political parties have a realistic chance of holding power.
- Example: The United States is often cited as an example of a two-party system.

## 5. Multiparty System:

- Definition: More than two parties have a realistic chance of holding power.
- Example: The Netherlands is often cited as an example of a multiparty system.

Single-party systems and one-party dominant systems are more common in dictatorships. Additionally, a one-party dominant system can exist in democracies as well, where one party dominates for long periods due to various factors like popularity, divided opposition, patronage systems, and occasionally electoral fraud.

How many parties have a realistic change of holding power?

Qualitative answer:

- Single party (eg North Korea)
- Two party (US)
- Multi-party (1<sup>st</sup> rep of Italy)

Quantitative criterion:

$$ENP = \frac{1}{\sum_{i=1}^K p_i^2}$$

Pi: vote share (effective number of electoral parties) or seat share (effective number of legislative parties)

Equal to number of parties K if all parties have equal share, <K if support lopsided

Two parties (K=2), one large (70% VOTE) one small (30%) → ENP=1.7

The **effective number of parties** is a measure that captures both the number and the size of parties in a country. The **effective number of electoral parties** is a measure of the number of parties that win votes. The **effective number of legislative parties** is a measure of the number of parties that win seats.



$$\text{effective number of parties} = \frac{1}{v_1^2 + v_2^2 + v_3^2 + v_4^2}$$

Two elements

- Salience of issues: what's the most imp problem
- Issue ownership

Divisions in society

- Urban-rural (feudal lords/bourgeoisie)
- Confessional
- Secular/clericaly
- CLASS (WORKERS/capitalists)

New post-materialist cleavage ("left-libertarian"/"nationalist right"): environmentalism, immigration, civil rights, multiculturalism

→ New parties emerge

- Green parties
- Populist radical right parties

### Distribution of Attributes

*Attribute*: characteristic that qualifies an individual (e.g., race, profession, class, ...)

*Identity category*: social group in which an individual can place herself (e.g., muslim workers)

Take two cleavages: e.g., religion and class

#### Case 1: Cross-cutting Attributes

	Poor	Middle Class
Christian	25%	25%
Muslim	25%	25%

Attributes uncorrelated and evenly distributed across population

#### Case 2: Reinforcing Attributes

	Poor	Middle Class
Christian	48%	2%
Muslim	2%	48%

Attributes are highly correlated and reinforcing



## Electoral Institutions Activate Latent Cleavages

The *demand* of political parties depends on the distribution of attributes

The way this demand translates into actual number of parties depends on institutions

...in particular **electoral** institutions can activate latent cleavages based on whether they are

- permissive (proportional)
- non permissive (majoritarian)

For two reasons (Duverger's Theory, you already know it!):

1. Mechanical effects of electoral systems
2. Strategic effects of electoral systems

## Mechanical Effects of Electoral Rules

**Mechanical Effects:** some votes not "counted", e.g., second party in SMD systems

- Two big parties in country A
- → new environmental cleavage arise
- New green party which gets 20% of votes nationally
- SMD and even distribution of support for parties
- Green party gets 0 seats
- Number of party = 2

If electoral rule is more permissive/proportional: 20% votes → N Seats > 0

## Two Views on Party Formation

- Primordial View: Considers parties as natural representatives of people with common interests, emerging from societal divisions or cleavages. This is a "bottom-up" approach. (Whigs and Tories in early Britain emerged from conflict between Church and State)
- Instrumental View: Views parties as teams of office seekers, emphasizing the role of political elites and entrepreneurs. This is a "top-down" approach. (Berlusconi...)

Interaction of Primordial and Instrumental Forces:

- Both social demands for representation and political institutions play a role in party formation.
- Social demands drive party formation, but institutions channel these demands.

### 1. Urban-Rural Cleavage:

- One of the oldest political conflicts, involving economic and cultural dimensions.
- Economic conflict over food prices, as urban dwellers benefited from lower prices while rural dwellers benefited from higher prices.
- Cultural conflict with rural actors valuing tradition and town dwellers favoring change.



## 2. Confessional Cleavage:

- Emerged during the Protestant Reformation in the early sixteenth century when the authority of the Roman Catholic Church was challenged by Protestantism.
- This conflict between Protestants and Catholics, known as the Wars of Religion, caused upheaval across Europe.
- Peace of Westphalia (1648): Ended the Wars of Religion but did not resolve religious conflicts within states.
- Impact on Britain: Led to conflicts between supporters of the Church of England and Nonconformists (e.g., Puritans, Quakers) as well as conflicts between supporters of the Church of England and Catholic Jacobites.
- Confessional cleavages have had a lasting impact worldwide, e.g., in India, the Middle East, Nigeria, and Sudan.

## 3. Secular-Clerical Cleavage:

- Last two centuries in European democracies characterized by conflict between the state and the church.(eg. France, particularly during the French Revolution, when the church's authority was challenged, leading to measures like the Civil Constitution of the Clergy)(eg2. Napoleon restored some church power, but anticlericalism grew in the late nineteenth century)
  - o *1905 Law: France passed a law enforcing complete separation of church and state, establishing state secularism.*
  - o *Contemporary France: Despite secularism, religion remains a source of political conflict, e.g., the Headscarf Debate and debates on public religious symbols.*
  - o *European Trend: Broad trend toward secularism from the Enlightenment into the twenty-first century, with religious institutions retreating from the public square.*
- Laïcité: Principle of division between private and public life, emphasizing equal treatment of citizens regardless of religious affiliation.

## 4. Political Parties and Religion:

- Formation of Religious Parties: Some countries saw the formation of religious parties in response to the separation of church and state, e.g., Tories in Britain initially rallying around "For Church and King."
- Christian Democratic Parties: In countries like the Netherlands, Christian Democratic parties aimed to unite Catholics and Protestants.
- Positions on Social and Economic Issues: Christian Democratic parties often combine conservative social positions with activist economic policies, while European Liberal parties defend individual rights and champion free-market capitalism.

**5. Class Cleavage:** This emerged during the Industrial Revolution, pitting economic interests against each other. It involves conflicts between laborers and property/capital owners. The conflict typically involves attempts to use the state to redistribute wealth.

**6. Left-Right Divide:** Originating in the French National Assembly in 1791, it initially referred to monarchists on the right and bourgeois reformers on the left. Over time, the center of political gravity shifted leftward, associating the Right with free markets and democracy, and the Left with workers' rights and socialist revolution.



**! Challenges to Marxist Predictions !:** Not all workers voted according to their class interests. The process of class formation took longer than expected. Socialist parties also faced challenges due to their numerical minority status. CLASS TRAITORSS!!!!!!!

**7. Post-Material Cleavage:** Emerged in response to a shift in values from "materialist" to "post-materialist" in advanced industrial democracies. It focuses on issues like multiculturalism, gender equality, and environmentalism.

**8. Populist Extreme Right Parties:** Emerged in reaction to the post-materialist agenda of the libertarian left. These parties emphasize traditional values and highlight concerns about immigration's impact on national identity, culture, and employment.

**7. Ethnic and Linguistic Cleavages:** Based on shared attributes related to descent, ethnic group membership can be objective or subjective. Primordialists believe in automatic transmission of ethnic attachments, while constructivists see them as socially constructed.

## LECTURE 12

### TWO FUNCTIONS OF ELECTIONS

- **Representation:** voters choose party/candidate closest to their ideal point (difficult without accountability)
- **Accountability:** mechanism to control elected politicians

### Principal-Agent Framework

AGENT → POLITICIAN; PRINCIPAL → VOTER

**General framework to understand situations where**

- A needs something done
- A cannot do it herself
- A hires B to perform task
- B's reward depends on performance (broadly meant)

**Important elements are:**

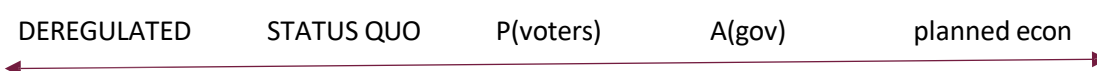
- how contract is designed
- how performance is evaluated
- is reward conditional on results or effort?

In democracies, voters are ultimate principals who delegate authority to make policies to agents (political representatives) → Citizens "hire" politicians to make policy decisions

- **Advantages for principal:** benefit from expertise of agents (P is better off with agent)
- **Risks for principal:** agent can slack and do something different from what P wants

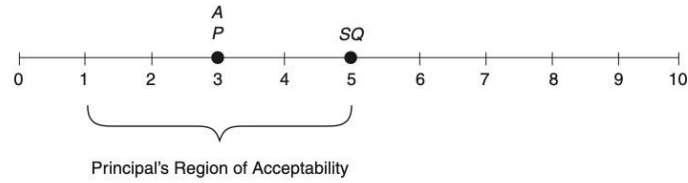
Outcomes of delegation:

- Agency loss: difference between "perfect" A and what A actually does
  - Perfect agent does what P would've done had her been A
- Successful delegation: P is better off with A

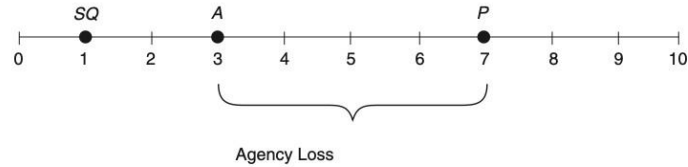


## Disutility                      A loss

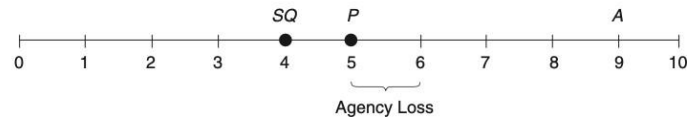
a: The Principal and Agent Share the Same Preferences



b: The Principal and Agent Have Different Preferences I



c: The Principal and Agent Have Different Preferences II



- $SQ - P > P - A \rightarrow$  successful
- $SQ - P < P - A \rightarrow$  unsuccessful

**Objective is to have P and A nearer with each other than SQ and P**

Standard results:

- Perfect compliance basically impossible (unless principal and agent have identical goals and preferences)
- Agent will put more effort in task easier to monitor

Agent (politician) knows her type but Principal does not.

Agency loss can emerge because P has incomplete and asymmetric information about A's type and A's actions

1. Adverse selection (hidden information)
2. Moral hazard (hidden actions) (Once I am in office, I can use official role for own benefit)

### Mechanisms to Reduce Agency Problem

#### Ex ante mechanisms (with respect to agent actions)

→ Mitigate adverse selection

- Political campaigns
- Debates between candidates
- Rules that mandate disclosure of candidate background (e.g., educational attainment or properties)

→ Mitigate moral hazard

- Rules governing what politicians can and cannot do
  - *Receive gifts*
  - *Donations*
  - *Conflict of interests: e.g., double jobs*

### Ex post mechanisms

- Police patrol systems
  - *P directly monitors A(e.g.,hearings)*
  - *Anti-corruption Authorities*
- Fire alarm systems
  - *Direct monitoring is costly*
  - *P relies on third party information to learn about A's activity(e.g.),rules enabling citizen to report misbehavior of A)*

BETWEEN THEM → ELECTIONS

### Adverse Selection:

- Ensure (to the greatest extent) ideological representation
- Selection of best representatives. Often voting just to choose the “best”

### Moral Hazard:

- Ex ante mechanism: politicians know they can be voted out → act accordingly
- Ex post mechanism: actual sanctioning or rewarding decision

-+ **Sanctioning** is retrospective: based on past behavior, I either vote for incumbent or choose challenger

-+ **Selection** is prospective: based on what I know, whom do I choose?

- *The number of institutions/mechanisms to avoid agency loss can limit our ability to see the true type of agents*
- *If I let them “show their true nature” I can weed them out*
- *But what if I cannot observe their true nature because of hidden actions problem?*
- *Electoral systems with party-centered candidate-selection limit selection (or help? party leaders know better) but favor clear punishment/reward (the same party responsible for what done by their candidates)*

## LECTURE 13

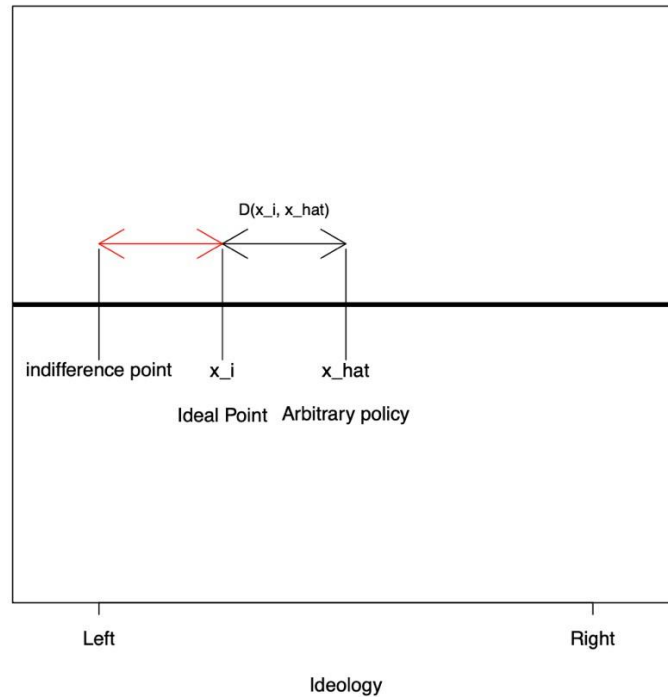
### SPATIAL MODEL

- Models are simplified depictions of reality (underground map of Milan ATM)
- We can represent similarity of policies/preferences as driven by distances
- Politics (unlike, say, money or consumption): preferences not monotonic
- Monotonic: more money always better than less money (even if with decreasing marginal utility)
- Policies and preferences can be placed on (arbitrarily-dimensional) geometric space



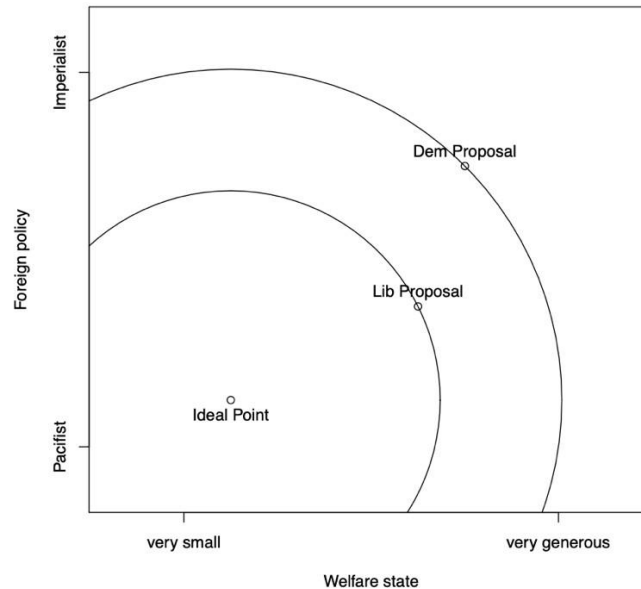
- Usually, 1- or 2-dimensional space → rich enough representation Agents have ideal points (also called “bliss points” in economics)
- Their utility depends on how close policy is to their ideal point (remember agency loss?)
  - Utility depends on (negative of) distance
  - Call  $x_i$  ideal point of agent  $i$
  - Utility of generic point  $x$  for agent  $i$  is  $U_i(x) = -D(x, x_i) = -(x - x_i)^2$
  - Can define indifference curve (or circle) for given point  $\hat{x}$
  - Set of points that makes agent indifferent between  $x$  and  $\hat{x}$
  - Indifference curve:  $\{x | U_i(x) = U_i(\hat{x})\}$

### An Example in One Dimension





## Example in Two Dimensions



### Indifference curve defined for any point

So it's not like an agent has one indifference curve Infinite indifference curves: think of a compass

- centre: agent's ideal point
- circle: indifferent curve
- open-close compass to get an infinite number of different curves

### Order of preferences:

- points inside circle preferred by agent to points on circle
- points outside circle worse for agent than points on circle

## Veto Player Framework

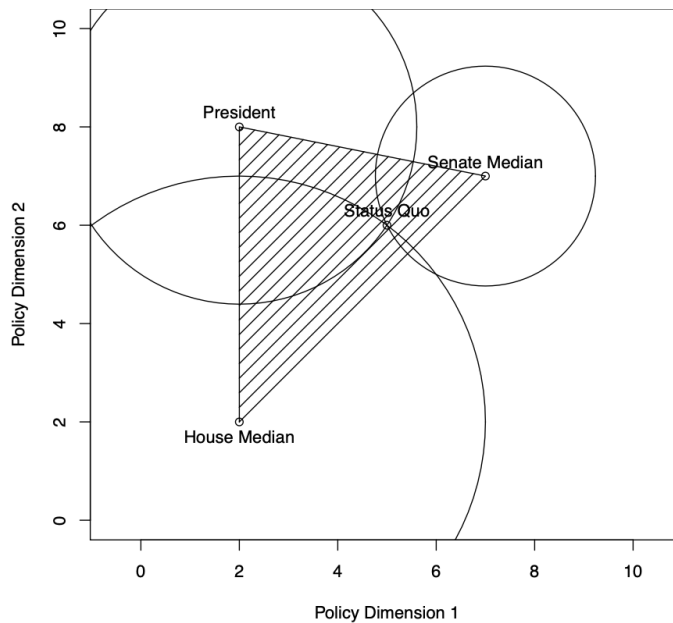
Framework to understand policy change rather than which policy implemented

- in order to implement new policy, a set of actors need to agree
- if no agreement → status quo remains (SQ)
- for simplicity, actors are treated as unitary even though they might be organizations (e.g., political parties or legislative chambers)
- each actor whose agreement is required to change policy is defined a veto player
- number and preferences of veto players affect whether legislation is passed or not (policy change)

1. If there exists a policy that makes all veto players better off (shorter distance from their ideal points), they agree to pass a policy

2. If status quo preferred by any veto player, no change

Winset is set of policy (proposals) that all veto players prefer to status quo



Winset of SQ: set of policies that all veto players prefer to status quo - all veto players are better off compared to SQ

Winset of a policy  $x$ : set of policies that all veto players prefer to  $x$  Unanimity core: smallest set that contains ideal points of all veto players

- In other words (1): set of policies that cannot be defeated under unanimity
- In other words (2): set of policies with empty winset

**The size of the winset significantly affects policy outcomes.**

### 1. Policy Stability:

- **Large Winset:** Policy is less stable due to many alternatives that can defeat the status quo.
- **Small Winset:** Policy is more stable because there are few alternatives to challenge the status quo.

