

COMMITMENT PROBLEMS

PSC/IR 265: CIVIL WAR AND INTERNATIONAL SYSTEMS

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Overview

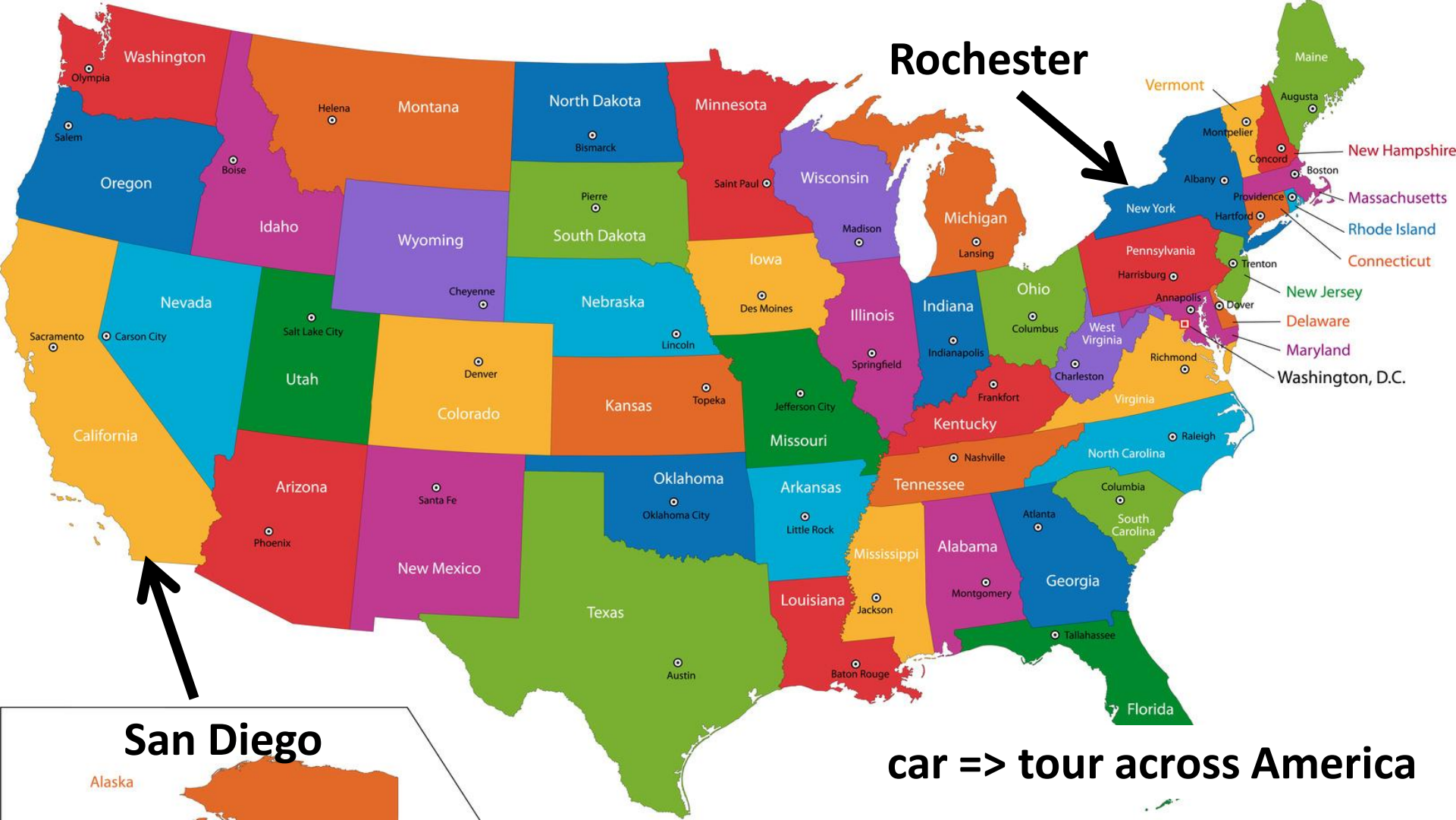
1. Commitment problems
2. *Breaking Bad*
3. Yugoslavia's Meltdown
4. When do commitment problems occur?
5. Coordination problems => commitment problems
6. China's Internet censoring



San Diego

Alaska





Rochester

San Diego

car => tour across America

Vermont

New Hampshire

Massachusetts

Rhode Island

Connecticut

New Jersey

Delaware

Maryland

Washington, D.C.



Rochester

San Diego



Rochester





Rochester

Vermont

Maine

Augusta

New Hampshire

Concord

Boston

Massachusetts

Rhode Island

Connecticut

New Jersey

Delaware

Maryland

Washington, D.C.

Albany

Providence

Hartford

Trenton

Annapolis

Dover

Richmond

Raleigh

Columbia

South Carolina

Atlanta

Montgomery

Georgia

Nashville

Frankfort

Indianapolis

Lansing

Madison

Springfield

Jefferson City

Topeka

Lincoln

Des Moines

St. Paul

Minneapolis

Bismarck

Pierre

Cheyenne

Denver

Salt Lake City

Phoenix

Santa Fe

Oklahoma City

Little Rock

Arkansas

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**My
Concern.**





San Diego

El Paso

Alaska

Washington, D.C.

New Hampshire

Massachusetts

Rhode Island

Connecticut

New Jersey

Delaware

Maryland

Vermont

Maine

Augusta

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Concord

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Providence

Hartford

Trenton

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Washington

Olympia

Salem

Boise

Carson City

Sacramento

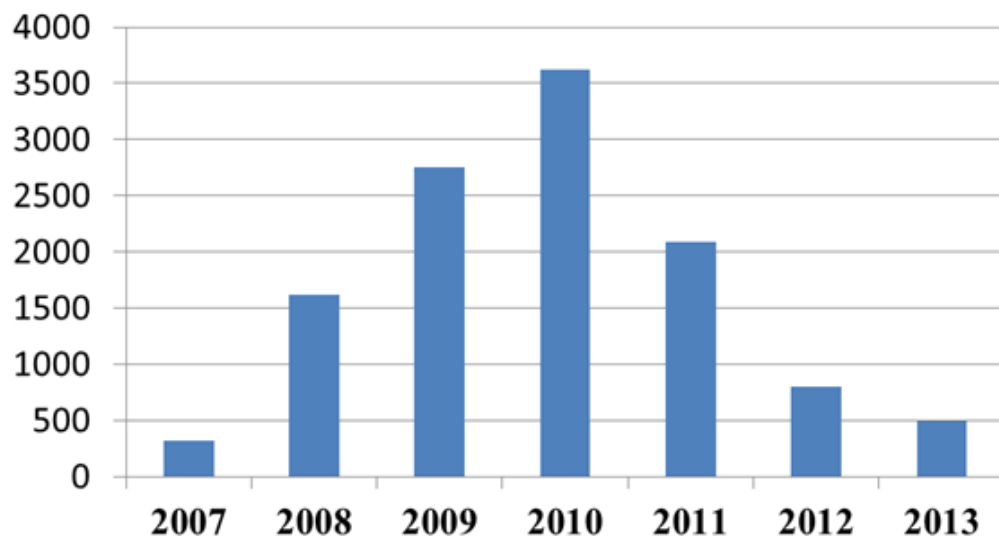


Sup, bro?

San Diego

El Paso

Homicide Rates - Cd. Juarez



Your car is full of stuff covered with a blanket. You must be a drug dealer. I'm going to search your vehicle now.



Your car is full of stuff covered with a blanket. You must be a drug dealer. I'm going to search your vehicle now.

Heck no! Have you ever heard of illegal search and seizure?



Your car is full of stuff covered with a blanket. You must be a drug dealer. I'm going to search your vehicle now. Heck no! Have you ever heard of illegal search and seizure? You can either let me do a quick search, or we can wait a half hour for the K-9 unit to arrive. It's hot. Waiting would be worse for both of us. I **promise** to conduct a quick search.