### 2. Policy Shift Size:

- **Small Winset:** Policy shifts are necessarily small, making it hard to move far from the status quo.
- **Large Winset:** Allows for the possibility of more radical policy shifts.

### 3. Average Policy Shift Size:

- **Larger Winset** implies larger average policy shifts, assuming all alternatives in the winset are equally possible.

#### 4. Variation in Policy Shift Sizes:

- **Small winsets** lead to uniformly small policy shifts.
- **Large winsets** can result in both small and large shifts, leading to greater variation in policy outcomes.

#### ABSORBED VETO PLAYERS

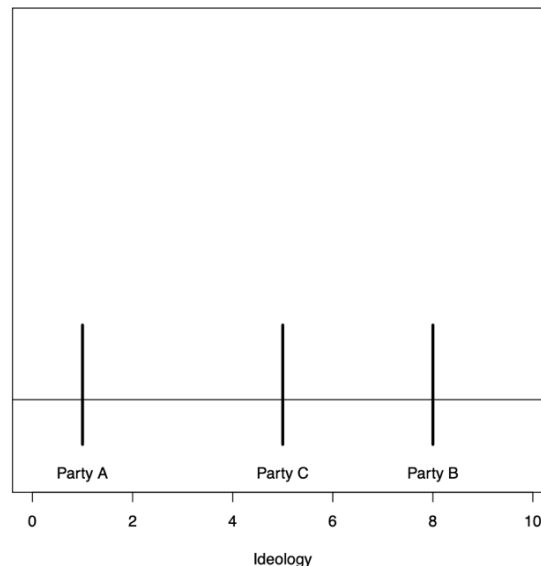
N of veto players generally reduces the winset of status quo → policy change less likely with increasing number of player ...unless there are absorbed veto players

- Veto players with ideal point in core

Notice in one dimension core is a segment connecting veto players hence only most extreme players matter

- **Institutional veto players** are those generated by a country's constitution.
- **Partisan veto players** are those generated by the political game.(eg. A coalition is opposed and the majority is lost for a policy to pass)

Veto player theory indicates that countries in which there are many veto players with conflicting policy preferences are likely to be characterized by (a) *greater policy stability*, (b) *smaller shifts in policy*, (c) *less variation in the size of policy shifts*, and (d) *weaker agenda-setting powers*.



- 1 veto player → policy always changes to reflect party preferences
  - ▶ 1 veto players → policy change if SQ not “between” them (in their core)
- The larger the core, more likely SQ is in it → less likely policy changes

- Empirical prediction: large distance between veto players → policy change less likely
- Link policy stability with configuration of veto players
- Heterogeneous preferences → nothing gets done (e.g., Obama vs Republican-controlled Congress)

### Agenda-setting

- Number and preferences of veto players determine policy change. But what kind of change?
- Where do we place the proposal on the policy space? In which direction do we move SQ?
- Some veto players have agenda-setting power
  - take-it-or-leave-it proposals to the other players
- They can pick the point in the winset of the status quo that is closest to their ideal point

### Size of the Winset and Agenda Power

Notice power of agenda-setter

- Make proposal, picking one point from winset of status quo
- Smaller winset → less leeway for agenda setter
- Hence more heterogeneous veto players → less power to agenda setter

TO SUM UP

Simple algorithm to model reform cycles/dynamic policy change

1. Is status quo in core?
2. If yes, do nothing; if no, pick new policy from winset
3. Policy implemented, becomes new status quo
4. Go back to step 1

## LECTURE 14

### Parliamentary and Presidential Democracy

General distinction between:

- presidential
- parliamentary

Distinction driven by central feature

- dependence of government on legislature → Legislative responsibility
- independent legitimization of government

**Legislative responsibility** refers to a situation in which a legislative majority has the constitutional power—a vote of no confidence—to remove a government from office without cause.

**Important:** Legislative responsibility (or absence thereof) is what distinguishes presidential from parliamentary forms of government, not the presence of a President.

For simplicity, we will refer to

- President for the head of government in Presidential democracies
- and Prime Minister in parliamentary democracy

### Three Possible Combinations

Dependence of government on legislature

- No → presidential



- Yes
- direct and popular election of president → semi-presidential
- President is “ceremonial” head of state → parliamentary

### Presidents and Prime Ministers

#### President

- directly (or quasi-directly) elected
- fixed term
- removal requires judicial procedure: impeachment

#### Prime Minister

- appointed with (possibly implicit) investiture vote
- removal is a purely political procedure

---

### Beware of the “Diagonal Fallacy”!

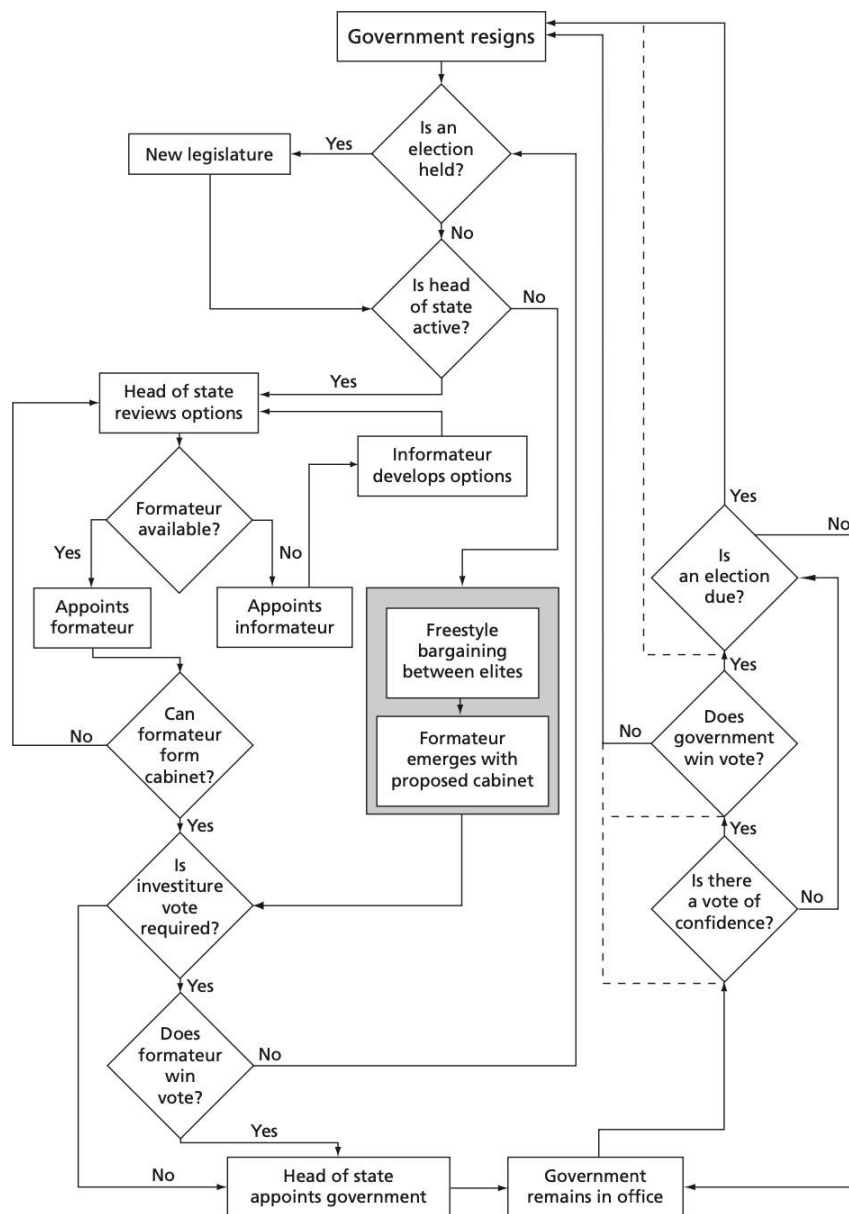
---

#### Electoral System for Lower House

	Maj	PR/Mixed
<b>Executive</b>		
President	US	
Prime Minister	UK	Germany

---





### Some Terminology

- Government: prime minister + cabinet
- Cabinet: ministers (head of government departments)
- Portfolio: each minister is responsible for a department/portfolio
- Ministerial responsibility: ministers responsible for their departments
- Collective cabinet responsibility: once position taken, ministers have to defend the government policy in public
- Vote of confidence
- Vote of non confidence
- **Cohabitation**—a president from one political bloc and a prime minister from another—occurs when the party of the president does not control a majority in the legislature and is not represented in the cabinet.

### Responsibility to Legislature: Prime Minister

#### Appointment

- appointed (not elected)
- (possibly implicit) investiture vote



- “not elected by anyone”
- in principle, not even a politician: “technocratic” executive
- often, broad autonomy reserved to head of state regarding choice

### Removal

- removal through no-confidence motion: political procedure
- prime minister “employed at will” by legislative majority
- no need for justification or evidence to dismiss PM
- notice the system is called “parliamentary” and not “prime-ministerial”
- not by chance: sovereignty (and democratic legitimacy) resides in legislature
- 

### From Elections to Government Formation

Governments can be removed from office any time a majority of legislators decides so

→ government must enjoy the implicit support of a legislative majority

- Easy case: 1 party with 50% + 1 of seats → that party forms government
- Harder case: what if no party has 50% + 1 of seats?

### Coalition Government

Often (especially, but not only, in PR systems): no party has clear majority Need to assemble 50% + 1 votes in legislature

Form coalition by sharing portfolios (minister positions)

**Gamson’s law:** portfolio allocation proportional to strength (% of seats) Usually prime minister is leader of largest party

Question: which parties will form coalition?

Many possible coalitions: who gets to choose first?

#### Formateur:

- often choice explicitly reserved to head of state
- constitutional customs: leader of largest party is formateur

*Problem of power sharing:*

1. share power with other parties
2. compromise on ideological grounds

An **informateur** examines politically feasible coalitions and nominates a formateur.

A **caretaker government** occurs when an election is called or when an incumbent government either resigns or is defeated in a vote of no confidence. It rules the country for an interim period until a new government is formed. (Draghi)

### One Ideal Type: Office-seeking Politicians

**Office-seeking:** formateur wants to control as many ministerial portfolios as possible

Tries to minimize number and strength of coalition partners that insures 50% +1 votes in legislature

Prediction → minimum winning coalition (MWC)



## An Example

5 parties from extreme left to extreme right

Ideology	Party	% Seats
Left	A	45
Centre-Left	B	15
Centre	C	30
Centre-Right	D	6
Right	E	4

Head of state appoints party A as formateur because A has largest vote share

**Minimum winning coalition** with party D

No matter the ideological differences, Left party forms coalition government with centre-right party

Choose the weakest party which ensures legislative majority and largest control of ministerial portfolios

## Second Ideal Type: Politicians with Ideology

Politicians care about policy

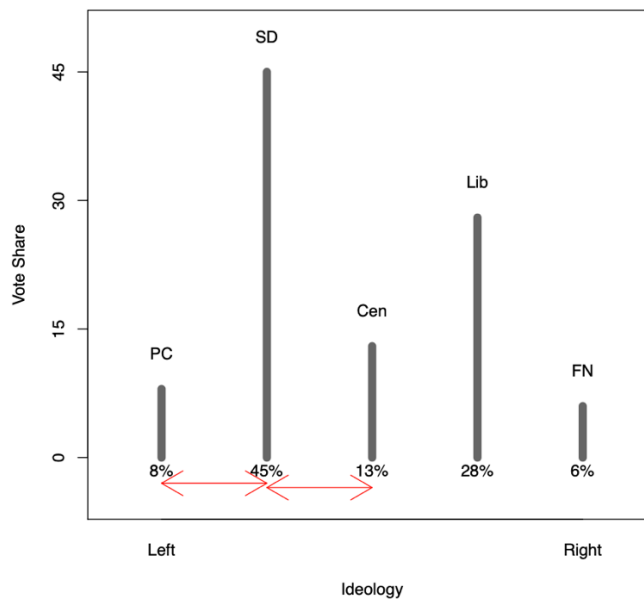
Coalition bargaining leads to policy in between ideal points of coalition partners

Compromise with parties with different ideological position costly Coalitions will form along ideological lines

“Compact” or “connected” coalition: only include ideologically contiguous parties

Additional (mild) prediction: among all connected (that contain formateur) pick the smallest

## An Example



## Special Types of Cabinets

Minority government: cabinet parties control less than 50%

Other party or parties in legislature supports “from the outside”

Can be implicit or explicit

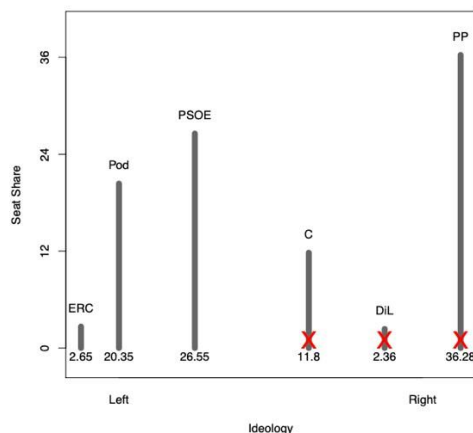
Oversized Coalitions: coalition members control much more than 50% (“Grand Coalition” and “National Unity”)

Rationale of having oversized coalitions:



- in MWC, small partners have disproportionate bargaining power
- they leave → coalition government falls
- by bringing in more than one junior partner, defuse threat of exit → reduce bargaining power of small partners

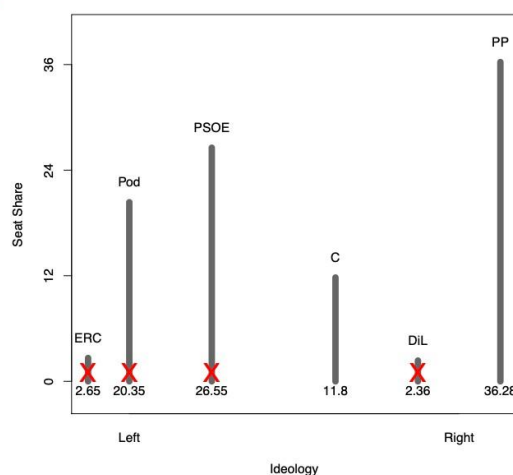
### Importance of Formateur



Scenario 1:

- formateur is PP
- PP proposes coalition: PP, Ciud, Dem
- has 50.5% of seats → get investiture
- PP governs, PS opposition

### Importance of Formateur



Scenario 2:

- formateur is PS
- PS proposes coalition: PS, Pod, ERC, Dem
- has 51.9% of seats → get investiture
- PS governs, PP opposition

### Summing up Coalitions

Central role of formateur: (usually) largest party gets to pick its partner(s) Gamson's law: allocate ministries proportionally to size of partners (*Gamson's law states that cabinet portfolios will be distributed among government parties in strict proportion to the number of seats that each party contributes to the government's legislative majority.*)

Minimum winning coalition: pick smallest that gets you above 50% (office motivated)

Compact coalition: pick neighbor parties (policy motivated)  
Combining with MWC logic: pick the smallest ideological neighbour(s)...  
“Anomalous” coalition governments:

- Minority government: govern with less than (explicit) support of 50% (They occur approximately 18.8% of the time in West European parliamentary democracies from 1945 to 1998.)
- Grand coalition: assemble much more than 50% (neutralize small partners)
- Surplus majority governments, which have more parties than strictly necessary to control a majority of legislative seats, occur in about 18.8% of governments.
- They can result from the need for a supermajority to pass constitutional amendments.
- They can be a strategic response to prevent smaller parties from having disproportionate influence in the government.