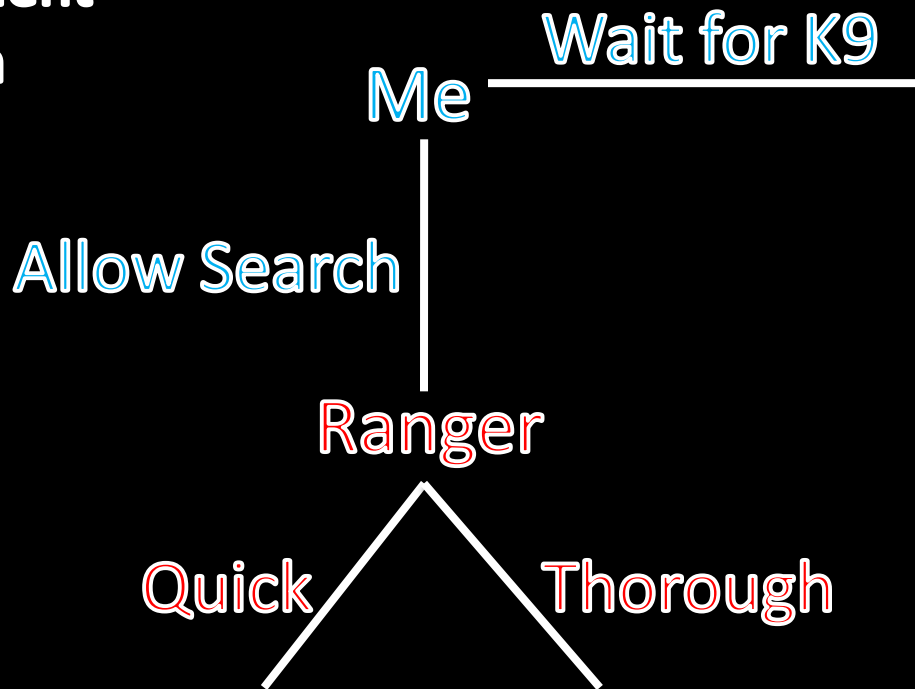


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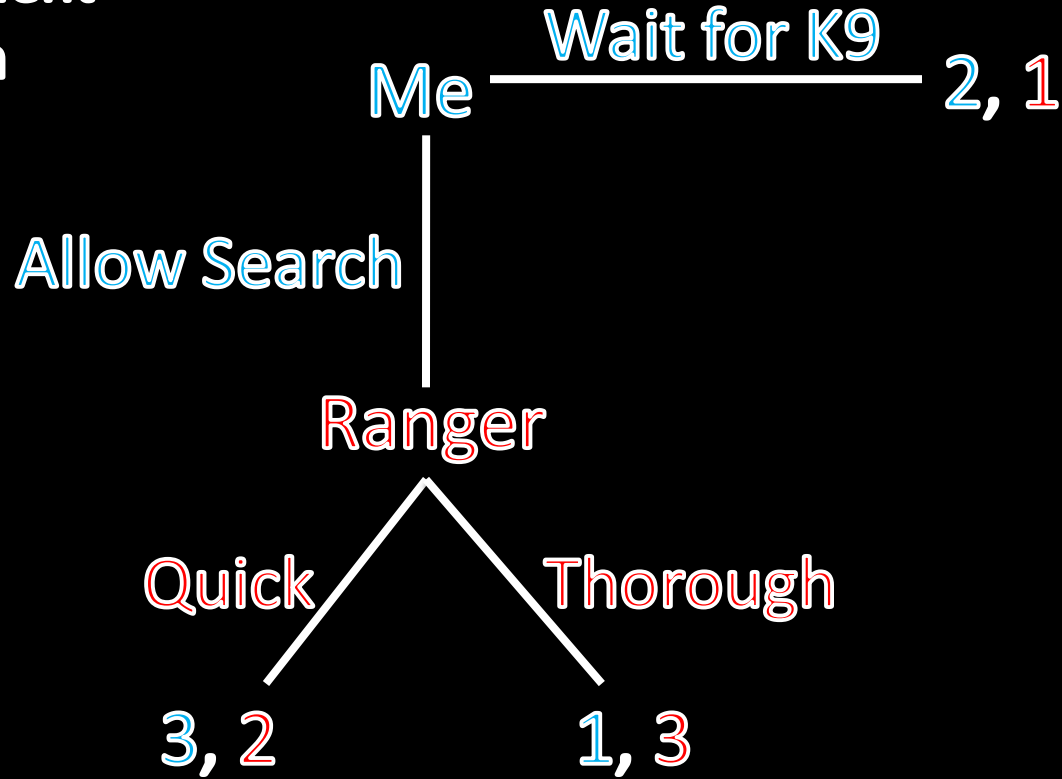
Thanks, I'll wait.



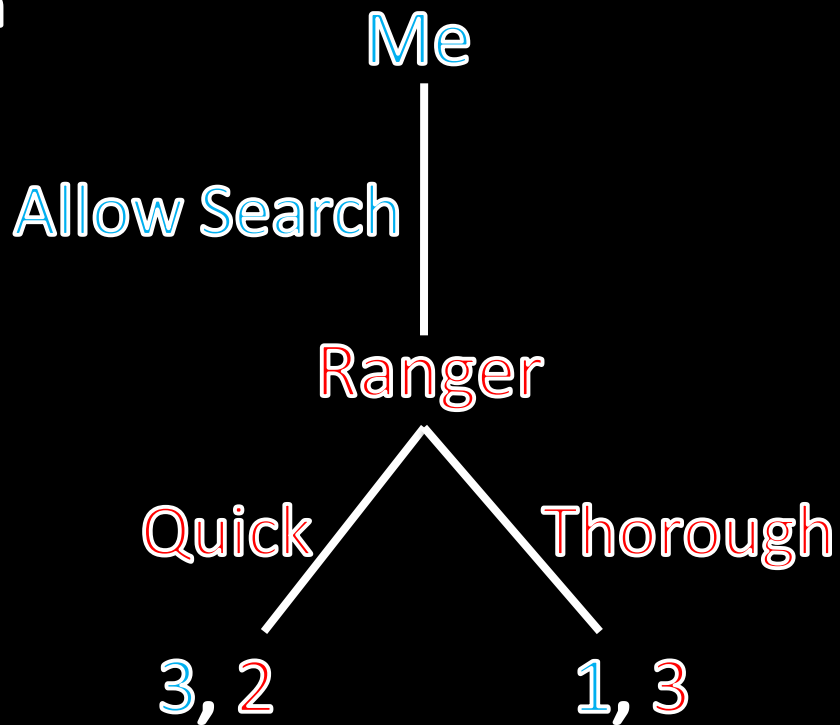
A Commitment Problem



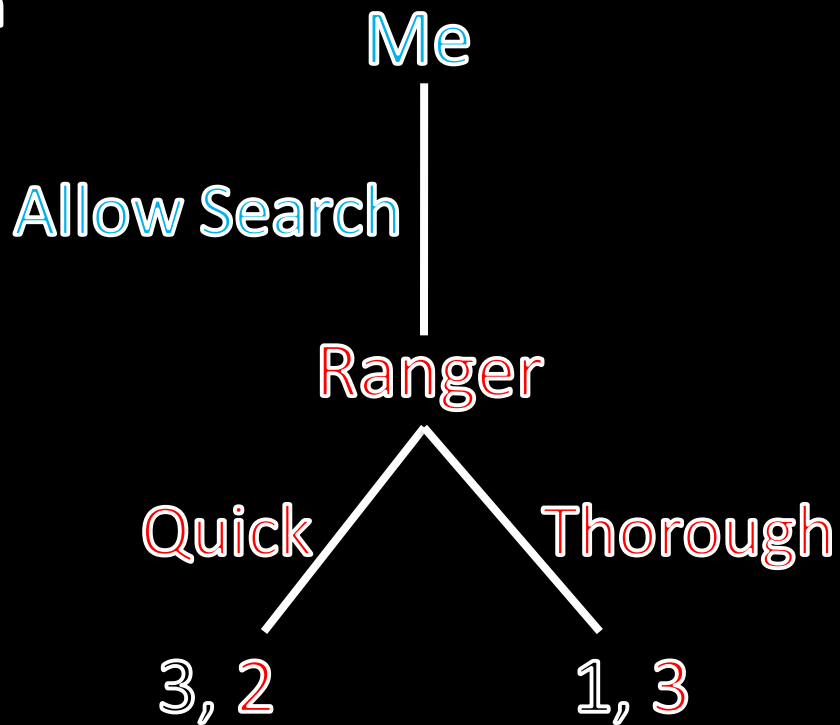
A Commitment Problem



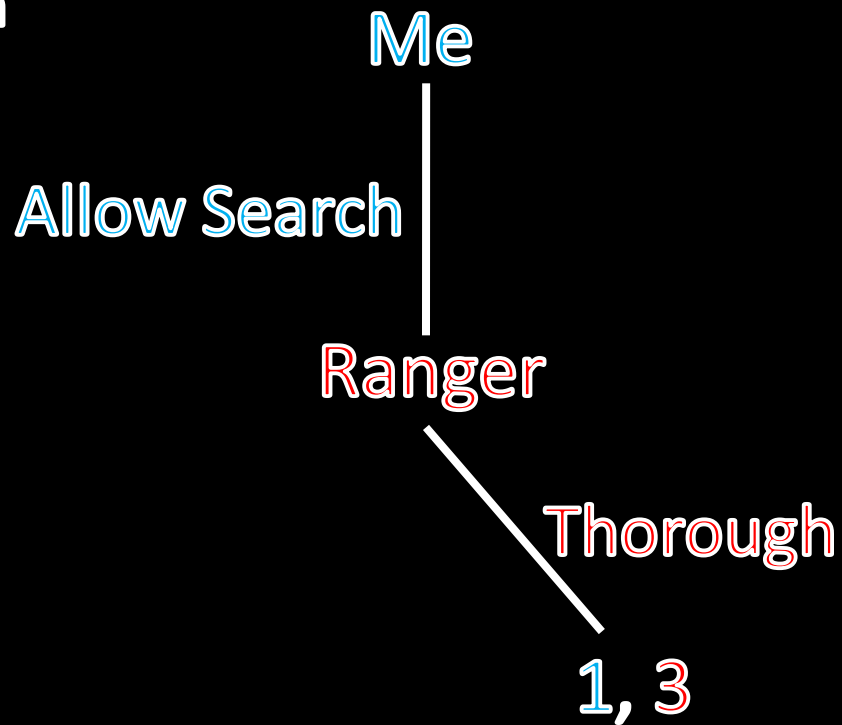
A Commitment Problem



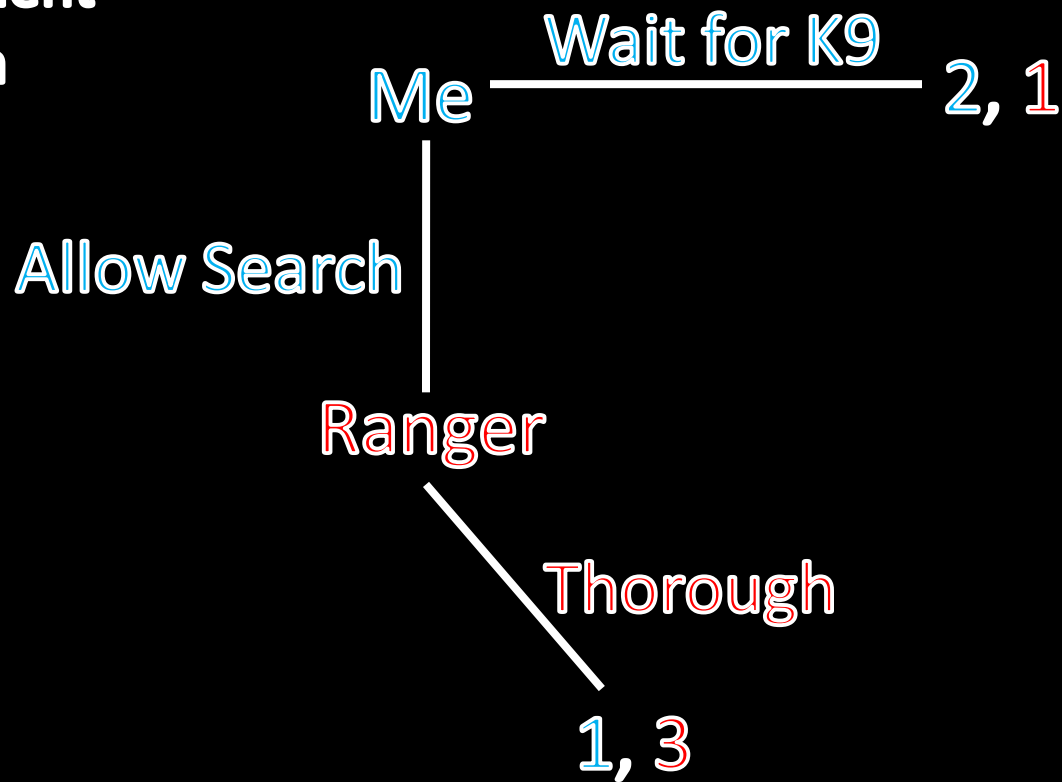
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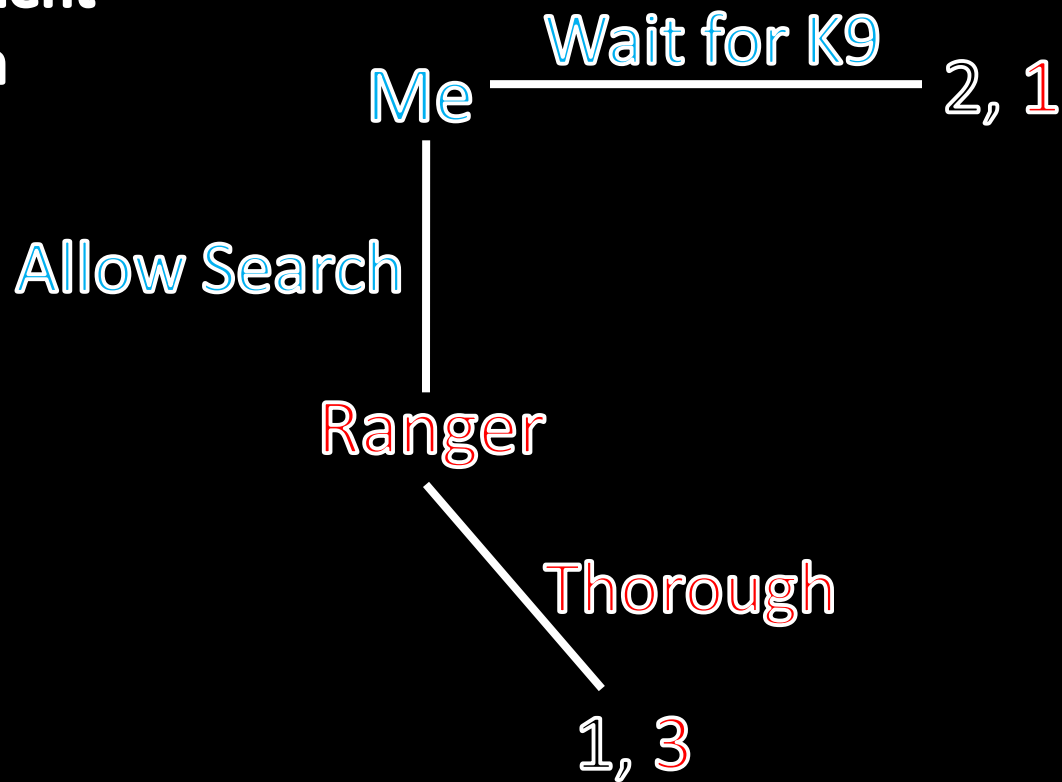
A Commitment Problem



A Commitment Problem



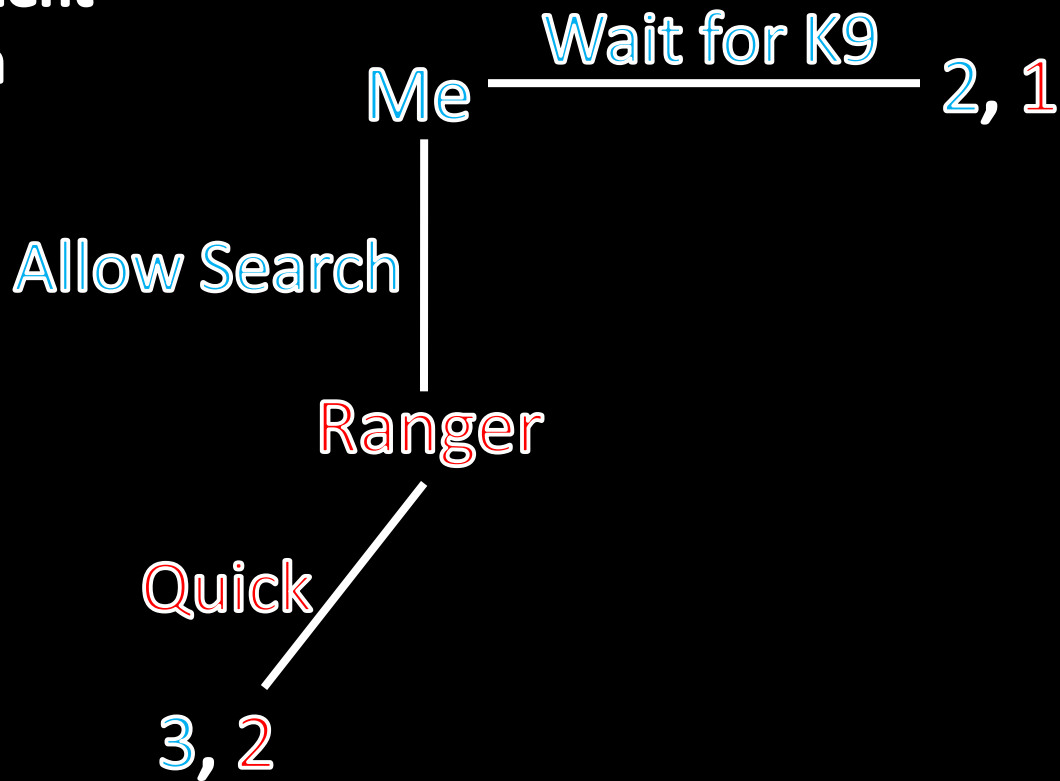
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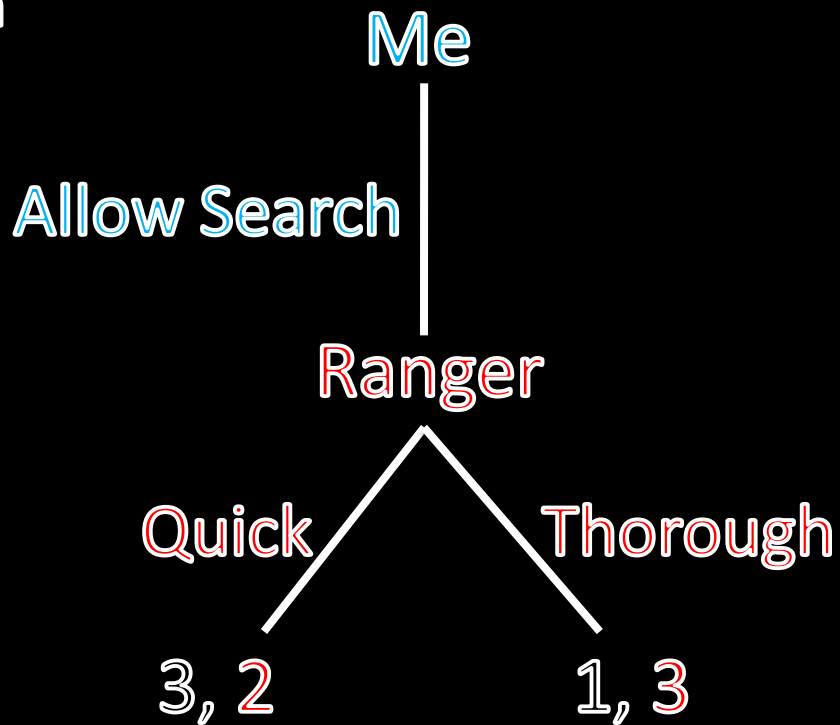
A Commitment Problem