### How Parliamentary Governments Terminate

Legislative responsibility: legislative majority has constitutional power to remove a government from office without a cause

If legislature withdraws confidence → termination

This is achieved with a no-confidence vote, if it passes government resigns (note this doesn't necessarily lead to new elections)

### Constructive Vote of No Confidence

- With ordinary no-confidence vote, legislature can simply vote out the PM (and cabinet)
- With constructive no-confidence vote (e.g., Germany, Spain): only vote out current government/PM if there's a majority for a new one
- In practice, prevent “destructive collaboration”  
Right-wing party and Communist party might hate Social-Democrat, but
- won't agree on alternative → Social-Dem government stays Make it easier to sustain “minority government”

### Confidence Provisions

Another way for government to terminate

Government proposes a bill which faces resistance from legislature

Prime minister can send proposal to legislature with “confidence provision” A down vote on PM's proposal → automatic resignation of PM

Which entails

- start procedure to select new PM/government • or have new election

Take-it-or-leave-it offer: if vote No, legislators might face re-election (and lose, possibly)

Two sides to this

1. force members of legislative majority to “swallow” possibly disliked bill 2. PM relieves legislators from responsibility for possibly unpopular policy (“bitter medicine”)

Legislators can claim they opposed the bill, but loyal to PM + didn't want to cause political crisis  
More often used when

1. Government has “position-taking” incentives: valuable to pose as “uncompromising” with voters
2. Legislative majority has more heterogeneous preferences (coalition, or factionalized party)
3. Confidence provision use to overcome stalemate

### Government Survival

Remember governments in parliamentary systems do not have fixed term Prime minister ousted:

- no-confidence votes



- bill with confidence provision fails
  - party-driven replacement (e.g., because of growing discontent in society; factional conflict)
  - intra-coalition failure
- Important that government instability  $\neq$  inexperienced ministers  
 E.g., first republic Italy: very short-lived cabinets, always the same faces for decades  
 Being part of institutional design (e.g., constitution), cabinet instability not pathology

### Election Timing

In some parliamentary systems, government can decide when to terminate and hold new elections  
 Maximum term exists (e.g., elections have to be called every five years at least) but PM can call elections earlier, at will

Possible phenomena

1. "Surfing"
2. Political business cycle
3. Informational asymmetry

Evidence: prime ministers in UK call elections just before things start getting worse - Expect crisis -  
 Have informational advantage (learn about coming crisis before voters or media do) - Try to "lock in" my current popularity

Win election  $\rightarrow$  have max. 5 years to fix things before next (mandatory) election

## LECTURE 15

**Remember:** Legislative responsibility (or absence thereof) is what distinguishes between presidential and parliamentary forms of government

In presidential systems, government and legislature run on parallel tracks. This affects government formation and termination

### Snapshot of Presidential Systems

- + President is directly elected by citizens
- + For a fixed term
- + Independent democratic legitimization
- + Removal requires judicial procedure: impeachment
- + Powers of presidents vary from country to country

### Government Formation in Presidential Systems

- + Government: president + cabinet
- + President does not need a legislative majority to stay in office
- + Implications for size of presidential cabinets: minority government less problematic compared to parliamentary systems
- + How many parties does a President need to include in her government?
- + Coalition government less common and less stable: it's less risky for presidents to lose a coalition partner compared to parliamentary systems where cabinet depends on legislature

### Coalition Government in Presidential Systems

- + Power of coalition members is weak  $\rightarrow$  presidents can always dismiss cabinet members
- + If coalition partner unnecessary  $\rightarrow$  Little influence on policy
  - Why would I join coalition if little space for bargaining?



- + Little influence on government stability
  - Legislators from coalition parties can still easily vote against government-sponsored bill without any consequence for government stability
- + Useful to distinguish between different types of coalitions:
  - portfolio coalition: legislators belonging to parties in cabinet
  - legislative coalition: voting bloc of legislators supporting a bill In presidential systems, A doesn't imply B

### Presidential Legislative Powers

- + **Remember:** Rules/Institutions → Shape → Behavior  
When President does not have strong control over the legislative process (institution)
  - *inviting members of other parties to join the cabinet can give more coordination to the president's agenda (behavior)*
  - *especially when president's party does not have majority or has only a thin majority in legislature*
- + Given the institutional framework governing presidential systems, coalition government will be more or less likely
- + Presidents can affect legislation:
  - act as agenda setter: by sending legislative proposals to parliament, pick her favorite point in winset of status quo
  - they can often veto legislation: have "last word" on content of legislation
  - they can issue decrees with force of law

### Presidential Decrees

To pass legislation there are rules to follow → legislative process  
Presidential decrees issued by presidents have same power of legislation but follow special procedure which do not involve the legislature

- come in force from moment they are issued
- valid unless legislature repeals them
- often renewable

#### Example:

- President Carlos Menem of Argentina issued up to 85 decrees per year
- Only less than 5% explicitly repealed by legislature
- And for around 90% of them, legislature does nothing
  - Unless majority unified in opposition to decree, president decides content of legislation
  - Initial "status quo" wiped out by decree
  - Make amendments/repealing legislation is costly, Presidents can take advantage of that

### US Presidents Are Weak

Oldest presidential system but not necessarily "typical" Powers of president:

- appoint cabinet (requires Senate approval)
- veto legislation (but Congress can override with supermajority)



- issue executive orders (decrees) only to interpret legislation and give orders to agency employees
- presidential legislative power only reactive: veto player with no agenda-setting power
- no ability to call for new legislative elections

*Systematic evidence: democratic survival (probability of democracy next year given democracy this year) significantly much lower in presidential systems*

*Why? Perhaps too much power in the hands of one single individual?*

### Linz's Argument

Presidentialism is bad for democracy

1. Direct election of both legislature and president creates competition that can erupt dramatically
2. Fixed term of presidents' office introduces rigidity that is less favorable to democracy (no adjustment to changing situation/public opinion/confidence of her party, etc.)
3. No power sharing typical of parliamentary democracy, winner-take-all outcome
4. Direct election → national mandate → presidents less likely to accept pluralism and opposition
5. Political outsiders are more likely to win the chief executive office in presidential systems with potentially destabilizing effects. Direct election → less dependence on parties)

### One Argument: Handling Fragmentation

Presidential systems are "fragile" because of the way they handle fragmentation Stylized facts:

- democracy under presidentialism has shorter life
- presidential democracies more likely to experience military coups than parliamentary democracies
- Rigidity of the system cannot absorb societal fragmentation and divisions

High social fragmentation → larger number of parties

→ legislative fragmentation + inter-party conflict → instability But type of instability varies:

- cabinet instability in parliamentary systems
- regime instability in presidential systems

→ do not adopt presidentialism as a solution to fragmentation problems!

### Deadlock in Presidential Systems: Regime Instability

Division between executive and legislature leads to inability to implement policy President might be highly unpopular

Cannot be removed using political means

Immobilism might create mass unrest or elite anxiety

No constitutional means to solve the crisis → policy crisis turns into regime crisis



## LECTURE 16

### FEDERALISM

Is Italy a Federation?

#### Italian Constitution

- The State has exclusive legislative powers in the following matters: a) foreign policy and international relations of the State; relations between the State and the Euro- pean Union; right of asylum and legal status of nonEU citizens; b) immigration; [...]. The Regions have legislative powers in all subject matters that are not expressly covered by State legislation. — Article 117
- Municipalities, provinces, metropolitan cities and regions shall have revenue and expenditure autonomy. — Article 119

#### Federalism and Decentralization

Federal States can be:

1. Federal in structure (de jure): constitutional provisions referring to the federal organization of the state
2. Federal in practice (de facto): decentralized organization of the state without formal reference to federation

We shall call federalism in structure **federalism** and federalism in practice **decentralization**

#### Strict Definition of Federalism

To be classified as federalist in structure, three structural criteria

1. Geopolitical division: country divided in mutually exclusive subnational governments recognized in constitution and that cannot be unilaterally abolished by central government
  2. Independence: subnational and central governments have independent bases of authority (independent elections)
  3. Direct governance: authority is shared by both central and subnational governments (each citizen is governed by at least two authorities)
- Sovereignty – the supreme authority to control government – is split between at least two territorial levels
  - Clearly delineated scope of authority that cannot be trespassed: some policy domains only for states
  - Institutions to protect balance of power (e.g., complicated rules for constitutional amendment that involve subnational units)

-+ De jure federalism: This refers to federalism in structure, meaning a country that meets the structural criteria outlined above.

-+ De facto federalism: This refers to federalism in practice, indicating whether a country that is federal on paper actually behaves federally in practice.

#### Decentralization: Broader Meaning of Federalism



Very few federations according to de jure/structural definition Many countries assign federal-like powers to subnational units Yet, not properly federal - not defined as such in constitution E.g., Spain, UK (devolved governments), Italy, India Decentralization: federalism in practice

- sovereignty is at centre but subnational governments have the authority to make policies autonomously
- Continuum, not a yes/no
- Often measured in terms of share of taxes collected by different levels of government

(you need resources to make policies)

*Crucial*

- *some federal countries quite centralized*
- *some unitary countries quite decentralized*

#### TYPES OF FEDERALISM

1. Symmetric:
  - a. each subnational unit has **same** powers vs central government (eg: states in United States)
2. Asymmetric:
  - a. subnational units differ with respect to their powers and reserved policy domains
    - i. Example: in Spain - tabla de quesos, Basque Country and Catalonia have own police force, education system, health services
    - ii. Example: in Canada, Quebec has more powers than other (English-speaking) provinces (e.g., language, pensions, employment)
3. Congruent:
  - a. similar demographic characteristics across subnational units • Example: United States, Germany
4. Incongruent: each subnational unit has its own demographic composition, different from whole country
  - a. "Ethno federalism": typical example of incongruent federalism
  - b. Each of the "member ethno nations" gets its own state(s)
  - c. E.g., Switzerland, Belgium

#### Federalism as a Bargain

Foedus: latin word for international treaty

In late Roman Empire, treaty between barbarian chief/king and Rome Barbarian tribe is self-governed, but territory becomes part of empire Formerly sovereign states give up part of sovereignty to higher authority Why do some states adopt federal arrangements?

#### Federalism as "Joint Forces"

**Coming-together** Federalism: bottom-up bargaining process among sovereign states that come together to achieve common goals

- common currency
- increased trade
- collective security



- Example: USA, Australia, Switzerland → typically associated with symmetric form of federalism

Riker's famous work *Federalism: Origin, Operation, Significance* (1964)

- "military threat" constitutes a necessary condition for federal success

### Federalism as Compromise

**Holding-together** Federalism: top-down process in which central government chooses to decentralize its power to subnational governments

- ethnic groups' increased dissatisfaction
- risk of secession
- federalism as a compromise to protect the unity of the state

Example: Belgium in the 90s to placate the demands of its different linguistic groups (and India, Spain, UK, ...)

→ typically associated with asymmetric and incongruent forms of federalism

- asymmetric: satisfy the specific needs and preferences of the various groups
- incongruent: territorially-based ethnic group

### European Union as Bargained Federalism

EU has all the elements of a coming-together federalism

- Union of already sovereign entities
- Negotiated allocation of powers to center
- EU parliament as lower chamber
- Council of ministers as malapportioned upper chamber

### Preventing Disintegration and Excessive Centralization

Result of bargain will favor either subnational states or central state

There are two risks:

1. Subnational states too strong → disintegration
2. Central state too strong → centralization

*Institutions* to defend the "federal equilibrium"

### Institutional Protection of Federalism

- Subnational units cede authority to central government
- Need safeguards against exploitation by
  1. center
  2. other units

*Institutions:*

- constitutional provisions protecting the authority of subnational governments
- supreme/constitutional court safeguarding the laws are compliant with constitution
- majority/supermajority of units to alter constitution and distribution of power
- malapportioned legislatures (e.g., U.S. Senate or German Bundesrat)

### Bicameral System with Territorial Representation

Representation in federal systems based on combination of population and territory

Bicameralism can also be symmetric/asymmetric and congruent/incongruent





- Lower chamber based on 1 person/1 vote
- Malapportioned upper chamber based on 1 state/1 vote (regardless of population size)

Upper chamber: precise arrangements vary but could be placed along this continuum

1. just a duplicate of lower house
2. elected in districts coincident with subnational units, no malapportionment (e.g., Italy)
3. elected in districts coincident with subnational units, equal representation of subnational units (e.g., contemporary US)
4. appointed by subnational governments (e.g., Germany)

In bicameral systems, the power and dynamics of the two chambers can differ significantly:

*- In the United States, the House of Representatives and the Senate have equal legislative power, and both must agree for legislation to pass. This creates unique strategic possibilities and fosters competition between the two chambers.*

*- House of Lords in the United Kingdom, historically comprised of hereditary peers, evolved over time to include appointed life peers. Reforms have aimed to address the hereditary aspect and further transform the House of Lords, but debates and decisions on its composition have proven challenging.*

Bicameral systems employ various mechanisms to resolve disagreements between the upper and lower chambers. These mechanisms include the "navette" system, conference committees, joint sessions, ultimate decision by one chamber, and sometimes calling new elections.

- In the "navette" system, legislation shuttles back and forth between chambers until an agreement is reached. If no agreement is reached, additional mechanisms are employed.

- Conference committees involve delegates from both chambers who work to find a compromise on legislation.

- Joint sessions allow both chambers to vote on legislation, often favoring the lower chamber due to its larger membership.

- In some cases, ultimate decision-making power rests with one chamber, often the lower chamber

### Malapportioned Upper Chambers

Examples of malapportionment:

- Smallest US state: Wyoming, 590.000 inhabitants → 2 senators
- Largest US state: California, 40 millions → 2 senators
- Smallest German Land: Bremen, 680.000 inhabitants → three seats in Bundesrat
- Largest German Land: North Rhine-Westphalia, 18 millions → 6 seats in Bundesrat

Constitutional amendments by supermajority:

- Amendments to US Constitution need ratification by two thirds of state legislatures
- Amendments to German Basic Law need approval of two thirds of upper chamber (appointed by the Lander)

### Benefits and Costs of Federalism

Benefits



1. Better for market economy
2. Accountability
3. Information (US states as “laboratories of democracy”)
4. Prevents tyranny and “improper and wicked” policies

#### Costs

1. Collective action problems
2. More veto players
3. Duplications and overspending
4. Lack of clarity of responsibility
5. Overgrazing corruption

### Market-preserving Federalism

Main concern is excessive intervention of state in economic activity To be market-preserving, federalism must have

1. multiple levels with delineated scope and
2. self-enforcing autonomy, but also...
3. regulation of economy in hands of subnational units
4. common market
5. hard budget constraint for subnational units

### Market Preserving Federalism: Mechanism

Competition between subnational units

Capital and labor move if government places limits or expropriates

More general: productive factors move where the mix of taxation, regulation, and public good provisions is their preferred level

(implicit) Factors must be willing to relocate

### Federalism is Good: Increased Accountability

It brings government “closer to the people” Informational advantage: easier to monitor Bottom-up accountability

- firms, and citizens, can “vote with their feet”
  - move to another state if state government does not supply public goods or engages in corruption
- Checks and balances
- unitary government unchecked if overspends
  - state governments police central government
  - support central bank independence (to limit power of center)

### Federalism is bad: “Vertical Imbalance”

Subnational units might overspend

Especially if most of their resources come from center rather than own taxes

Raising taxes might be impossible, because of competitive pressures (race to the bottom) Central government can bail them out

Fiscal discipline is undermined



### Federalism is Bad: Collective Action Problems

Empower regional politicians

Undermine provision of national public goods

- policy at subnational level in contrast with national plan
- subnational units as veto players

Example:

- attempt to balance budget requires cutting expenditures by all subnational units → coordination problems
- subnational politicians prefer to further their own career, which does not depend so much on national deficit
- if one subnational unit larger than the others, “too big to fail” effect

### Federalism is Bad: Corruption

Federalism adds layers of government

Blame-shifting → reduced accountability → overgrazing by corrupt politicians  
Overgrazing: each tier wants its share of bribes

- pay bribe to state regulator to start business
- pay bribe to federal regulator to start business
- without coordination among corrupt officials, total bribe paid higher



## DEMOCRATIC BACKSLIDING

General Narrative: We are currently in a period of global democratic decline.

Is the narrative true?

- Most existing studies of democratic backsliding rely on expert surveys.

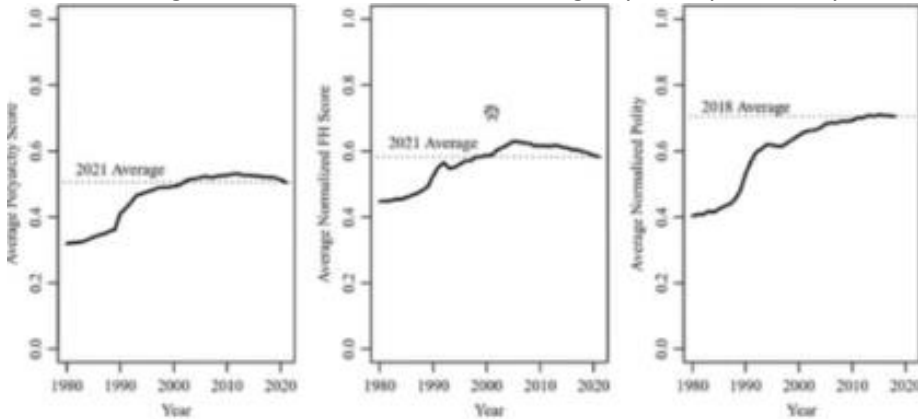


Figure: Average democracy scores by year, 1980-2021

- Graphs show trends in average democracy scores by year (1980–2021), based on expert-coded measures like Polity, Freedom House (FH), and others.