Me Wait for K9 2, 1

A Commitment Problem



A Commitment Problem



What is a time-inconsistency commitment problem?

1. An outcome exists that is better for all than the outcome that actually occurs.
2. If one player could credibly commit to a certain action in the future, the players would reach the mutually preferable outcome.

Credibility

- A threat or promise is **credible** if and only if an individual has incentive to follow through on the threat or promise when the action must be made.

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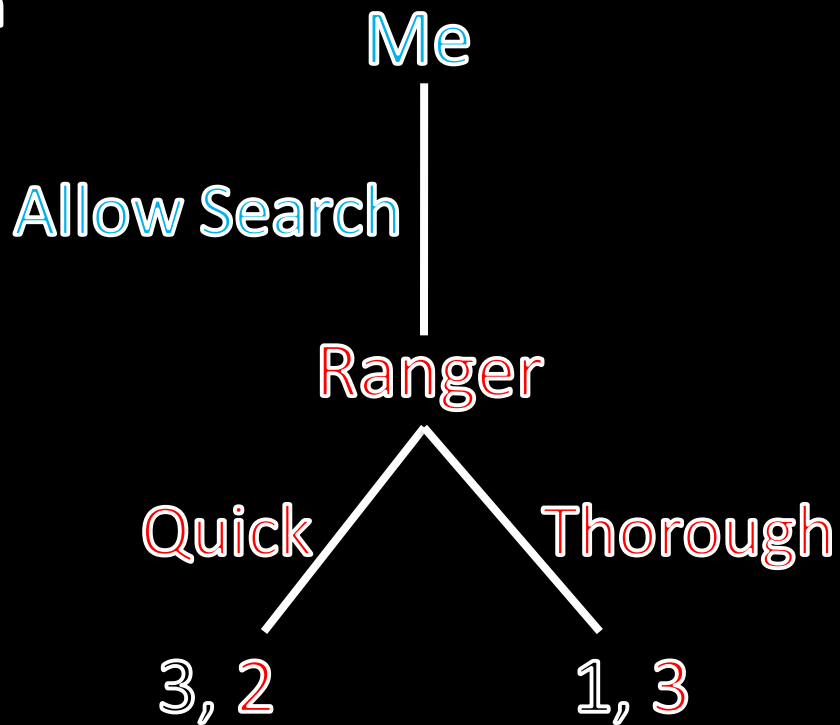


Your car is full of stuff covered with a blanket. You must be a drug dealer. I'm going to search your vehicle now. Heck no! Have you ever heard of illegal search and seizure? You can either let me do a quick search, or we can wait a half hour for the K-9 unit to arrive. It's hot. Waiting would be worse for both of us. I promise to conduct a quick search.

Thanks, I'll wait. (Translated: Bro, you're not even remotely credible. Bro.)



A Commitment Problem

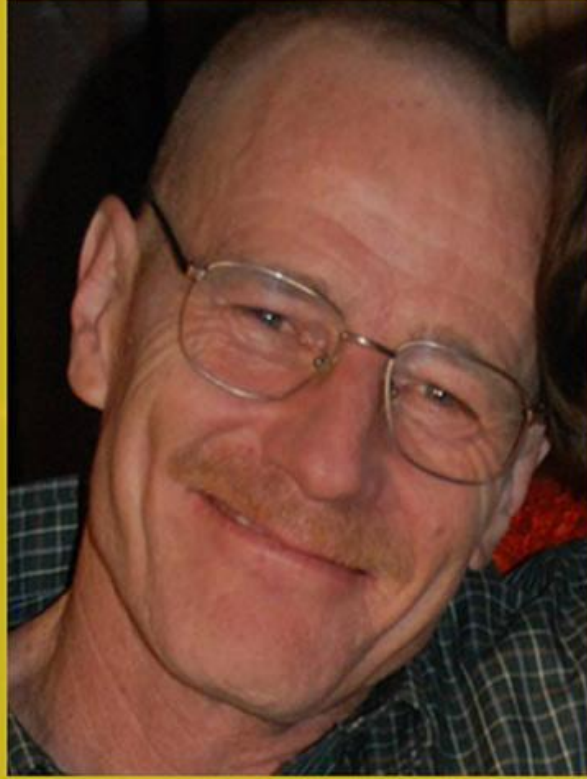


**TL;DR: Don't trust
the police if you
didn't call for them.**

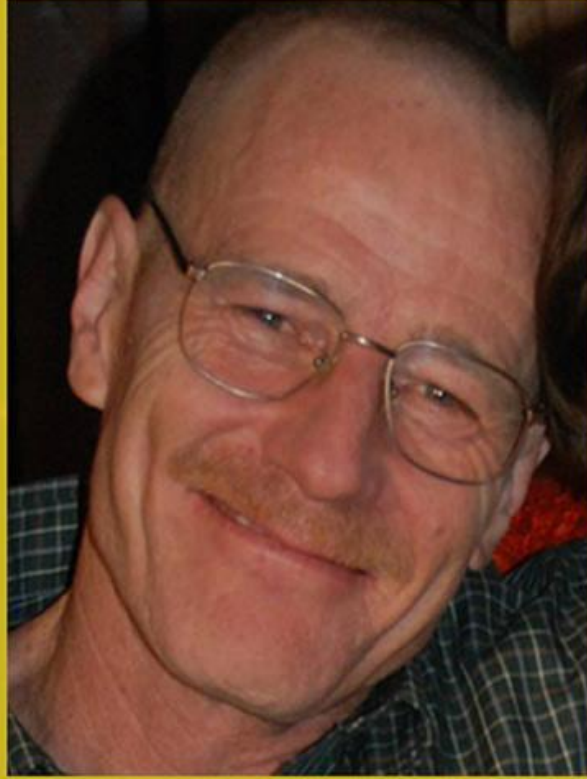
Overview

1. Commitment problems
2. *Breaking Bad*
3. Yugoslavia's Meltdown

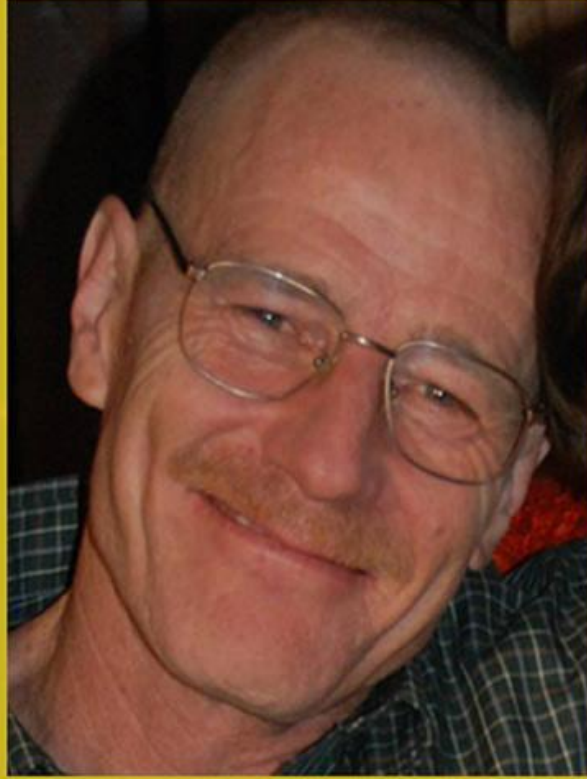
**This is a
common
problem.**



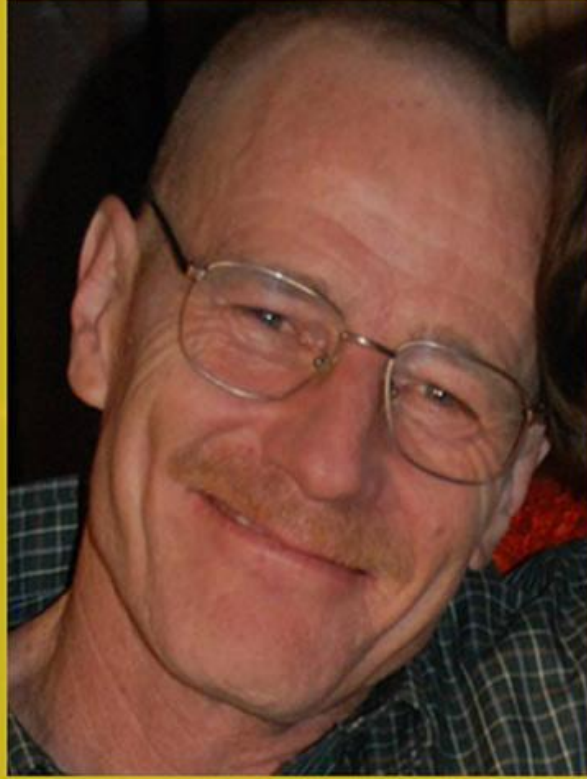
**Meet
Walter
White.**



**He's a meth
cooker without
a distributor.**



He's also a mild-mannered high school chemistry teacher.



He's also a mild-mannered high school chemistry teacher. In other words, he is completely clueless.

**Meet Tuco
Salamanca.**

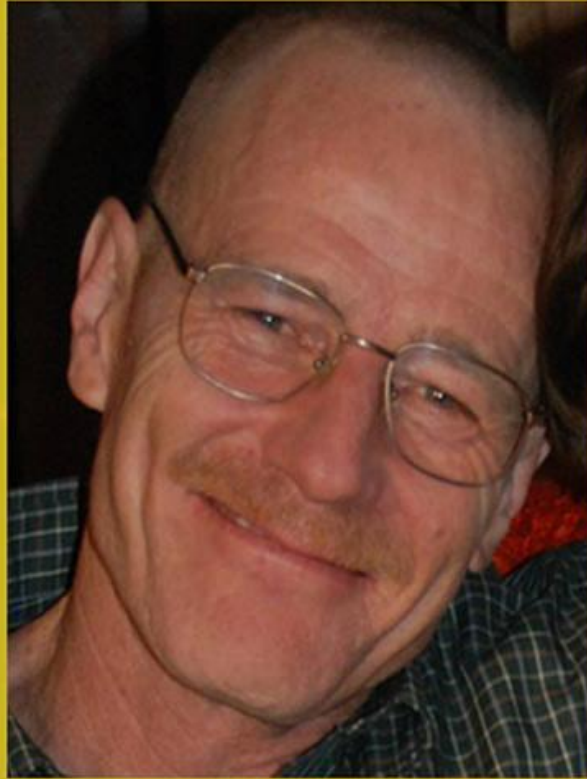


**Tuco
knows
what's up.**



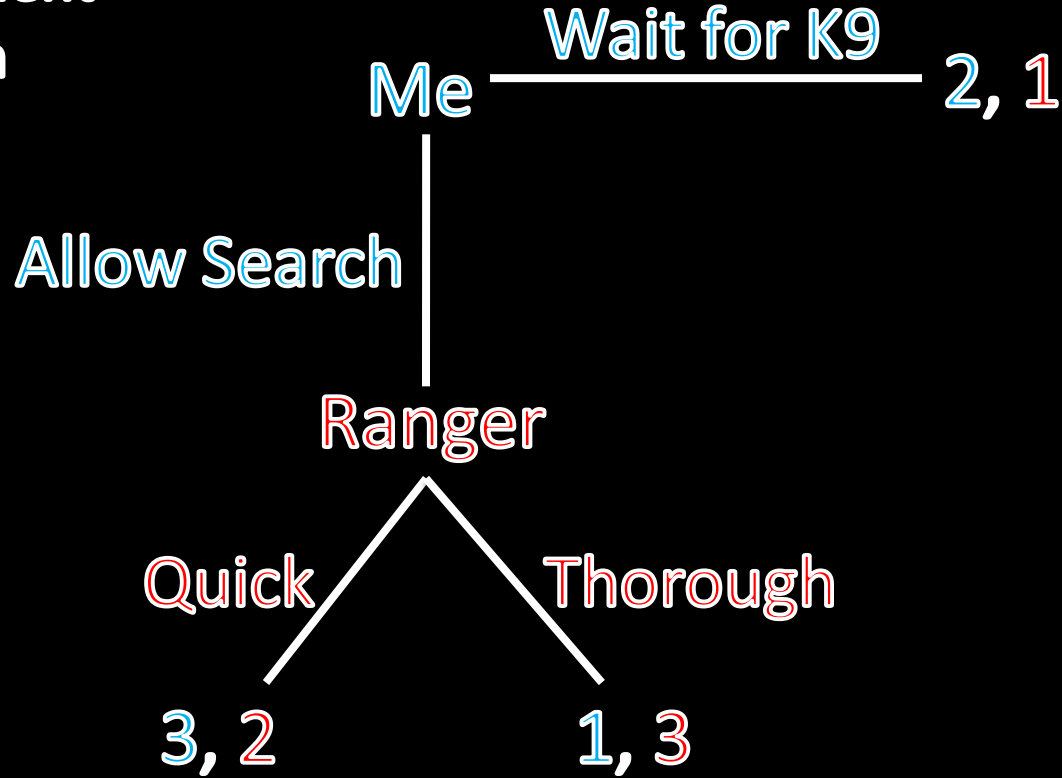
**Hey Walter, why don't
you give me some of
your meth. I promise I
will split the revenue
with you.**