### Challenges with Expert-Coded Indicators:

- Heavy reliance on subjective measures.
- Potential issues include:
  - Time-varying coder bias,
  - Coding inconsistencies across years.

### Proposed Approach:

- Focus on objective indicators of democracy:
  - Electoral competitiveness (e.g., turnover).
  - Executive aggrandizement (e.g., removal of term limits).
  - Media freedom (e.g., journalists jailed or killed).
- Objective data show limited evidence of global democratic decline over the past decade.



Figure: Proportion of "most recent elections" where the incumbent party loses by year, for all legislative and executive elections (left panel), elections where the office of the incumbent leader was at stake (middle panel) and was not at stake (right panel).

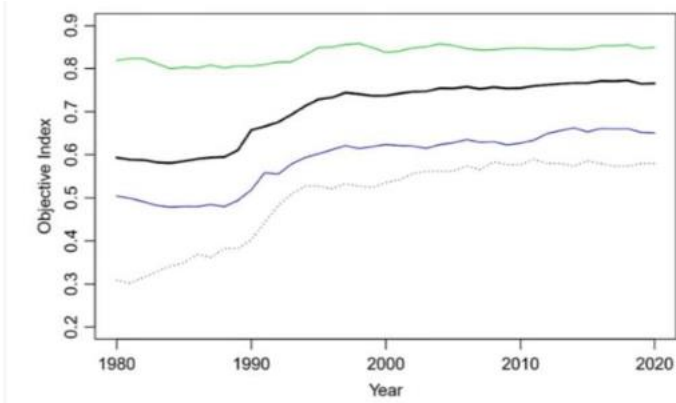


Figure: Aggregate Objective Democracy Index, 1980-2020

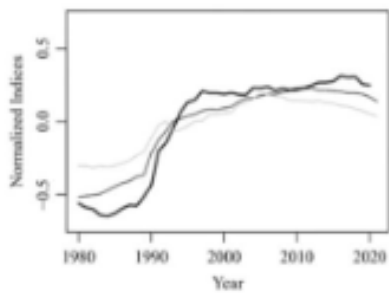


Figure: Normalized V-Dem polyarchy, FH score, Objective Index

**Conclusion:**

- Differences in trends between subjective and objective measures are not dramatic, but accuracy is critical.

**LESSON 2.1**

International relations (not geopolitics...): study of political phenomena that occur predominantly between countries. We cannot understand IR without domestic politics.



International politics' academics are US-centered. It focuses on foreign policy, transnational phenomena (cooperation/conflict/integration/non-state actors).

Two theories about alliances:

1. Being part of an alliance is beneficial: increases security. A State outside the alliance is more probable to be attacked.
2. Alliances have zero effect security, they're just coding something that already exists: if states have common interests they'll help even if not allied.

There's no right theory because we cannot say what would happen if the assumed State was outside the alliance.

Differences in domestic institutions generate different approaches to resolving disputes: what wars to fight, how to behave in a war, outcome of conflict, resources engaged in conflict, etc.

In this class, we focus on LEADERS not STATES → Leaders make choices not States, leaders' interests different than States' interest



## ASSUMPTION ON DECISIONS MAKING

- **Rationality:** acting upon self-interest, defined by preferences that are:
  - **Complete:** the actor knows how to rank alternatives
  - **Transitive:**

Eg: attacking a more powerful country is not irrational, just miscalculation (Falkland Islands and Argentina with UK).

We can evaluate decisions ex-ante, not ex-post, so not by outcomes.

**NATIONAL INTEREST:** many scholars consider State as a rational unitary actor, but, is it the majority of people's interest or what?

**Arrow's Theorem** tells us it is impossible to aggregate these preferences satisfying some basic fairness criteria

*When voters have three or more discrete alternatives (options), the only aggregation system that converts the ranked preferences of individuals into a community-wide ranking that satisfies the following criteria:*

- **Unrestricted/universal domain** → All possible preferences are allowed
- **Social transitivity** → Equivalent of transitivity for individuals, this time applied to the community-wide ranking. While rational individuals have transitive preferences (meaning if A is preferred to B and B is preferred to C, then A must be preferred to C), it's possible for collectively aggregated preferences to be intransitive. This is a challenge for systems like majority rule.
- **Pareto efficiency (Unanimity)** → This criterion states that if everyone prefers option A over option B, then the collective preference should also favor option A over option B. This is a basic principle of fairness. *(If everybody is at least as well-off under alternative A than under alternative B, and somebody is better-off under alternative A than under alternative B, then we want the community-wide ranking to rank A above B)*
- **Independence of irrelevant alternatives** → Social preferences between multiple options depend only on the individual preferences between those options, and the way individuals rank other options is irrelevant. If there was a third, irrelevant option, the preferences would be the same.

*Dictatorial rule* → Results mirror that of a single person's preferences without consideration of the other voters

## LECTURE 2.2

Pareto improvement: we will end up with a societal ranking that doesn't follow the "weak pareto" → order of voting and of preferences matter!

### Four Perspectives

- **Realism/Neorealism**
  - Grounded in failure of The League of Nations
  - Reflective of a strongly unitary state as in absolute monarchy or tyranny
  - Focused on conflict rather than cooperation
  - View: war is the natural state of affairs
  - Assumption:
    - International politics is anarchic



- States are rational, unitary actors.
  - States try to maximize their security first and foremost, without caring about others
  - They try to gain power, without risking security
- Hypotheses
  - Bipolarity more stable than multipolarity
  - War is avoided by balancing power
  - Alliances → protect security
- **Liberalism (EW!)**
  - Grounded in Wilsonian optimism
  - Focused on cooperation rather than conflict
  - *Viewpoint:*
    - International politics concerns the international political economy (trade, organizations) rather than focusing only on problems related to security
    - Power distributions are less important than shared interests
  - *Assumptions:*
    - States are rational unitary actors
    - International politics are hierarchical, not anarchic
    - States seek cooperation and wealth
    - Cooperation is the natural state of affairs between states
  - Cooperation is advanced through norms & regimes
    - Norms are generally observed patterns of conduct
    - Regimes are international laws, rules, and organizations designed to promote coordination and cooperation among nations with shared interests
  - Liberalism in the US → Democracies are forceable for peace. These yankees were good at killing the autocratic leader (with CIA proly) but they couldn't get stability.
- **Constructivism**
- *Viewpoint:* State or national objectives are constructed
- *Process:* Legitimation, Role Redefinition, Reflection
  - International norms
  - Identity forms through domestic exercises of power
- *Assumptions*
  - Initial leader actions are strategic - seek legitimacy
  - Later, external pressure and socially-accepted norms alter self-perception (Role Redefinition)
  - Reflection alters one's sense of self-interest.
- *Hypotheses*
  - instrumental short-term changes in behavior lead to long-term changes in preferences and actions
  - confronted with international pressure to abide by the norm of conduct to which they give rhetorical support, leaders change their behavior and respect the norm of conduct to which they agreed
- **Strategic**
  - Grounded in game theory/strategic interaction
  - Focused on interplay of domestic and international interactions
  - *Viewpoint:*
    - Leaders care about themselves
    - The national interest is subordinate to personal interests
  - International relations cannot be separated from domestic politics
    - If a foreign policy will be beneficial for a nation in the long term but in the short run will result in the leader's ouster, then that policy is not pursued
  - Relations between nations and between leaders are driven by strategic considerations





- Leaders pick the policy they believe will produce the best outcome for them
- They know that domestic and foreign rivals are doing the same

PANDERING: a phenomenon where leaders take actions in the elector's interest but help their political career.

## Domestic vs International politics

- In international politics, there are four broad categories of problems
  - coordination - how to achieve mutually beneficial cooperation
  - distribution - how to allocate scarce resources
  - monitoring - how to make sure agreements are upheld
  - sanctioning - how to discourage deviations to noncompliant behavior

## LECTURE 2.3

### CONSTRUCTIVISM

- *State or national objectives are constructed*
- Preferences as consequence of international norms
- Process of preferences: Legitimation, Role Redefinition, Reflection
  - International norms
  - Identity forms through domestic exercises of power
  1. *Initial leader* actions are strategic → seek legitimacy
  2. *Later*, external pressure and socially-accepted norms alter self-perception (Role Redefinition)
  3. *Reflection* alters one's sense of self-interest.
- *Hypotheses*
  - a) instrumental short-term changes in behavior lead to long-term changes in preferences and actions
  - b) confronted with international pressure to abide by the norm of conduct to which they give rhetorical support (no real conviction), leaders change their behavior and respect the norm of conduct to which they agreed

again problem of falsability: we don't know how long this process of role redefinition and reflection take

Our perspective = **STRATEGIC**

- *Leaders care about themselves* → nothing ontological about being an authoritarian leader that tells that they are worse than democratic leaders → they all want the same thing (keep their job in power)
  - The national interest is subordinate to personal interests
- International relations cannot be separated from domestic politics
  - If a foreign policy will be beneficial for a nation in the long term but in the short run will result in the leader's ouster, then that policy is not pursued
- Relations between nations and between leaders are driven by strategic considerations
  - Leaders pick the policy they believe will produce the best outcome for them



- They know that domestic and foreign rivals are doing the same
- Pandering: phenomenon where leaders take actions that are detrimental for the electorate but further/help their political career
  - for state of the world (external circumstances) A optimal policy is a, for B is b
  - only expert knows what's best (positive) but their career depends on voters (bad) → voters majority believe that optimal is a (so would vote expert that support that) but expert knows is b the real optimal one. Trade-off: expert will choose the actual optimal policy knowing that it would help people but not beneficial for his job, or since he knows what voters prefer he will be a yes man caring more of his career
  - pander to the crowd
  - trustee on expert's superior information is the cause of elections → but elections cause experts not to use their superior information
    - get rid of elections? If expert is enlighten and right it could actually be good but if he's crazy it's going to be detrimental
    - always trade off
      - perhaps we can decrease politicians' salary so to decrease incentives to act incorrectly → actually not solution because it would decrease incentives to be politicians in the first place → only bad politicians left
  - about domestic politics

## GAME THEORY

Game theory is about strategic interaction; that is, making choices while anticipating the actions of others and the consequences of alternative decisions.

- *Example*: cheating in an exam, students will decide to cheat unless professor will sanction misbehavior in a specific way → depends on benefits vs costs → students' best action will depend on professors' actions

People are assumed to be rational

- They have preferences
- They have beliefs
- They face constraints (more or less effort)
- They do what they believe is in their best interest

How are actions made?

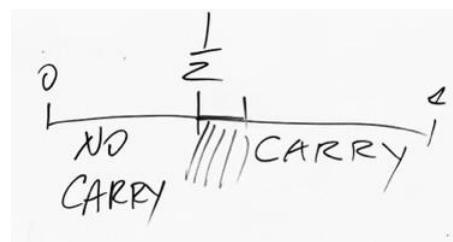
- Rational actors
- Complete or transitive preferences
  - Not easy → tools to manipulate reality
  - Assign real numbers = utility
- Utility
  - This function is such that if we prefer A to B, we have that  $u(A) > u(B)$
  - Rank alternatives based on utility preferences → comparisons across options
- Uncertainty facing decisions → expected utility
  - Assign each possible outcome a utility (or costs and benefits)
  - Higher numerical values mean stronger preference
  - Assign each possible outcome a probability



- Probabilities are between 0 and 1
- Probabilities must sum to 1
- Calculate expected utility (EU) → sum over

### Real life example

- No Umbrella, No Rain (NN) →  $u(NN)=9$
- Umbrella, No Rain (UN) →  $u(UN)=6$
- Umbrella, Rain (UR) →  $u(UR)=3$
- No Umbrella, Rain (NR) →  $u(NR)=0$
- Compare NN and UN: without rain, unpleasant carrying an object you're not using (cardinality)
- Compare UR and NR: with rain, even though I don't like carrying an umbrella, I dislike even more not having it when needed
- Expected utility of carrying an umbrella and not carrying it, having probability of rain =  $p$ 
  - Sum utility levels with weights (=probability)
  - $UR = 3xp$
  - $UN = 6x(1-p)$ 
    - EU umbrella:  $3xp + 6x(1-p) = 6-3p$
  - $NR = 0xp$
  - $NN = 9x(1-p)$ 
    - EU no umbrella:  $0xp + 9x(1-p) = 9-9p$
  - So, carry umbrella if  $6-3p \geq 9-9p$  which is true whenever  $6p \geq 3 \rightarrow p \geq \frac{1}{2}$
  - If instead of  $u=9$ , I have  $u=10$  then I would need more sure that I will need to carry umbrella and more confident of experiencing rain (threshold shift right)



### Political example

Any deal  $x$  can be represented in a line and it is a number between 0 and 1

- Real numbers: countable → any possible shade of deal (0.1; 0.12; 0.122...)

North Korea= NK = most preferred outcome is 1

United States= US = most preferred outcome is 0

US offer NK  $x$  deal → translated in utility:

- For NK  $u(x)=x$  → the more you give me, the happier I am
- For US  $u(x)=1-x$  → the more I give you, the less for me

Take-it-or-leave-it offer → accept deal or refuse it= conflict

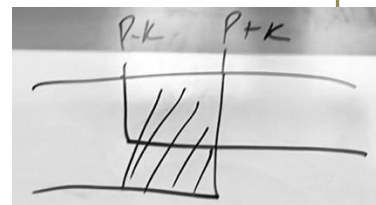
- What does player have from the conflict? Either you win or you lose
- If you win, what do you get? Your most preferred outcome (US=0, NK=1) (if you lose, you lose everything)
- NK probability of winning=  $P$ ; US probability of winning=  $1-P$
- Cost of conflict =  $k > 0$

Compare opinions → payoff utility:

- US
  - Acceptable deals:  $X \leq P + K$
- NK conflict:  $p(1-k) + (1-p)(0-k) = \text{EU winning} + \text{EU losing} (p \text{ of US winning } \times \text{ costs}) = p - k$



- NK accept:  $1 - (1+x) = x$
- $X \geq P - K \rightarrow$  they will be willing to accept the deal if better offer
- This model predicts 100% peace, never war  $\rightarrow$  missing something then
- The proposer of the deal is like an agenda setter and will propose a deal that satisfy just of a little bit more NK



**Solving strategic situation**

**Strategy:** complete and contingent plan of action  $\rightarrow$  everything each player could choose for each option

Expected utility allows us to understand how actors make choices in isolation

However, most situations in international politics involve a strategic interaction among players

We need a tool to understand how these interactions play out

Game theory!

- A game is a situation in which a number of individuals make decisions, and each cares both about his own choice and about others' choices

More formally, in game theory a game is given by

- a set of players
- a set of actions that each player can take
- a mapping from the various actions taken by players and outcomes

Action: one of the options available to a player when it his/her turn to move

Each actor need to specify what to do under every contingency in the game, including those not likely to happen

Best Response: a strategy that provides a player with the highest possible payoff, assuming that other players behave in a specified way.

Dominant Strategy: a strategy is dominant if it is a player's only best response, regardless of other players' choices.