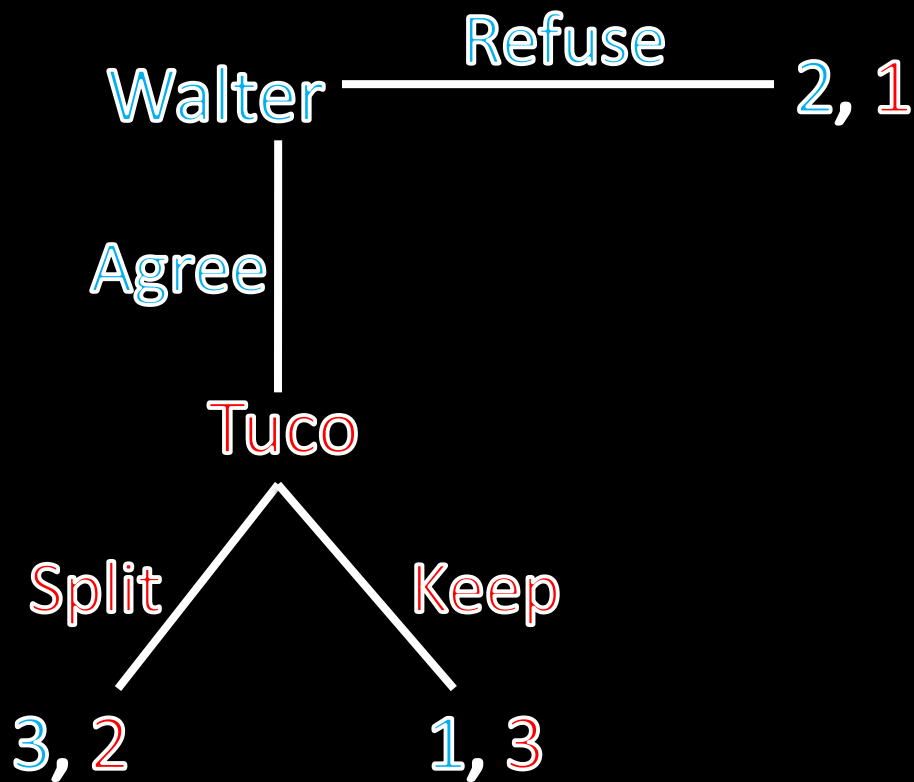


**Sounds great!
Nothing could
possibly go wrong.**

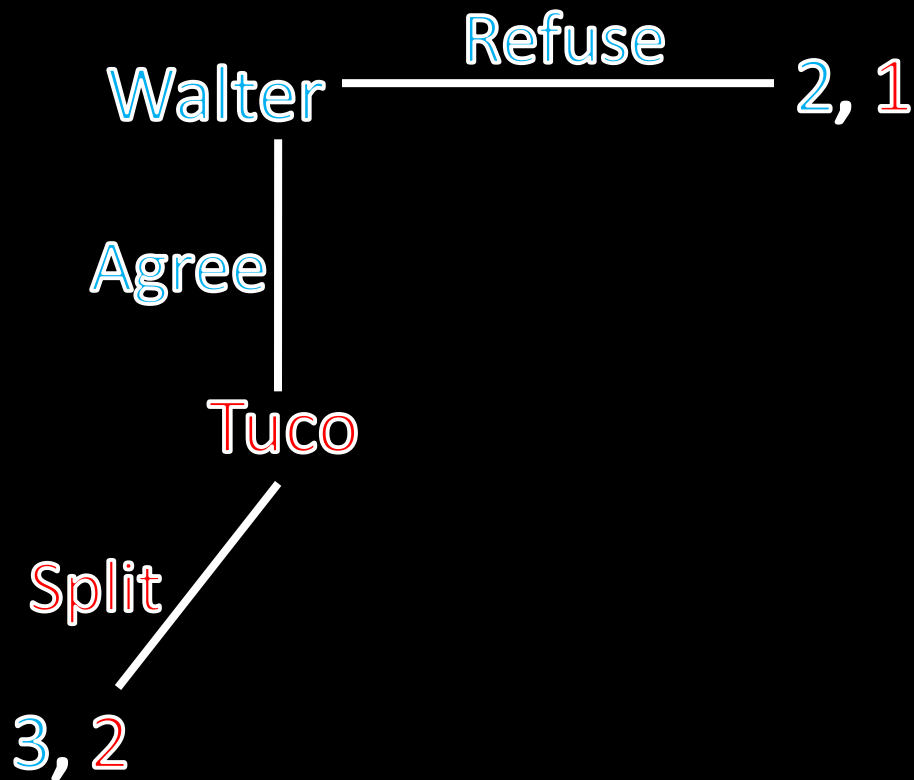
A Commitment Problem



A Commitment Problem



A Commitment Problem



Overview

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World War II



- Nazis occupy Yugoslavia
- Divide and conquer strategy

The Ustase



- Yugoslavia's largest ethnic group is Serb.
- Nazis prop up a Croat government—the Ustase.
- Ustase commits atrocities against Serbs.



Cold War Yugoslavia



- Communist government led by Josip Tito.
- Relative ethnic peace.
- Motto: Yugoslavia has seven neighbors, six republics, five nations, four languages, three religions, two scripts, and one goal: to live in brotherhood and unity.

Spoiler Alert

- Cold War is going to end and Yugoslavia is going to break up.
- There will be blood.
- Why?

Unsatisfying Explanation

- Serbs and Croats have always hated each other!!
 - Then why weren't they killing each other during communist rule?

Unsatisfying Explanation

- It's because communism magically suppressed ethnic tensions!!!!!!!!!!!!!!!!!!!!!!

Unsatisfying Explanation

- It's because communism magically suppressed ethnic tensions!!!!!!!!!!!!!!!!!!!!!!
 - But Croats and Serbs weren't killing each other most of the time before communism.
 - Intermarriage rates were at their highest.



Croatia in Transition

- Gains independence in 1991.
- Holds democratic elections.
- Franjo Tudjman runs on nationalist platform, wins.





Lighting a Powder Keg

- Croatian government places these patches on police uniforms.
- Serb police in Croatia are not very happy about this.
- Serbs in Croatia declare their own independence.

Proximate vs. Underlying Cause

- Patch is not a useful explanation for the conflict.

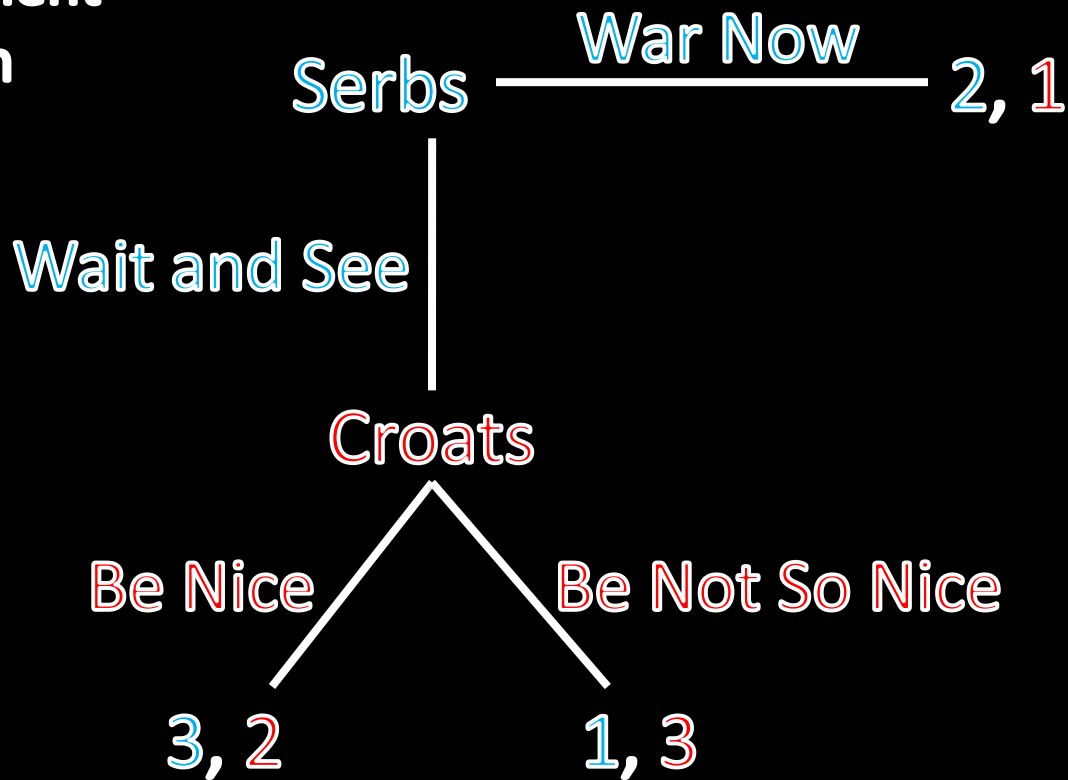
Proximate vs. Underlying Cause

- Patch is not a useful explanation for the conflict.
 - If it was, the policy recommendation would be “don’t put patches on police uniforms.”

Proximate vs. Underlying Cause

- Shifting power between the parties is.
 - Croatian government had not yet solidified power.
 - Serbs had a temporary strength.

A Commitment Problem



A Commitment Problem

Serbs $\xrightarrow{\text{War Now}}$ 2, 1

Serbs Have Help

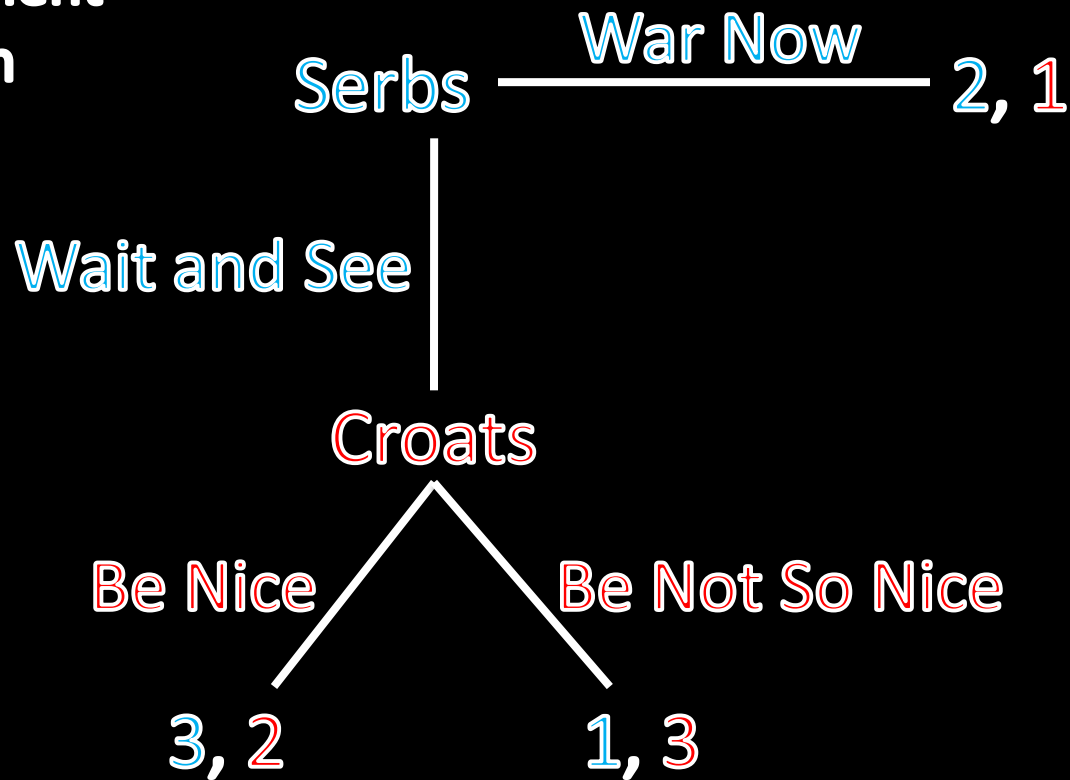


- Slobodan Milošević sends Serbian forces to assist Serbs in Croatia.
- ...but Croatia eventually wins.