Nash Equilibrium: a profile of strategies such that no player has an incentive to deviate

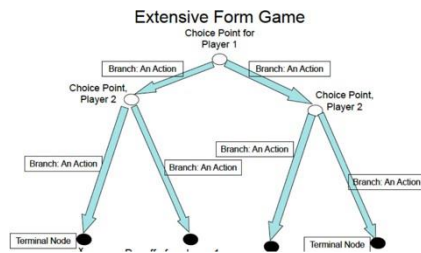
- In a Nash Equilibrium, the strategy played by each individual is a best response to the strategies played by everyone else that is, players' strategies form an equilibrium if no player can benefit by unilaterally changing its own strategy
- Nash Equilibria can be in
  - o Pure Strategies (Choosing an action for sure)
  - o Mixed Strategies (Choosing actions probabilistically)

		Government 2	
		Arm	Disarm
Government 1	Arm	1, 1	3, 0
	Disarm	0, 3	2, 2

*Example*

- Nash equilibrium= 1,1





## Multi-stage games

### SELECTORATE THEORY

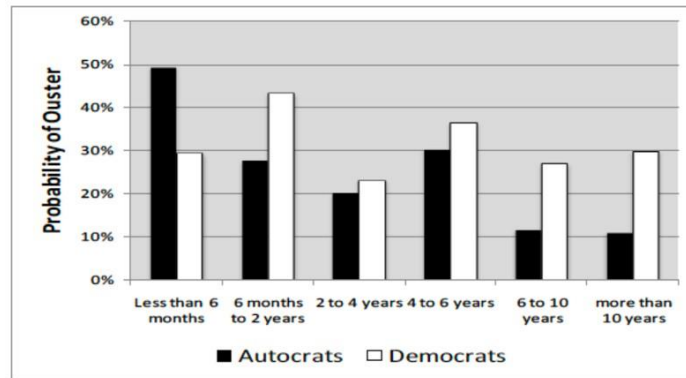
In international politics, there are four broad categories of problems

- coordination - how to achieve mutually beneficial cooperation
  - distribution - how to allocate scarce resources
  - monitoring - how to make sure agreements are upheld
  - sanctioning - how to discourage deviations to noncompliant behavior
- desirable elements are feasible thanks to enforcement of undesirable elements

### *Domestic vs international politics*

- domestic politics additional layer of complexity
  - o plays key role in international politics
    - ex. find way to solve mess from a negotiation at international level → national level (referendum)
    - leaders want to stay in office → choose policies that allow them to improve their own prospects -> how do they survive in office
    - they choose policies that allow them to do so
    - We could see this through the lens of the principal-agent relationship
    - Leader is the "agent", audience who supports his leadership is the "principal"
    - Crucial point is accountability relationship between the principal
    - To understand what bargains can be struck at the international level, we need to understand what bargains can be accepted by the principal
    - Different sets of relevant audiences call for different set of policies
  - o Consider the incentives and citizens opinions
- Dictator vs elected president
  - o Dictator
    - no elections
    - rely on a few people to maintain power → regime elites (inner circles/oligarchy)
    - not really important to ensure peace and prosperity
    - Moral hazard problem - he doesn't pay consequences of his corruption/cronyism
  - o Elected President
    - Elections
    - important to ensure peace and prosperity
    - Adverse selection problem - maybe we select presidents who are not competent at doing so
- Autocracy vs Democracies

- Institutional environment of leader effect survival in office



- Even without term limits, democrats always face a higher risk of ouster after the first few months

our perspective

Take institutional framework where leaders, elites, and citizens operate

- See how they shape leaders' policy decisions
- Examples that we will encounter again later on:
  - democrats use the accountability relationship with voters to convince adversaries of the credibility of their threats
  - elections force democrats to choose less risky foreign policies to avoid failures - this is likely to be the reason behind bipartisan support for big US foreign policy decisions
  - democratic peace

## LECTURE 2.4

Selectorate theory characterizes all governments by their location in a two-dimensional institutional space

- + selectorate: people who have role to select leader (citizens or elites)
- + winning coalition: the set of selectorate (individuals) who support is fundamental for the leader to stay in office → otherwise leader won't stay in office
  - subset of selectorate

Two-dimensional institutional space, that distinguishes:

- democratic regimes
- authoritarian regimes
  - clumped together
  - actually very different types
- + Size of selectorate and size of winning coalition distinguish regimes

Leaders must keep their winning coalition satisfied → distribute

- public goods → consumed by everyone
  - non rivalrous, non excludable
- private goods → consumed by members of winning coalition
  - gather resources to provide them => taxation

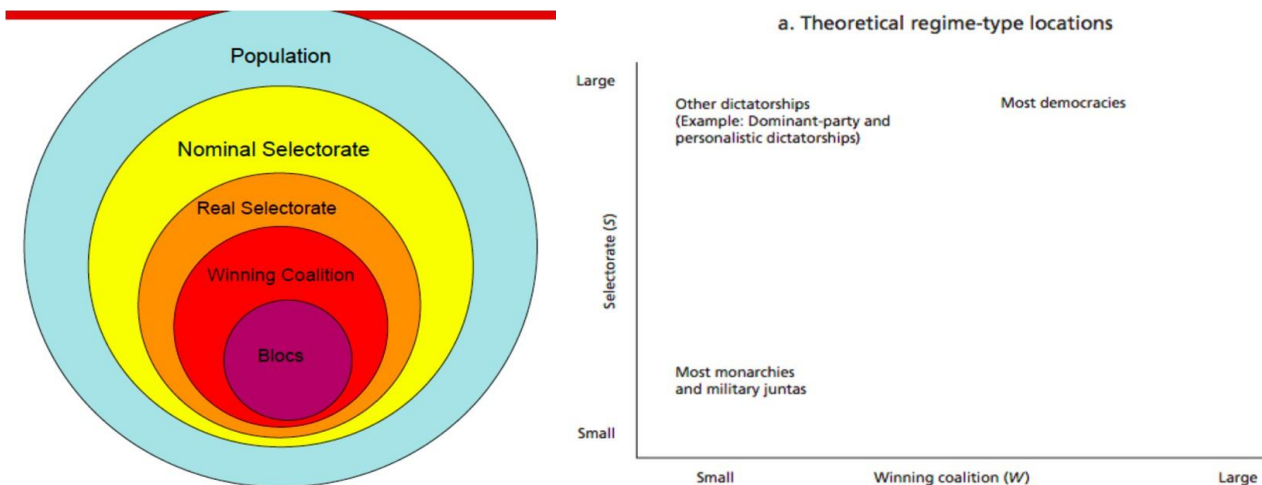
- exogenous budget/resources that leader choose to allocate between public and private goods
- what is not spent, is used at leader's discretion
  - better to spend the minimum needed to control the and have the support of the winning coalition, but no more than that

Leaders can lose elections (Przeworski minimalist definition of democracy)/lose confidence of supporters (military officers → giving ++ resources, may be a threat also) = always possible to lose office

- + challenger: who could replace actual leader → competition for office (incumbent leader vs challenger) → what would each of them offer?
- Leader (L) wants to survive in office and conditional on achieving that goal wants to maximize discretionary control over revenue
- Challenger (C) wants to depose the incumbent and become the new leader.
- The incumbent loses power if and only if the following two things both happen:
  1. The challenger gets the support of a group of size  $W$ 
    - $W$ = enough support to get winning coalition
  2. The leader loses the support of at least one member of her winning coalition.
    - In any member of winning coalition is deviating his preference to the challenger, the leader will lose office

Different regimes have different size of selectorate and winning coalition

- Monarchies (succession plan, from birth), military juntas (military and leader are the same, not always who gets in power stays in power → still who has power is the one who chooses) = small selectorate and winning coalition
- Other dictatorships = large selectorate, small winning coalition
- Most democracies = large selectorate and winning coalition



Commitment → probability of being part of selectorate

- L is committed to all members of  $W$ 
  - If L retains office, any member of winning coalition who supported her remains in  $W$
  - Leader can make credible promises to its selectorate

- **credible commitment** (main difference between L and C)
- C cannot make a similar commitment (it would be easy)
  - It is not until C takes office that the members of Selectorate learn who the challenger will actually work with
  - Thus, from the perspective of a selectorate member, each member of the selectorate is equally likely to end up in the challenger's winning coalition, should the challenger take power
    - Probability of being part of next winning coalition is  $p(i \in W) = \frac{w_i}{W}$

#### Public vs private goods

- Leader can provide both
  - Usually for target members = private goods (ex leader can ensure to provide very luxury lifestyle)
- Timing:
  1. In each period the incumbent and challenger pick coalitions and offer private and public goods.
  2. Selectors choose Incumbent (L) or Rival (C)
  3. If incumbent is overthrown, challenger chooses its coalition members

#### W/S → loyalty norm

- Leader must "pay" coalition enough so that members prefer to remain loyal rather than defect to a challenger
  - For leader, credible commitment = great advantage → through private goods
- Challengers make the best offer they can but they cannot commit to keeping all transition supporters in their winning coalition if they come to power
  - What can challenger offer? Problematic: no credible promises and W/S to cast selectorate
    - It's going to compete with public goods
- Autocracies: smaller winning coalition, leader can save more money actually: give to coalition members enough money (private) to beat what C is offering, and keep the rest for himself
  - More provision of private goods
- Democracies: larger winning coalitions, better for leader to compete on same ground than C (public goods), otherwise cash (private) is not tempting for members
  - More provision of public goods
- + Different mechanism to stay in power because of different incentives depending of w/s → size (but same objective = stay in power)
- As S grows larger, or as W gets smaller, the probability of being in the next winning coalition decreases
  - Once coalition members become more loyal, it's cheaper to buy them
  - More discretionary resources for the leader
- To survive and maximize their budgetary discretion Leaders follow 5 basic rules
  - Rule 1: Keep your coalition of essential supporters as small as possible
  - Rule 2: Keep the coalition's replacement pool (selectorate) as large as possible
  - Rule 3: Control the flow of revenue: Tax as much as you can
  - Rule 4: Pay key supporters just enough to keep them loyal
  - Rule 5: Don't take supporter money to make the people's lives better!





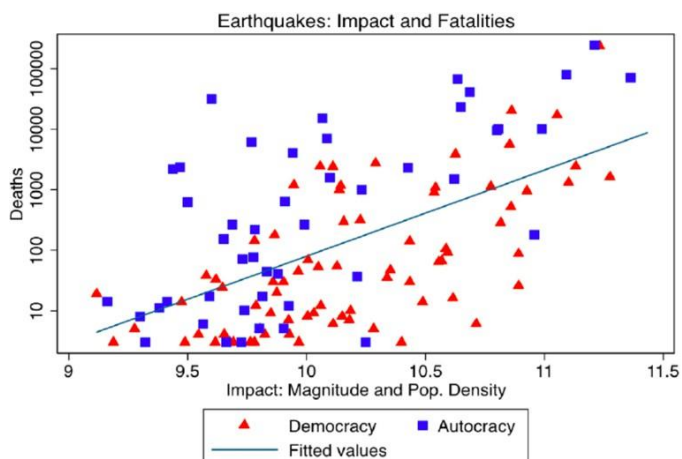
-+  $Z$  = investment in private goods;  $g$  = amount of public goods;  $p$  = cost of providing one unit of public good → need to spend whole budget

■  $R \geq pg + Wz$

■  $Z = (R - pg) / W$

■ As bigger coalition, less private goods, more public goods

- See  $W$  small (autocracy)
- See  $W$  large (democracy)



## LECTURE 2.5

Check Loyalty norm: probability linked to incumbent advantage (compared to challenger, incumbent can make credible promises...) as  $W/S$  increases, the loyalty towards incumbent decreases.

### Large vs small coalition – Implications

- Regimes with large winning coalitions focus on effective policies, including foreign policies.
  - Policy failures often lead to ousting
- Regimes with small  $W$  tolerate failed domestic and foreign policies better than regimes with larger  $W$ 
  - loyalty to leader depends on private goods provision
- As  $W/S$  increases (so as the polity becomes more democratic), leaders must spend more revenue to maintain loyalty among their coalition members
  - fewer discretionary resources → less Kleptocracy
- Regimes with small  $W$  have foreign policies driven by incentive to enrich via territorial conquest
- Regimes with large  $W$  have foreign policies driven by incentive to enforce policy compliance by foreign governments
- **If Leaders can change political arrangements, they want to increase  $S$  and decrease  $W$  (cheaper and make it harder to enter the coalition, because  $I$  reduce  $W$  (dimension of  $wc$ ) and increase  $S$  (selectorate))**
  - this increases the loyalty norm
  - cheaper to buy support from members of  $W$



- more discretionary resources
- **If coalition members can change political arrangements, they want to increase  $W/S$  (because leader will pay members more, more easy to enter)**
  - this decreases loyalty norm
  - more resources to buy support from members of  $W$
- If non-coalition members can change political arrangements, they want to increase  $W$  and  $W/S$ 
  - this increases chances to be part of the winning coalition

How domestic politics affects international politics?

→ assumption: leaders want to stay in office, how do they do that?

Democracies think twice before entering a conflict and choose which one to enter → in authoritarian regimes, leaders are not threatened to lose office if they lose a conflict.

## WHY WARS?

### *Classic strategic explanations for war - Baseline scenario*

- A and B fighting about a resource of value 1
  - A makes an offer  $X \in [0,1]$  to B
  - If B accepts, game ends → B obtains  $X$ , A retains  $1-X$
  - If B does not accept, then there is a war
  - B wins the war with probability  $p$ , A wins with probability  $1-p$
  - Both countries pay  $k$  as cost of war
  - The winner takes the whole resource, that gives payoff 1
- 
- Let's say A has offered  $X$  to B
  - B accepts the offer if
  - $EU(\text{accepting}) \geq EU(\text{fighting})$
  - That is if
  - $X \geq p \cdot 1 + (1-p) \cdot 0 - k$  Or  **$X \geq p - k$**
- 
- Knowing the kind of deals B is willing to accept, what does A want to do?
  - Deal is worthwhile for A if
  - $EU(\text{deal}) \geq EU(\text{fighting})$
- 
- That is if  $1-X \geq (1-p) \cdot 1 + p \cdot 0 - k$  Or  $1-X \geq 1-p-k$  Or  **$X \leq p+k$**
- 
- We know  $p+k > p-k$
  - Hence there is some  $X$  such that
  - A is willing to offer a deal that B is willing to accept
  - Peace!
    - So why wars?

We have three ex ante problems that seem to lead to war:



- Uncertainty
- Commitment problem
- Indivisibility of issues: that are some immaterial or religious things that cannot be divided (think of Jerusalem)

### Indivisibility of issues

- Suppose  $X \in \{0, 1\}$
- For  $X$  to be optimal for A to offer and for B to accept we needed
  - $X \geq p - k$
  - $X \leq p + k$
- Take  $X = 1$ 
  - $1 \geq p - k$
  - but  $1 \leq p + k$ ? Not necessarily (i.e.  $p = 0.3$   $k = 0.6$ )
- Take  $X = 0$ 
  - $0 \leq p + k$
  - but  $0 \geq p - k$ ? Not necessarily (i.e.  $p = 0.6$   $k = 0.3$ )

### Uncertainty

- Sometimes countries disagree about important factors in the game
  - probability of victory of each side
  - cost of war for each side
- Suppose A believes  $p = 0.5$ , but B believes  $p = 0.8$
- Suppose cost of war is  $k = 0.1$  for both
- Then B accepts deals  $X \geq p - k \rightarrow X \geq 0.7$
- But the best deal A is willing to offer is  $X = 0.6$
- There cannot be agreement!



## Uncertainty

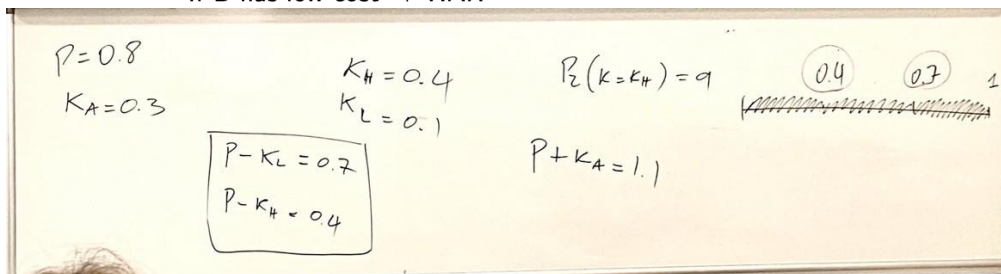
- Suppose now that  $p = 0.8$
- Suppose cost of war for A is  $k_A = 0.3$
- But A does not know if B's cost of war is  $k_h = 0.4$  or  $k_l = 0.1$
- B has a high cost  $k_h$  with probability  $q$
- If B has high cost, he accepts deals  $X \geq 0.4$
- If B has low cost, he accepts deals  $X \geq 0.7$
- What does A want to do? A is willing to offer  $X \leq 1.1$
- A, in theory, is willing to give up the whole resource to avoid war!
- But will A ever offer 1? NO!
- A offers either  $X = 0.4$  or  $X = 0.7$ 
  - either you convince them both by offering up to  $X = 0.7$
  - or at least you convince the high cost offering  $X = 0.4$  (since you're willing to offer even  $X = 1$ )
  - there is no reason to offer something in between, like  $X = 0.5$  - you still only convince the high cost type, but now you pay him more!
- So A compares

$$EU(\text{offering } X = 0.4) \geq EU(\text{offering } X = 0.7)$$

- Which is

$$q \cdot (1 - 0.4) + (1 - q)(0.2 - 0.3) \geq 0.3$$

- If  $q > 4/7$ , A prefers offering  $X = 0.4$
- If B has low cost  $\rightarrow$  WAR



I'm willing to pay either the lowest price (0.4) or the highest for peace (0.7). It's a risk-war payoff. I can pay 0.4 and take my chances  $\rightarrow$  it goes well, I saved money. I can't pay something in between because if the player B wants 0.7 I still don't get my objective and I even pay more, so it's useless.

$$(1-p)q + p(0-k)$$

## Commitment problems

### Presence of first-strike advantage

- both actors would benefit from negotiations
- but first-strike advantage is profitable deviation for both countries
- what kind of strategic interaction is this like?