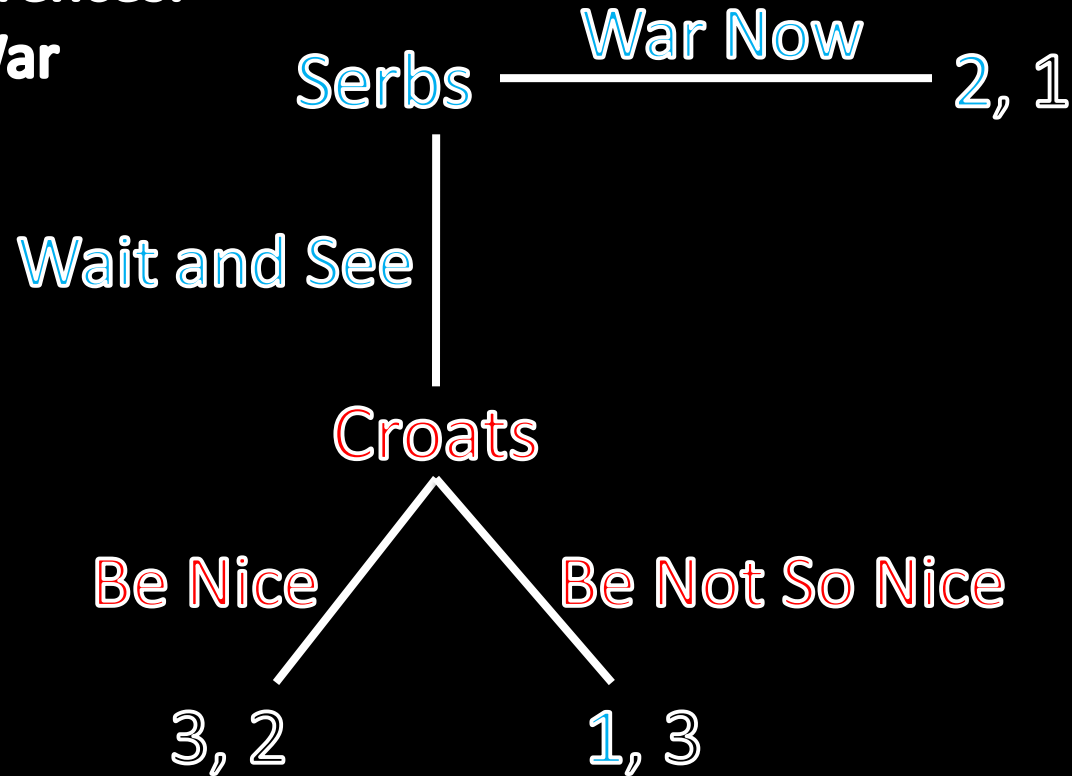
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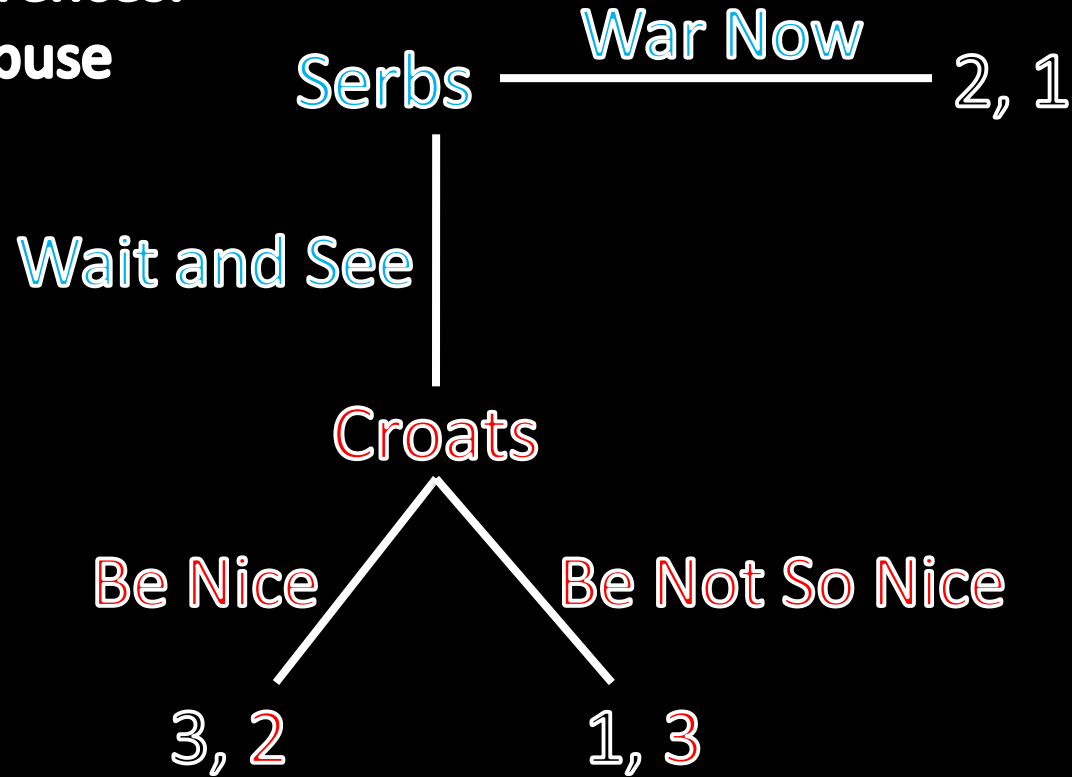
A Commitment Problem



**Two Key Preferences:
Cost of War**



**Two Key Preferences:
Extent of Abuse**



Question

- What determines:
 1. the cost of war?
 2. the extent of abuse?

A Couple Answers

- What determines:
 1. the cost of war?
 - economic interdependence
 2. the extent of abuse?
 - extent of power shift

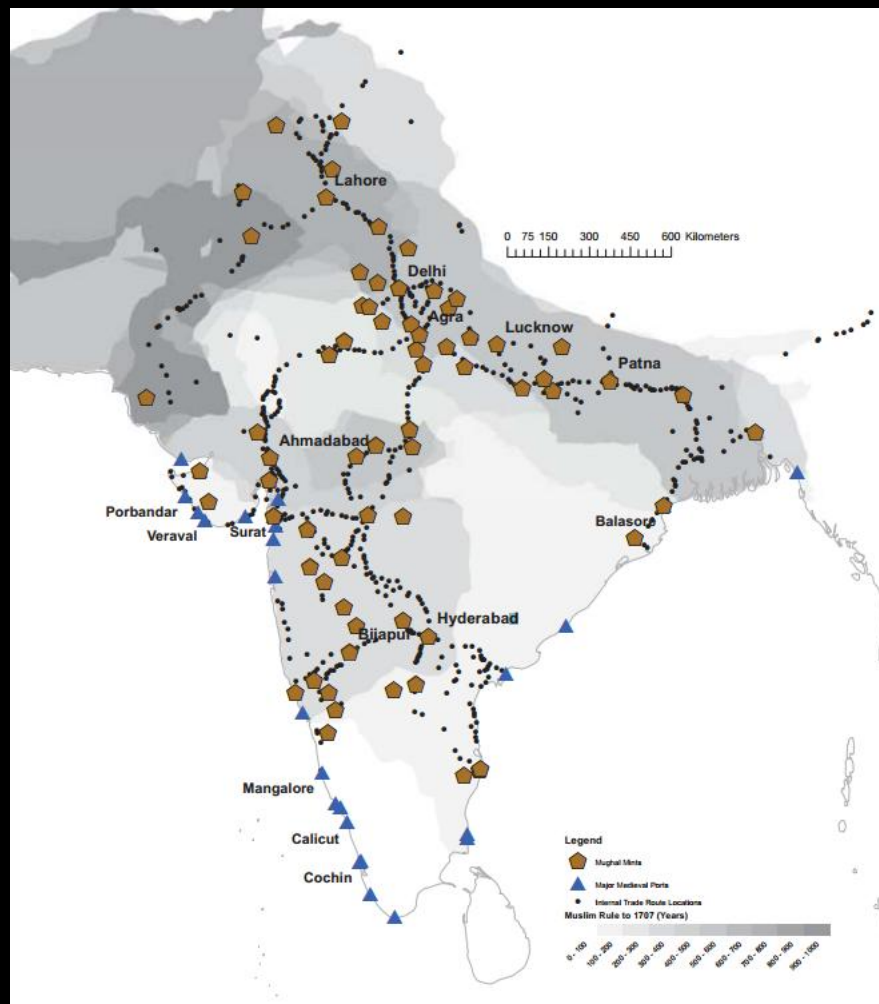
A Couple Answers

- What determines:
 1. the cost of war?
 - economic interdependence (now)
 2. the extent of abuse?
 - extent of power shift (after the midterm)



Hajj, Old School

- Major 20th Century innovation: flying to Mecca.
- Before: Sailing.