### Time inconsistency

- let's suppose A offers part of a territory to B
- with the new territory, B is stronger (e.g., more resources etc)
- how can B promise it will not use these resources to make further demands tomorrow?
- "salami tactics" - cut the sausage into thinner and thinner slices and then at the end there is nothing left
- incentive for A not to give up initial concessions

## LECTURE 2.6-7

### Theory of Audience Costs

- Leaders in democracies, when making choices in the international area, they are doing so in front of large audience
- Audience costs make it hard to back down once the threat is made
- Let us look at this theory using the Cuba missile crisis as a guide
- Build up of events:
  - Approaching elections - Kennedy's Cuba policy under pressure
    - failure of Bay of Pigs had discredited Kennedy - seen as indecisive
    - Cuba now seen as legitimate threat to US
    - White House denied for months accusations that it was ignoring dangerous Soviet missiles in Cuba

When you pledge to an audience, you're making a threat, a promise.

$X=1$   $X=0$

$E(U_2(X=1)) = B-C$ ;  $B > C \rightarrow$  benefits greater than costs

$E(U_1(x=0)) = 0-K$

#### Fearon Model of Audience Costs

- As crisis escalates leaders pay an audience cost for backing out
- Higher for democratic leaders because they are accountable
- Cost is higher the longer and more intense the crisis
- At some point leader becomes locked-in  $\rightarrow$  prefers war to political consequence of backing down
- Other side forced to back down or start war
- Democrats become locked in first so they have greater bargaining leverage  $\rightarrow$  "tie your hands"

THEORY OF MADMAN  $\rightarrow$  irrationality helps in negotiation

#### Intuition



- Suppose Country A has issued a threat
- Audience cost effect: How confident must A be in its probability of winning in order to carry out its threat by attacking rather than backing down if B counters, when there are audience costs?
- When audience costs go up, all else equal, A more ready to attack
- This also implies A is prepared to attack even as its chance of winning decreases
- Backing down can be too costly once a threat is made, especially if A's competence is in doubt
- As incompetence increases, A more ready to attack even in the face of poor prospects of war victory
- Resurrection hypothesis - only way to be re-elected is by sticking to threat and hoping to win the war

If you're doing well, increase in audience cost is going to have a lower impact on you to follow the impact through the threat.

As probability of re-election decreases, you are more willing to follow your promises.

An incompetent leader is more likely to follow through his threat compared to the competent leader.

**EXAMPLE** → Obama, Russia and the War in Syria

Obama said he wanted to reset ties with Russia, after tension with Bush administration → summit on global nuclear security in Seoul, March 2012. US and NATO offered Russia to do the project for anti-ballistic shield, with Romania, Poland, Turkey and Spain. Russia was upset because with a shield, Russia could have lost its deterrent.

As he was leaning toward Medvedev in Seoul, Obama was overheard asking for time - "particularly with missile defense" - until he is in a better position politically to resolve such issues.

"I understand your message about space," replied Medvedev, who will hand over the presidency to Putin in May.

"This is my last election ... After my election I have more flexibility," Obama said, expressing confidence that he would win a second term.

"I will transmit this information to Vladimir," said Medvedev, Putin's protégé and long considered number two in Moscow's power structure.

Ben Rhodes, US deputy national security adviser, said:

"Since 2012 is an election year in both countries, with an election and leadership transition in Russia and an election in the United States, it is clearly not a year in which we are going to achieve a breakthrough".

**EVIDENCE** → foreign policies have high degree of bipartisan support → selection effect. Consider electorate advance perspective: role of audience is clear. Suppose government and opposition, opposition wants electoral advantage. Foreign policy chosen by incumbent, the opposition can support it or not.

- Support:
- No support: I believe it's gonna be bad

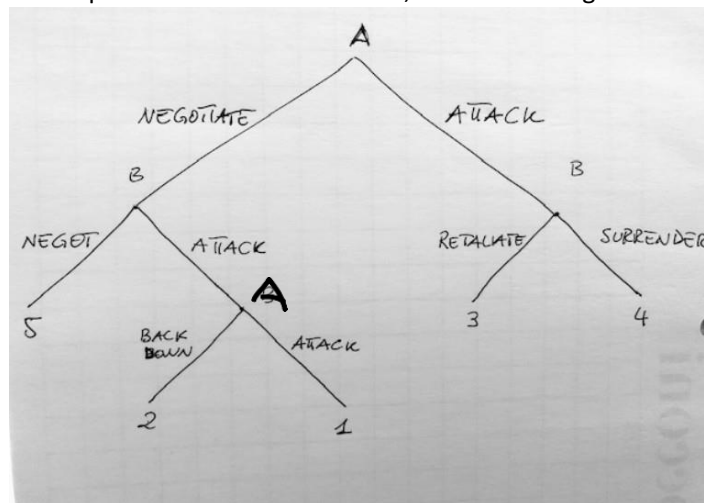
Disagreement happens when the gov and opposition have completely diff position on the prob of failure. It's very unlikely that the gov propose a policy they're not sure of.



## PACIFIC DOVE HYPOTHESIS

- **DOVE** → A dove is a country that prefers to solve conflicts through negotiation rather war
- **HAWK** → prefers to use coercion and violence
- **PACIFIC ACTOR** → if attacked prefers to back down
- **AGGRESSOR** → if attacked, it fights back

**Result:** a weak state has an incentive to initiate a war against a stronger state especially if the weak initiator is a pacific dove. **If the alternative, is bad enough** actors will do things that go contrary to expectation. Dove is too weak, hawks are dangerous



- Then for A
- $EU(\text{Negotiate}) = 5Q + 2(1 - Q)$
- $EU(\text{Attack}) = 4$
- A prefers to attack if  $4 > 5Q + 2 - 2Q$  • That is if  $Q < 2/3$

## SELECTORATE THEORY

- W is size of winning coalition
- Small W - incumbent pays off winning coalition with private benefits and keeps the rest
- Large W - incumbent forced to provide public goods since private goods would be very small for each member of the winning coalition
- better for the leader to provide public goods that everybody can enjoy
- + Autocrats need money to pay private goods to their cronies, allies → they fight for territory to extract resources
- + Democrats need to pick public good, including public policies (and foreign policies) that satisfy their large winning coalition → they fight to extract favorable policy concessions or to change regime of the opponent to a more friendly regime who is willing to adopt better policies.
- + Democrats very sensitive to losing war and number of casualties
- + Autocrats, once in office a few years, are relatively immune to losses and casualties
- + Large W: fight only when victory is believed to be near certain (preferring to negotiate otherwise)
- + Small W: fight even if victory is risky

**TABLE 6.1 Why Fight: Domestic Institutions and the Reasons for Conflict**

Regime Type of Initiator → Initiator's Purpose in the Dispute	Autocracy (Coalition Size < 100)	Democracy (Coalition Size = 100)
Public Goods (Policy, Regime Change)	199 (59%)	71 (82%)
Private Goods (Territory)	140 (41%)	16 (18%)

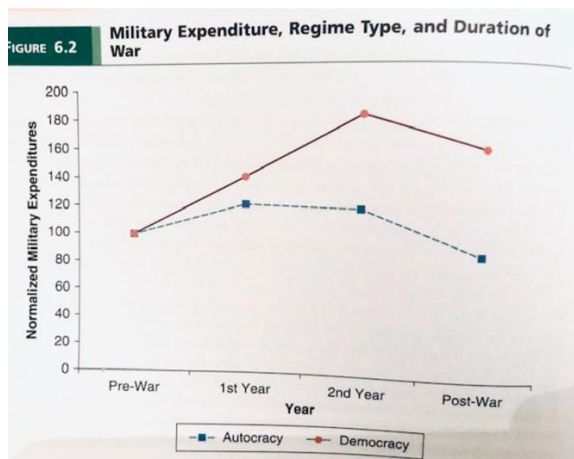
*Source:* Based on the dyadic Militarized Interstate dispute data version 3.1, Bueno de Mesquita and Smith's estimation of coalition size, and Bueno de Mesquita et al. 2003.

Tough fight: coalition's resources less than 70% of total

	W=0	W=.25	W=.5	W=.75	W=1	Total
No War	44 (33.3%)	78 (42.2%)	74 (44.3%)	79 (59%)	57 (85.1%)	332 (48.5%)
War	88 (66.7%)	106 (57.6%)	93 (55.7%)	55 (41%)	10 (14.9%)	352 (51.5%)
Total	132	184	167	134	67	684

- Democracies do not fight tough wars, but they do fight easy ones (e.g. colonial wars)

- Trade-off is  $V + (r/W) - k$  versus  $R/W - k$
- Try hard if  $V > (R - r)/W$
- Small W
  - Survival depends upon private goods
  - Winning war is less important than retaining resources
  - $(R - r)/W$  dominates the value of victory unless  $r > R$  which
    - seems improbable
- Large W
  - Private rewards  $((R - r)/W)$  too small to compensate for loss
  - Victory is essential to survival
- Implication: when required, democrats try harder than autocrats to win a war



**DETERRENCE**





“Peace through strength” → because of strength we are able to enforce peace

- + Through investing in the military?
  - US presidents (starting w Reagan) have always spent money on military (public expenditure) → many disagreements on other public expenditure but never on the military (idea of increasing the strength to not to worry about international threats)
- + Effects on increasing military capacity:
  - Less chances of being attacked
  - “Spiral school” (Jervis): investments on military can be very dangerous (if no knowledge of opponents incentives)
    - If one side starts to invest w/o predatory reasons (so for defense) but if the other side is not aware of our incentives and believe the opponent has predatory incentives → increase military capacity → spiral: have to increase more and more military capacity

#### MODEL OF DETERRENCE

- + Two actors-A and B
- + A, the Defender, wants to prevent B, the Challenger, from
  - taking an undesirable action
- + For B this action is beneficial
- + A can use punishments
- + We talk about successful deterrence if
  - without punishment, B takes the action
  - with punishment B does not take the action
- + Punishment imposes costs that exceed benefits of the action
- + Or equivalently, it reduces benefits of the action so that it is not worth taking it anymore

COUNTERFACTIO → we compare the two hypothetical worlds in which we punish or not and we see the outcomes

#### Deterrence in IR

- In the IR context, deterrence takes the following general form • A has an interest in maintaining the status quo
- B has an interest in changing the status quo • B can challenge/attack/start a crisis
  - A can retaliate
- B’s move can take different forms:
- military - develop new technology, invade disputed territory,
  - launch a strike etc
- non-military - impose sanctions, put tariffs
- A’s retaliation can take different forms:
  - military - military strikes, territorial invasion etc
  - non-military - impose sanctions etc

#### IMMEDIATE VS GENERAL

- Immediate deterrence - respond to short-term threats or attacks
- General deterrence - prevent short-term crises and conflicts from arising



## DIRECT VS EXTENDED

- Direct deterrence - against a direct threat
- Extended deterrence - against an actor threatening a third (allied) actor

### Deterrence - How Does it Work?

- Challenger compares the utility generated by two actions
    - initiate a crisis / escalate a crisis
    - stick to the status quo
  - Let us suppose that if the challenger initiates/escalates a crisis, the defender retaliates
  - Deterrence will be successful if
    - Benefit of initiation/escalation conditional on retaliation < Cost of retaliation + Benefit of status quo
  - The threat of retaliation needs to be capable
  - Challenger moves before defender
  - Before we assumed that if challenger initiates/escalates a crisis, the Defender retaliates
  - But once Challenger initiates/escalates, does Defender actually want to retaliate?
  - It does if Utility following retaliation and of initiation/escalation > Cost to retaliate + Utility following initiation/escalation and no retaliation
- The threat of retaliation needs to be credible

Does the defender want to retaliate C if C does nothing?

### Deterrence - A Simple Framework

- Two players: Defender (D) and Challenger (C)
- Challenger moves before Defender
- Challenger chooses whether to challenge (this can be initiation or escalation of a conflict)
- Defender chooses whether to retaliate following a challenge
- Challenger derives a benefit  $\pi$  if he challenges
- Defender suffers cost  $\lambda$  if challenged
- Retaliation is
  - costly to execute for Defender, who pays a cost  $c$
  - costly to endure for Challenger, who pays cost  $k$
- Retaliation also reduces the benefit (cost) that Challenger (Defender) derives from a challenge by a share  $q$ 
  - after a retaliation, benefit of a challenge for Challenger is  $(1-q)\pi$
  - after a retaliation, cost of a challenge for Defender is  $(1-q)\lambda$
- $P_i = qP_{i+1} + (1-q)P_i \rightarrow$  you cancel  $qP_i \rightarrow$  so you have  $P_i = (1-q)P_i$  (this is after retaliation)

### SOLVING

- We solve the game by backward induction
- Start with the decision of Defender
- If Challenger has challenged, does Defender want to retaliate?
- Utility of retaliation:  $-c - (1-q)\lambda$
- Utility of no retaliation:  $-\lambda$
- Retaliation is optimal if

$$-\lambda \leq -c - (1-q)\lambda$$



- $-c - (1 - q)\lambda \geq -\lambda$
- By rearranging this becomes
- $c \leq q\lambda \equiv c^*$
- If  $c \leq c^*$ , the threat of retaliation is credible
- We now move to the decision of Challenger
- Assume that the threat of retaliation is credible
- If Defender responds to a challenge with retaliation, does Challenger want to challenge?
- Utility of challenge:  $(1 - q)\pi - k$
- Utility of no challenge: 0
- No challenge is optimal if
  - $(1 - q)\pi - k \leq 0$
  - By rearranging this becomes
  - $k \geq (1 - q)\pi \equiv k^*$
- If  $k \geq k^*$ , the threat of retaliation is capable
- CREDIBILITY AND CAPABILITY OF THREAT: 2 conditions necessary under which deterrence is successful
- Summing up our results we can say:
  - + if  $c \leq c^*$  and  $k \geq k^*$  → no challenge, retaliation after
    - challenge → deterrence
  - + if  $c \leq c^*$  and  $k \leq k^*$  → challenge, retaliation after challenge
  - + if  $c \geq c^*$  and  $k \leq k^*$  → challenge, no retaliation after challenge
  - + if  $c \geq c^*$  and  $k \geq k^*$  → challenge, no retaliation after challenge

### Signaling and Bargaining Behavior

- helps establish credibility
- all defenders want challenger to believe they are willing to retaliate
- use costly actions to signal resolve - moving troops
- increase cost of backing down/not retaliate - audience costs
- sometimes it is optimal not to signal very high resolve - allies might start acting recklessly, there might not be enough support domestically for such policies, these policies might make it hard for the attacker to back down
- If I make a speech for the domestic audience → I increase cost of retaliation. “if you try to change the Status quo, I will not tolerate it”
- This is not always optimal (especially in cases of alliances or extended deterrence) → you don't care about the consequences and start to act like a fool, acting more aggressively in the international stage.

### What Factors Help it Work?

- Reputations for Resolve
  - different views on whether behavior in previous crises affects credibility of threats in future crises
  - some scholars argue that the dependence of current reputation on previous behavior is very strong
    - if in the past a defender did not retaliate following a challenge, this pushes new potential challengers to be aggressive



- eg: Ukraine-Russia with the US
- Interests at stake - value of the status quo
  - if defender has vital interests at stake, it will be more willing to engage in a costly retaliation effort
    - some confrontations are characterized by “inherent credibility”, because the defender has vital interests at stake
    - example: North Korea and USA
    - Will North Korea actually use their nuclear weapons if the US try and overthrow the regime of Kim Jong Un?
    - We might expect that since he would be gone otherwise, Kim Jon Un might target the US with nuclear weapons
  - if status quo is particularly undesirable for challenger, it will be more willing to initiate/escalate a crisis

→ To determine deterrence’s SUCCESS or FAILURE, we need to know: the action the Defender wants to prevent and if the Challenger would have pursued the action in the absence of threats

### Deterrence failures when

- initiation of crises or militarized disputes - general deterrence failure
- escalation of crises or disputed to war - immediate deterrence failure
- defender states makes far-reaching concessions to potential attacker to avoid initiation/escalation - both general and immediate deterrence failures

### Deterrence as a continuum

- partial deterrence - e.g. small scale use of force

WE CAN’T OBSERVE SUCCESSFUL DETERRENCE BECAUSE THAT MEANS STATUS QUO!

## LECTURE 2.8

### Cyberattacks

- In deterrence theory, it is always clear who is the Defender and who is the Challenger
- Recent events challenge this restrictive setting
- Attribution problem - difficulty in determining who is responsible for an attack
  - false alarm - Defender perceives an attack when no attack occurred
  - detection failure - Defender fails to detect an attack that did occur
  - misidentification - Defender assigns responsibility for an attack to the wrong attacker
- Attribution problem renders deterrence multilateral
- If one attacker becomes more aggressive, Defender is brought to believe it is more likely that attacker is behind that attack
- But then other attackers have incentive to attack and hide behind the more aggressive attacker

Even if the defender is not sure of the attacker, if country becomes more aggressive, the defender will always attack them but this will provoke an escalation



## **TERRORISM!!!**

Terrorism is the premeditated use or threat of violence by individuals or subnational groups to obtain a political or social objective through the intimidation of a large audience beyond that of the immediate victims

1. Premeditation
2. Use or threat of violence
3. Individuals or subnational groups
4. Goal: political or social objective (what distinct them from criminal organization, whose goal is money)

### **Three players**

- Terrorists (Leaders and Operatives)
- Target government
- Citizens in target country

Our question today: What do terrorists want and why are they using terrorism to achieve their goals?

### **Why they use terrorism? → weapon of the weak**

- Not strong enough to conduct more conventional war
- Not enough public support/impossibility to use democratic means
- Terrorists and government involved in a bargaining game
- Circumvent normal political process and create political change by forcing concessions through threats and violence



### **Unintended consequences of giving concessions**

- Commitment problems:
  - how can govt be sure that by conceding today the terrorists will stop violence?
  - how can govt convince terrorists that it will not be giving more concessions?
- Selection problem: if moderates are satisfied with concessions, how can govt prevent that the group will end in the hands of extremist factions, thus leading to more violence?
- Moderate factions of terrorist organizations will sit at the table with gov and then they're done → extremists say nah, we need more, we're going to use more violence now

### **GOALS**

- Terrorist violence is strategic — what are the ultimate goals?



- **Regime change** (e.g. Red Brigades in Italy, Shining Path in Peru, Al-Qaeda, Boko Haram in Nigeria)
- **Territorial change** (e.g. ISIS, ETA in Basque Country, PIRA in Northern Ireland)
- **Policy change** (e.g. Al-Qaeda)
- **Social control-religious too** (e.g. Taliban in Afghanistan, Boko Haram, ISIS)
- **Status quo maintenance** (e.g. UVF in Northern Ireland)

## LECTURE 2.9

### A step back - Communication, signaling, and conflict

- Conflict among different actors often driven by uncertainty
- Uncertainty can be about
  - relative power
  - resolve/willingness to fight
  - preferences
- Resolving this uncertainty is key to avoiding conflict
- Can actors just communicate and erase the uncertainty?

### Challenges of credible communication

- Let's suppose
  - there are two types of terrorists, Strong and Weak
  - the government finds it optimal to concede to Strong types but not to Weak type
  - terrorists can make an announcement of the sort : "I am the Strong/Weak Type"
- Suppose further the government gives concessions to the terrorists if and only if announcement is "I am the Strong type" What are the incentives?
  - Strong type will say it is strong
  - But also the Weak type has an incentive to say it is strong, so it can get some concessions.
- Government cannot believe costless announcements from terrorist — they are cheap talk

### Terrorist activities as costly signals

- Signals of what?
  - power/capabilities
  - resolve/willingness to fight
  - trustworthiness/preferences
- Signals to who?
  - target government/citizens
  - own constituency

Figure 1. Strategies of Terrorist Violence

		Target of Persuasion	
		Enemy	Own Population
Subject of Uncertainty	Power	attrition	intimidation
	Resolve		outbidding
	Trustworthiness	spoiling	provocation

○

### Attrition - How does it work?

- Signaling strength/commitment to the cause



- More costs inflicted today  $\Rightarrow$  clearer signal of strength  $\Rightarrow$  more credible threat of inflicting costs tomorrow
- Use threat of future costs as a bargaining chip to obtain concessions
- Directed at government and population, but audience is government
- Mostly suited for policy goals and territorial change

*NB There are strategic scenarios where signaling weakness rather than strength can be advantageous to terrorists*

- For govt to concede, it has to be the case
  - Expected costs of continuing conflict  $>$  Costs of concessions
- For the terrorists it has to be the case that
  - $\text{Pr}(\text{Conces}) \times \text{Benefit of Concessions} - \text{Pr}(\text{No conces}) \times \text{Expected costs of continuing conflict} > \text{Status quo}$
- When are these conditions more likely to be satisfied?
  - govt does not have strong interest in the issue disputed (i.e. lower Costs of concessions)
  - govt is constrained in response to terrorist violence (i.e. lower Expected costs of continuing conflict for terrorists)
  - govt low cost tolerance (i.e. higher Expected costs of continuing conflict for govt and thus higher  $\text{Pr}(\text{Conces})$ )

#### **Attrition - How to counter it?**

- Recall, for the terrorists a war of attrition is worthwhile if
  - $\text{Pr}(\text{Conces}) \times \text{Benefit of Concessions} - \text{Pr}(\text{No conces}) \times \text{Expected costs of continuing conflict} > \text{Status quo}$
- Govt should adopt policies that make LHS smaller:
  - make inessential concessions (but this could be signal of weakness of govt)
  - targeted retaliation if issue disputed is important (i.e. lower  $\text{Pr}(\text{Conces})$  via lower ability to recruit)
  - engage in target hardening to limit costs sustained (i.e. lower  $\text{Pr}(\text{Conces})$  via lower Expected costs of continuing conflict)
  - deny terrorists access to weapons of mass destruction (i.e. same as above)
  - minimize probability of citizens' overreaction (i.e. same as above)

#### **Intimidation - How does it work?**

- **Signaling ability to punish who deviates from their rules/does not support them and govt inability to prevent this**
- Punish regime supporters/deviators  $\Rightarrow$  clearer signal of strength and govt weakness  $\Rightarrow$  more support for terrorists
- Similar logic to deterrence
- Tactic: assassination (e.g. beheadings), bombings, mass killings
- Directed at population, that is also the audience
- Mostly suited for social control and regime change
- For the citizens to abide, it has to be the case
  - Expected costs of deviating  $>$  Benefit of deviating
- For the terrorists it has to be the case that
  - $\text{Pr}(\text{No govt punish}) \times \text{Benefit of policy change} - \text{Pr}(\text{govt punish}) \times \text{Cost of punish} > \text{Status quo}$



When are these conditions more likely to be satisfied?

- Intimidation aimed at regime change
- govt is weak (i.e. lower  $\Pr(\text{punish})$  and higher Expected costs of deviating for citizens)
- large territory (i.e. same as above)
- Intimidation aimed at social control • govt is weak (i.e. same as above)

Intimidation - How to counter it?

- Recall, for the terrorists intimidation is worthwhile if
  - $\Pr(\text{No govt punish}) \times \text{Benefit of policy change} - \Pr(\text{govt punish}) \times \text{Cost of punish} > \text{Status quo}$
- Govt should adopt policies that make LHS smaller:
  - if terrorists seek regime change
    - clear and hold — regain control of territory and strengthen state institutions (i.e. higher  $\Pr(\text{govt punish})$ )
  - if terrorists seek social control
    - strengthen law enforcement (i.e. higher  $\Pr(\text{govt punish})$ )

Provocation - How does it work?

- **Force govt to reveal information about itself and thus persuade domestic audience that govt is untrustworthy**
- Induce govt to respond with indiscriminate violence  $\Rightarrow$  domestic audience's view of target govt worsens  $\Rightarrow$  more support for terrorists' goals and violent acts against govt
- Directed at government but audience is population
- Mostly suited for regime change and territorial change
  - Al-Qaeda strategy: provoke US with 9/11 attacks and involve them in long war of attrition
  - For the govt to retaliate, it has to be the case that
    - $\text{Benefit for security} - \text{Cost of radicalization} > \text{Cost of inaction}$
  - For the terrorists it has to be the case that
    - $\Pr(\text{retaliation})(\text{Benefit of support} - \text{Cost of retaliation}) + (1 - \Pr(\text{retaliation})) \times \text{Status quo} > \text{Status quo}$
  - When is this condition more likely to be satisfied?
    - govt not too willing and not too reluctant to retaliate harshly
      - if too willing to retaliate  $\Rightarrow$  otherwise  $\text{Cost of retaliation} > \text{Benefit of higher support}$
      - if too reluctant to retaliate  $\Rightarrow \Pr(\text{retaliation}) \approx 0$
  - democratic institutions (i.e. higher Cost of inaction thus higher  $\Pr(\text{retaliation})$ )

Provocation - How to counter it?

- Recall, for the terrorists provocation is worthwhile if
  - $\Pr(\text{retaliation})(\text{Benefit of support} - \text{Cost of retaliation}) + (1 - \Pr(\text{retaliation})) \times \text{Status quo} > \text{Status quo}$
- Govt should adopt policies that make LHS smaller:
  - targeted interventions (e.g. lower benefit of higher support for terrorists)
  - investment in intelligence to improve efficiency of interventions

Spoiling - How does it work?





- **Instill mistrust between moderate factions of terrorist groups and govt**
- Moderates appear unable to ensure security ⇒ induces govt to distrust moderates ⇒ more support for terrorist group when no compromise has been reached
- Directed at government, that is also the audience
- Mostly suited for territorial change

### Spoiling - When does it work?

- For the govt to trust moderates, it has to think moderates are too weak to crack down on extremist and not that they are unwilling to do that
- If moderates do not want to crack down on them, any agreement won't last
- When is this condition more likely to be satisfied?
- moderates are weak
  - if moderates have large support from their constituency, terrorism is sign they cannot be trusted

### Spoiling - How to counter it?

- Need for policies that improve trust between negotiating parts
  - third-party monitoring and enforcement of the deal
  - deals should not alter too much balance of power
  - participation in international institutions that raise costs of deviations

Selection problem is unavoidable — often after agreement violence increases

### Outbidding - When and how does it work?

- When multiple groups compete for support of one constituency
- Violence as a signal of commitment to the cause
- Higher level of violence than competitors ⇒ population infers the group has higher commitment to the cause than its competitors ⇒ more support for terrorist group
- Audience is population
- Not directly related to a particular goal
- Supporting more extreme groups might produce several benefits to citizens
- if a deal is possible, they make tougher negotiators
- if conflict is inevitable, they are more willing to fight
- if they achieve some political goals, they are less likely to sell out afterwards

### Outbidding - How to counter it?

- Need for policies that reduce competition among groups
  - promote unity into a united opposition — easier to bargain with a unified actor but that now it is stronger
  - grant concession to nonviolent groups — dampens incentive to pursue violent tactics but worsens the selection problem

## LECTURE 2.10

### INTERNATIONAL RELATIONS:

- International organizations are mainly about helping countries achieve cooperation



- However, not all issues of cooperation are the same
- It depends on the presence or absence of distributional issues
- When there are no distributional issues, things are easy
- Example: driving on the right-hand side of the street
  - no incentive to deviate - we both benefit from sticking to this norm so as to avoid accidents
- When distributional issues are present, actors have incentive to cheat or **free ride**
- Institutions try to solve these issues

**RIVAL GOODS:** my use of the good reduces the amount of the good available to others (eg: building a dam on a river) → distributional problems

- Non-excludable: cannot prevent others from consuming the good
  - could be both a positive thing or a negative thing
  - A's action imposes an externality on B if A's action affects B's payoffs
  - suppose person
  - A takes action x
  - action x imposes a negative (positive) externality on B if B's payoffs are lower (higher) when A chooses x
  - Relative to the social optimum, people do too little of actions with positive externalities, and too much of actions with negative externalities
  - People usually do not internalize the externalities of their actions, because they choose actions based on their self-interest!
  - SOCIAL PLANNER → positive externality in societies A's action gives B a higher payoff

### TYPES OF GOOD

- Public goods - non-rivalrous and non-excludable
  - actors want to enjoy the benefit, but don't want to pay for the good
- Common-pool resources - rivalrous and non-excludable
  - actors do not internalize the full negative impact of their actions on society
  - if they care more about the present than about the future, they overuse the good even if this depletes the good in the long run
- Club goods - non-rivalrous and excludable
  - it is possible to prevent some people from deriving benefits from this good
  - excludability needs to be enforced
- Private goods - rivalrous and excludable
  - laws designed to protect property rights over private goods
  - international courts designed to adjudicate disputes on violations of international law that protect private goods

Types of Goods/Policies	Excludable	Non-Excludable
<b>Rival</b>	Private Goods: Imports and Exports, Currency Exchange and Commodity Trading, Territorial Acquisition	Common-Pool Resources: Fishing, Cross-Border Rivers
<b>Non-Rival</b>	Club Goods: Intellectual Property, Religious Rights	Public Goods: Clean Air, National Defense



## PARTICIPATION IN COLLECTIVE ACTION

- Suppose I believe  $n$  others will participate
- Payoff to participating:

$$p(n+1)B - C$$

- Payoff to not participating:

$$p(n)B$$

- Participate if

$$\underbrace{(p(n+1) - p(n))}_{\text{Individual's incremental contribution}} \cdot B > C$$

### Free Riding

- Any individual has a small influence on the outcome
- There are real costs to participating
  - Time
  - Financial sacrifice
  - Physical danger
  - Retaliation
- Individuals have an incentive to free ride
- Examples
  - Protesting against a dictatorial regime
  - Reducing greenhouse gas emissions
  - Enforcing sanctions
  - Contributing to help alleviate global poverty or community homelessness

### SOLUTIONS TO FREE RIDE

- Carefully choosing the size of the organization
- Punishment strategies that discourage cheating and free riding
  - Threats as a way to create opportunities for Pareto improving outcomes
  - Coercion is sometimes necessary when rivals are not induced to reach agreement

EG. UE has two different speeds

### Organizational Size - Trade-offs

- How inclusive should international organizations be?
- Large Organizations (like UN, WTO):
  - Free Riding
  - Either tough demands on members, but low compliance
  - Or shallow demands on members, and meaningless compliance
  - In both cases, the organizations achieves a sub-optimal advancement of goals
  - High cost of monitoring all members → weak enforcement
- Small Organizations (like NAFTA):
  - membership conditional on agreement on rules and regulations



- Expansion puts objectives at risk - diversity of preferences blocks progress towards cooperation
- Attract sincere members to achieve meaningful compliance

When you increase the participation, you have to decrease the demand because you have to deal with more preferences

### How to disincentivize free riding

- International organizations provide a long run horizon framework within which countries get to act
- Simplest international agreement is a bilateral agreement
- We start from there, and we make use of a game that we know well: the Prisoner's Dilemma!
- Both players have an incentive to cheat
- Can the prospect of repeated interaction help countries achieve cooperation?
- The answer is a qualified yes

## A Primer on Time Discounting

- First, we need to learn how to think about trade offs between "today" and "tomorrow"
- Choice: \$960 today or \$1000 in 1 year? Which is better?
- Answer depends on how much you value \$960 today compared to \$1,000 in a year.
- Let  $\delta$  be the time discount parameter (that is, how much less value something has to you in the future compared to getting it now ):  $0 < \delta < 1$
- If  $\delta = 0.96$ , \$1000 next year is worth  $0.96(\$1000)$  today = \$960.
- If  $\delta > 0.96$ , you value \$1,000 in a year more than \$960 now.
- Today, at  $t = 0$ , you value  $X$  as  $X$ ; next year,  $t = 1$ , you value  $X$  as  $\delta X$  and the year after as  $\delta^2 X$  and so on
- You value  $X$  at time  $t$  at  $\delta^t X$
- Call  $V = X + \delta X + \delta^2 X + \dots$
- I can write

$$V = X + \delta(X + \delta X + \delta^2 X + \dots)$$

- But the expression in parenthesis is nothing but  $V$ !
- Then I can write
- Rearranging, I obtain

$$V = X + \delta V$$

$$V = \frac{X}{1 - \delta}$$



- To deter cheating, we need a punishment!
- Today, we consider two strategies (complete AND contingent plans of action):
- **Tit-for-Tat:** I will do tomorrow what you did today
  - if in the previous period you played C, in this period I'll play C
  - if in the previous period you played D, in this period I'll play D
- **Grim Trigger:** If somebody defects at some point in time (including myself), then I will never again cooperate with you
  - I play C unless I see somebody playing
  - From the moment I see somebody playing D, I play D forever
- Both strategies assume effective monitoring and sanctioning

At one point the game will end → last game before end anyone can cheat or deviate because there will be no punishment!

## LECTURE 2.11

### HUMAN RIGHTS

Eg. Rabaa Massacre 2011 → 2013 → dictatorship, many civilians killed: worst episode of mass killing in Egypt history.

- International law acts if the violation of rights is clear for everyone
- Also, international institutions may be inefficient or may don't want to act due to political and strategic reasons
- International bodies don't have coercive power

### Constructivism on International Law

- Laws become internalized as norms of good conduct.
- Internalization alters states' perceptions of national interest.
- Laws not violated, and perhaps even enforced, because they are seen as proper.

### Realism on International Law

- International law codifies but does not create reality.
- Reflects interests of powerful states.
- These states will break laws when it suits them.

### Strategic Perspective on International Law

- International law ties hands of political leaders.
- Thus, signing reflects codification of preexisting preferences.
  - But signing may constrain future leaders who do not necessarily agree.
- Violations will be rare.
- However, if treaty diverges too much from domestic political interests, may be tossed aside.

### International Regimes versus International Law

- Not everything that matters is codified in law.



- “International regime” captures rules, regulations, and norms that are widely accepted but not codified in law.
- Informal constraints on behavior by states, because:
  - Violations may have reputational consequences...
  - Or may even be punished directly (e.g. aid cuts).
- Not so different from social norms within a country or local community.
- Norms may change over time, sometimes quite quickly.

## Universal Declaration of Human Rights



- Approved in 1948 by almost all UN members at the time.

### Different Priorities

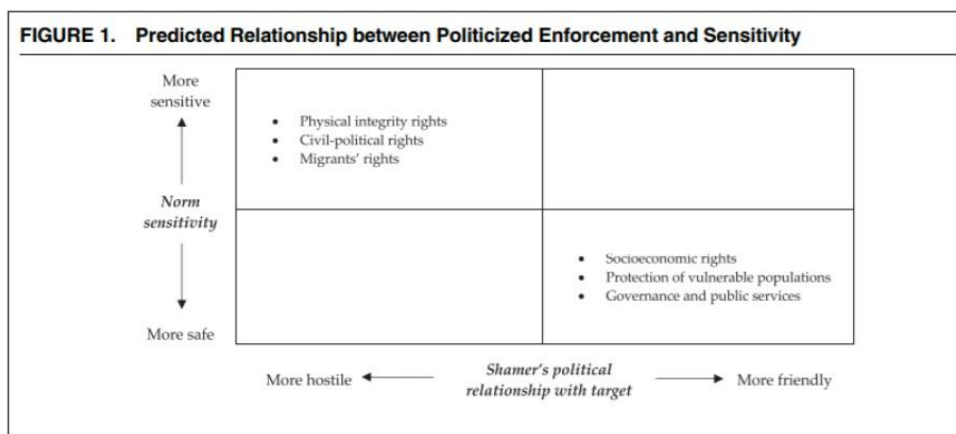
- Terman and Buzas (2021) classify countries as:
  - Civil libertarians: “traditional” concept of human rights.
  - Developmentalists: prioritize economic rights.
  - Institutionalists: promote human rights institutions.
  - Egalitarians: avoid positions on human rights issues generally.

### The International Criminal Court

- The ICC as a key institution of international law.
- Initiated in 2002 through Rome Statute.

- Only permanent international body that can prosecute severe human rights violations.
- Currently 123 ICC member states.
- • **Official Investigations:** Burundi; Central African Republic; Ivory Coast; Sudan; DRC; Georgia; Kenya; Libya; Mali; Uganda; Bangladesh; Myanmar
- • **Preliminary Investigations:** Afghanistan, Colombia, Comoros, Guinea, Iraq, Nigeria, Palestine, Philippines, Ukraine, Venezuela
- • The ICC has faced accusations of bias, especially against African member states.
- If the impact of law is limited, what about social pressure?
- “Naming and Shaming” of human rights violators an
- important aspect of promoting human rights.
- Violators often care about international reputations, domestic political support...
  - Rights violations can trigger anger in other countries or even spur protests domestically.
  - As a result, publicizing violations can be damaging for perpetrators.

## Politicizing Human Rights Critiques



- Counterintuitively, this politicization may indicate the strength of human rights norms.
- States don't shame their allies on sensitive matters because they worry about the consequences.
- States shame their opponents because they want to impose reputational and other costs on them.

### LECTURE 2.12

**TRADE** → It is the set of commercial transaction involving the sale and purchase of a good, service, or information.

- get or produce goods in one place at a cheaper price
- sell these goods in a different place where price is higher

#### Two main views



- fair trade - protect and foster success of domestic firms against foreign ones
- free trade - step back and let competition reduce costs of goods and services

Government is not without role, even under free trade

- guarantee contract enforcement through legal system
- monitor compliance with international trade agreements
- provide infrastructure that makes trade possible
- ensures stability of currencies that are crucial for trade

Governments also use trade to punish other governments

- economic sanctions against Cuba, Iran, NK

### Comparative and Absolute Advantage

- **Absolute advantage** - ability to produce a good or service at a lower cost than anyone else.
- **Comparative advantage** - ability to produce a particular good or service at a lower opportunity cost than its trading partners
  - presence of a comparative advantage implies that trade will still occur even if one country has an absolute advantage in all products

**Heckscher-Ohlin theorem:** In purely economic terms, countries make and export products that use the more abundant factor of production.

- Countries with a relative abundance of capital, like many rich countries, tend to export products that rely strongly on the use of capital (e.g., automobile manufacturing)
- Countries with a relative abundance of labor, like many poor countries, tend to export products that rely strongly on the use of labor (e.g., clothing manufacturers)
- Countries are also better off importing the products that rely on their relatively scarce factor of production.
- The Heckscher-Ohlin Theorem explains why countries have comparative advantages in certain goods
- Countries differ in endowments of factors of production (e.g., U.S. is a capital-abundant nation while Brazil is a labor-abundant nation).
- Goods differ in their factor intensities (it takes more capital relative to labor to make computers; it takes more labor relative to capital to make shoes).
- When something it is abundant it is cheap
- Thus, rewriting the Heckscher-Ohlin Theorem: A country will export those goods whose production requires the intensive use of the factor of production that it has in relative abundance

### Heckscher-Ohlin theorem - What about govt protection?

- Important caveat: we have not considered government intervention!
- Who will ask the government for protection? Let's look at factor mobility
- Three possible scenarios
- both labor and capital are mobile
- only one is mobile
- neither is mobile





- This will allow us to understand who benefits and who is hurt from globalization

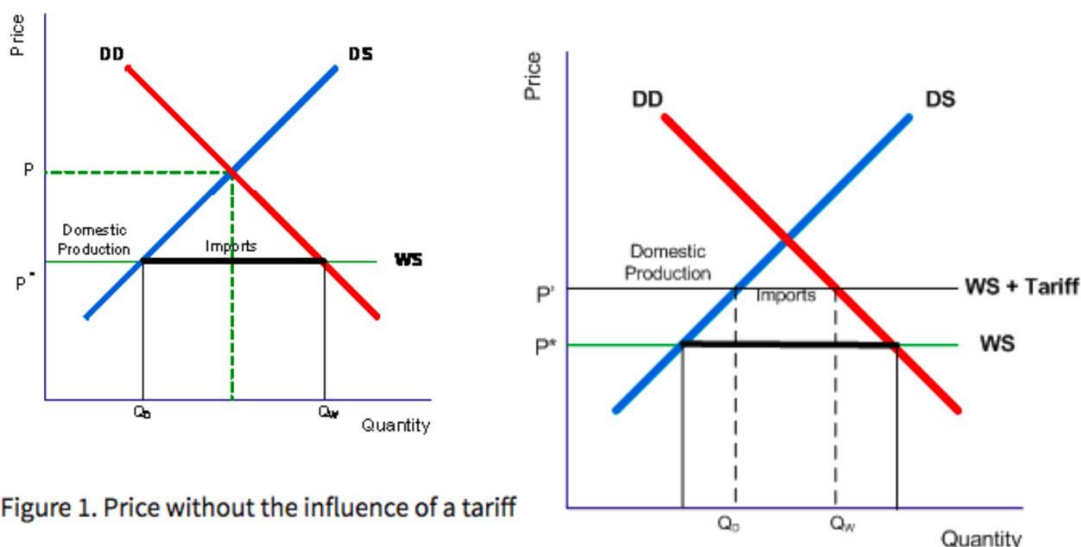


Figure 1. Price without the influence of a tariff

- Tariffs protect domestic businesses and labor against competition
- Tariffs tend to increase the costs of goods and services to consumers while decreasing their supply
- Higher prices tie up money that could otherwise have been spent on other goods and services
  - Tariffs tend to harm economic growth by reducing demand for products in unprotected industries, especially if consumers have inelastic demand for goods on which tariffs have been imposed
- Free trade is a public good!
  - everybody is a consumer
- Tariffs are a private good!
  - benefits firms and workers of protected industries, and hurt everybody else

#### Trade Protection: Consequences of Tariffs

- If benefits of free trade are diffuse, and benefits of trade restrictions are limited, why do countries not always adopt free trade?
- Collective action problem!
- Concentrated interests → easier to mobilize
- Diffuse interests → higher incentive to free ride
- Selectorate theory helps us
- large coalition regimes provide public goods → free trade
- small coalition regimes provide private goods → protectionism

#### Not only tariffs

- Trade restrictions can be achieved through
  - quotas
  - environmental policy
  - health standards
  - capital control

## Immigration and capital control as a form of trade

- Restrictions on immigration or emigration are political choices to limit labor from seeking its comparative advantage
- They protect inefficient domestic workers
- Restrictions on foreign investments are political choices to limit capital mobility to protect inefficient domestic business owners.

## Statistical Evidence: Coalition size, Free Trade or Protection

- The larger the coalition on which a government depends for its survival in power, the freer its trade policies.
- Autocrats, not democrats, are most likely to favor protectionism, presumably on behalf of their small-coalition loyalists.
- Free trade promotes income equity and efficiency
- Protectionism does the opposite
- How much of each a country has is a consequence of its domestic political structure

## Globalization

- We saw that protectionism might be bad for the economy of a country
- What we have not said is the impact of protectionism on a more global level
- To do that, we study globalization
- Definition: globalization is the process of international integration in commodity, capital and labour markets

## Globalization - winners and losers

- For some, desirability of globalization comes, among other things, from price convergence and enabling foreign direct investment in poor countries
  - as the world becomes more interconnected (e.g. transportation costs go down, informational asymmetries disappear etc), it is hard to sustain price differences
  - competition from imports drives down the price, leads to improvement in quality, and adds to variety of choices
  - For others, globalization is undesirable because
  - hurts developing economies trying to compete with better
- developed, well-established economies
  - **makes the rich richer, and the poor poorer**

## Globalization - a matter of mobility

- What is globalization really about? Freedom of factors of production
  - capital
  - labor
- Politics of globalization revolves around incentives for politicians to limit movement of factors of production
- Restrictions on immigration or emigration are political choices to protect inefficient domestic workers
- Restrictions on foreign investments are political choices to limit capital mobility to protect inefficient domestic business owners

## Globalization - a roadmap



- We are going to proceed as follows
- 1. develop a (very) basic economic framework
- 2. understand what good different countries want to specialize their production on (and hence their export)
- 3. explore the impact of mobility of factors
- 4. look at how demand for protection (and opposition to globalization) varies across groups and across countries based on factor mobility

### **Factors of production**

- Suppose in a country there are two groups
  - those who own labor
  - those who own capital
- Suppose the country makes two products
  - one that is capital-intensive
  - one that is labor-intensive
- First point in the roadmap: what goods do countries want to produce (and export)?

### **Inter-industry factor mobility**

- Assume there are two industries
  - Export
  - Import
- Assume there are two factors of production
  - Labor
  - Capital
- Assume perfect inter-industry mobility of factors of production
- Factors can move costlessly between the two industries • Then allow a movement to free trade

### **Inter-industry factor mobility - Richer country**

- In richer country,
- Export industry is capital intensive - e.g. computers
- Import industry is labor intensive - e.g. shoes
- With move to free trade, the price of shoes falls → decrease in profits for firms in shoe industry
- Lower price → Domestic shoes supply goes down, and domestic firms fire workers.
- But the shoe industry is labor intensive! Impact on labor is higher than impact on capital.
- With the move to free trade, the price of computers increases → increase in profits for firms in computer industry.
- Higher price → higher supply to expand output,
- Thanks to inter-industry mobility, export firms draw in factors from the import industry.
- Can the computer industry absorb some of the workers fired in the shoe industry?
- Yes, to some extent, thanks to inter-industry mobility
- But the computer industry is capital intensive! It requires more capital than labor.

### **Inter-industry factor mobility - Poorer country**

- In poorer country,



- Export industry is labor intensive - e.g. shoes
- Import industry is capital intensive - e.g. computers
- With move to free trade, export of shoes increases → increase
- In profits for firms in shoe industry
- Domestic shoes supply goes up, and domestic firms hire workers to meet demand coming from richer countries
- The shoe industry is labor intensive! It attracts labor from import industry, not capital
- Capital is stuck in the relatively less competitive industry - return on investment goes down

### **Inter-industry factor mobility**

- Free trade allows each economy to pursue its comparative advantage
- Free trade benefits the factor of production that is relatively abundant (capital in rich countries, labor in poor countries) and harms the locally scarce factor (labor in rich countries, capital in poor countries)
- Consequence:
- Rich in rich countries get richer faster than poor in rich countries
- Poor in poor countries get richer faster than rich in poor countries.
- Possible class warfare: Protect me against them!
- If there is perfect mobility of factors of production (BIG“if), then globalization is good for poor people in poor countries
- Anti-globalists in rich countries are not good advocates of the cause of poor people in general, but only of the relatively “better off” poor people

### **No Factor is Mobile**

- In production decisions, some factors are fixed (and hence specific) in the short run
- Suppose both capital AND labor are fixed and are fully used in the economy
- What happens if govt imposes tariffs on one industry?
- Effects are localized to that specific industry
- even if relative return to labor or capital across industries change, factors cannot move!
- impact not directly felt across economy
- This leads to competition across industries to obtain protection
- Additionally, limiting mobility can be beneficial for politicians
- more effective than a cash payments - recipients could take the cash, move to a different industry, and not need protection anymore from politician
- subsidies or price supports discourage workers or capital owners from changing industries - maintain loyalty of these group to politicians
- True both in democracies, and even more in dictatorships, where leader can protect his cronies by keeping competition out in industries where they operate

### **One Factor is Mobile**

- But limiting mobility of both factors, especially labor, is hard to do!
- Capital specific to sectors, labor mobile across sectors
- Assume trade liberalization, and capital-intensive sector is the
- export sector
- Capital-intensive (export) sector thrives - prices go up, supply goes up
- capital owners oppose tariffs!



- labor demand increases, but just by a bit, so wages increase - oppose tariffs!
  - Labor-intensive (import) sector suffers - prices go down, labor demand shrinks, return to capital investment shrinks
  - capital is fixed, cannot be moved - demand for protection!
  - export sector cannot absorb much labor - demand for protection!
- 
- Assume trade liberalization and labor-intensive sector is the export sector
  - Labor-intensive (export) sector thrives - prices go up, supply goes up
  - capital owners oppose tariffs!
  - labor demand increases, wages go up
  - Capital-intensive (import) sector suffers - prices go down, costs go up (to attract workers who can get higher wages in labor-intensive sector that is thriving), and so return to capital investment shrinks
  - capital is fixed, cannot be moved - demand for protection!
  - Demands for protection are industry specific, not class specific (capital vs labor)
  - In an export-oriented industry, capital does especially well
  - In an import-oriented industry, capital does especially poorly
  - Labor moves toward industry that ensures the higher return → export-oriented industry
  - Labor stuck in import-oriented industry demands protection

### ***Statistical Evidence***

- Free trade benefits labor
  - Countries with the most trade protection: labor's share of value-added in manufacturing is 41 percent
- 
- Countries most open to trade: labor's share of value-added is 59 percent
  - Free trade benefits capital
  - Higher-income countries have only a marginally better prospect of attracting investment than do poorer countries
  - Trade openness, in contrast, strongly attracts foreign investment
  - Countries least open to trade average about 12 percent public and private investment as a share of GDP
  - Countries most open to trade average investments equal to 18 percent of GDP, or 50 percent more than those closed to trade



## \*DISAGREEMENTS ON TRENDS AND DEFINITIONS\*

Our key empirical claim: Measures of electoral competition have not declined over the past decade.

- None of the responses challenge this finding.
- Differences emerge when using a more expansive definition of democracy, relying on expert-coded data, or weighting by population.
- Slight decline in subjective measures may be due to changes in information environment or coding standards.
- Objective measures may miss important components of backsliding.
- These possibilities are not mutually exclusive, nor are they mutually exhaustive

### What is the right sample?

Debate:

- "Important" countries only?
- Democracies only?
- Democracies and autocracies?

Response:

- All samples are important to study, as long as scholars are clear about the question.
- Moving forward, democracies and autocracies should be studied separately

### Thick vs Thin Definitions

How should democracy be defined?

- Electoral competition
- Civil liberties and rights protections

We will probably never agree, and that's probably okay.

- Regardless, we need to understand why measures of electoral competition have not changed

### How should democracy and backsliding be measured?

Objective Measures:

- Have the advantage of being replicable and more reliably coded.
- Drawback is the focus on formal institutions.

Subjective Measures:

- Have the advantage of wide coverage on topics that are difficult to collect data on.
- Drawback is potential coder bias, especially with hot button topics (robustness checks here are great!)

- Collecting objective data on all dimensions of democracy may be challenging, but it is a valuable goal.

### The Importance of Admitting Uncertainty

We started steeped in the narrative too

- Doubts arose only when we started looking at the (mostly easily accessible) data
- Many papers take major backsliding as a premise, can distort agenda
- Political science researchers have become much more precise about making strong claims based on data.
- It is imperative that we apply the same level of rigor and comprehensiveness when studying trends in global democracy.
- Admitting what we don't know opens up many paths for future work.

pt.2

- Admitting uncertainty is particularly crucial when studying issues like backsliding that draw wide attention outside of academia.
- Even if researchers are honest and doing their best, attention outside of academia.
- Even if researchers are honest and doing their best, extreme/incendiary results get the most attention.
- Harms the reputation of the field when consensus ends up being incorrect / incomplete.



- If we want to be trusted when raising alarms, need to be trustworthy



@astrabocconi



@astrabocconi



@astrabocconi



**GOOD LUCK!**  
GOOD LUCK!

 **ASTRA**  
B O C C O N I