Ethnic Exposure

- Port cities had significantly more ethnic mixing.
- Muslims provided an important *complementary* economic service: trade to the west.

Incentives to Cooperate

- Muslims brought money to Hindus in these port cities.
- Hindus could not easily expropriate this wealth.
 - Not easy to magically create a trading business.

Lasting Effects

- Port cities substantially more ethnically mixed.
- Yet, from 1850-1950, port cities had 80% fewer race riots than non-port cities.

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NO MORE TALKING

A Coordination Game

- You are poor, lowly ~~undergrads~~ people living under an oppressive dictator.
- You would like to protest to demand concessions.

A Coordination Game

- If too few of you protest, the government will have enough bullets to shoot all of you.
- If enough of you protest, the government will have to negotiate with you.

A Coordination Game

- The dictator has $n - 1$ bullets, where n is the number of students in this room.
 - So all of you need to protest, or all protestors will die.

A Coordination Game

- Dead people earn \$0.
- Non-protestors earn \$4.
- A successful protest yields \$5 to all protestors.

A Coordination Game

- Write your name and a GIGANTIC “P” if you want to protest or a GIGANTIC “N” if you don’t.
- Pass them forward when you are done.

Multiple Outcomes

- Multiple outcomes are rational.
- If everyone thinks everyone else will protest, protesting makes sense.
- If anyone thinks a single person will not protest, not protesting makes sense.

Protesting Is Hard

- High risks => incentives to stay home.
- Incentives to stay home => fewer protestors.
- Fewer protestors => higher risks.

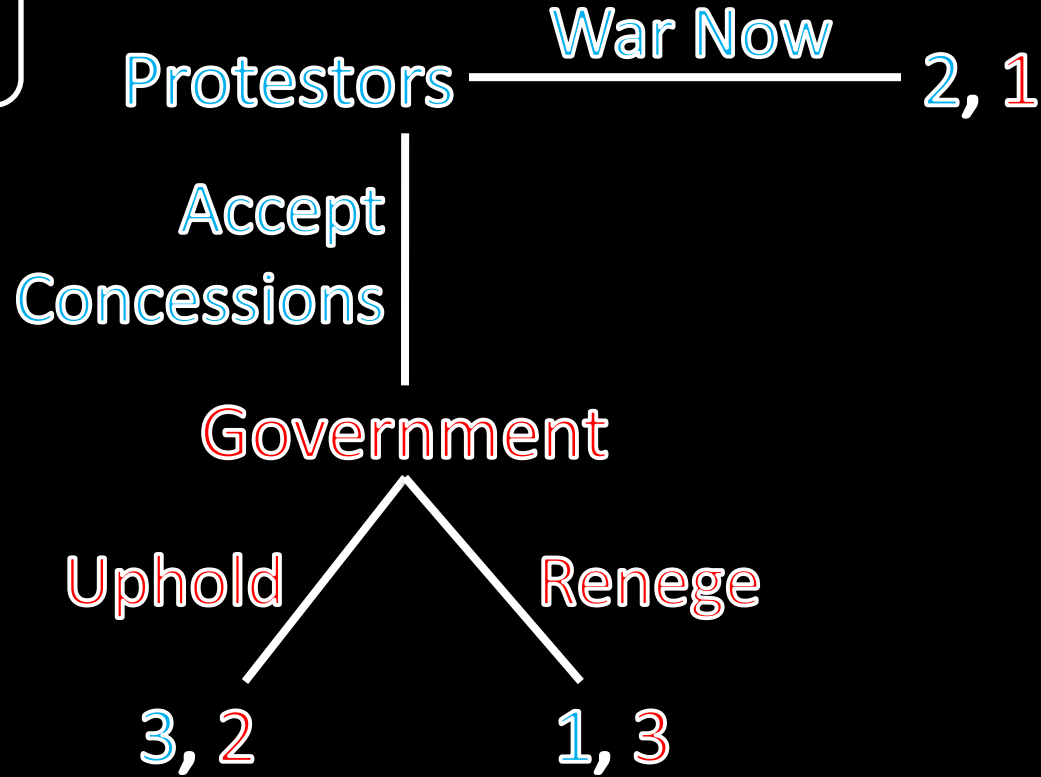
Magical Coordination

- Imagine a coordination problem. Yeah, that's a coordination problem.
- We can solve it. Thereafter.

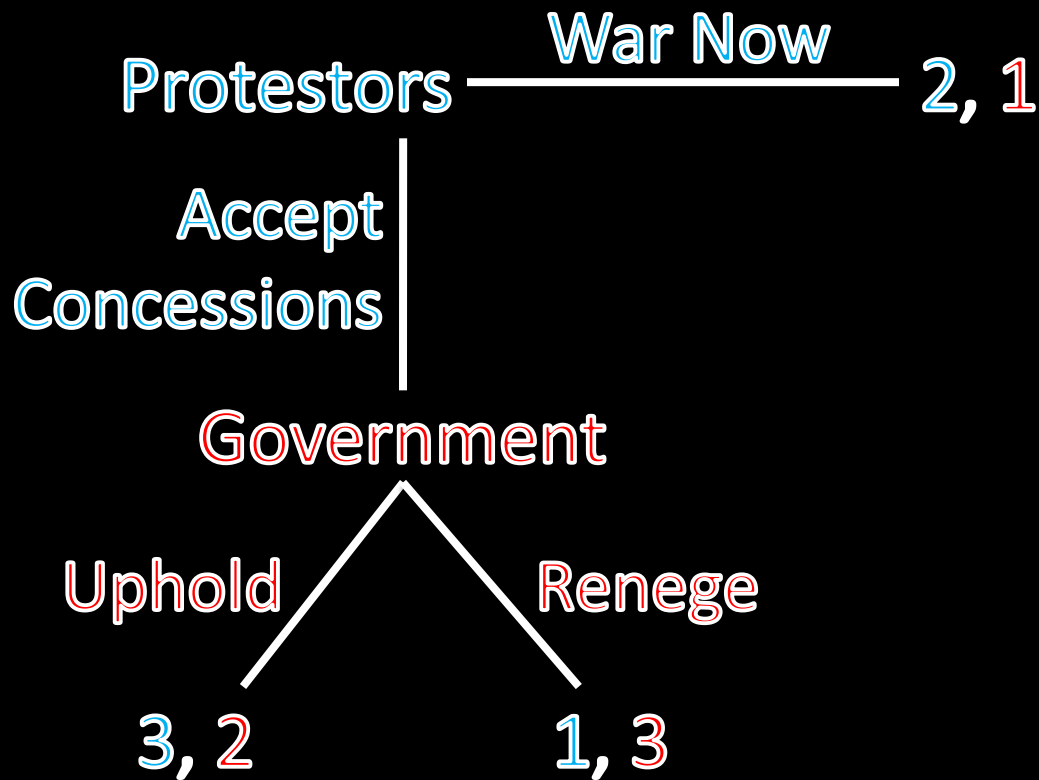




Yeah, that's a
commitment
problem.



The Arab Spring Game



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**TALK ALL YOU
WANT.**

A Coordination Game

- We're playing the same game before...EXCEPT everyone will make their decision one at a time. Decisions are public.

China

- Everyone knows that China censors their Internet.
- They don't like negative comments about their government.

China

- Everyone knows that China censors their Internet.
- They don't like negative comments about their government. Right?



You think I'm
stupid?



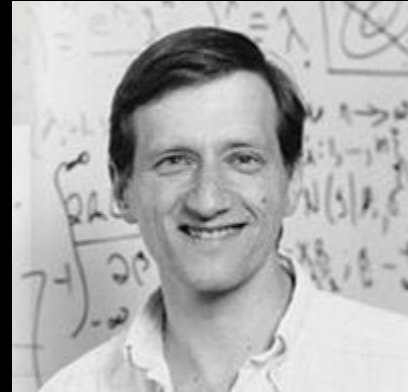
Honey Badger



Don't Care

k I'm
d?

It's about
collective
action.



Strategy

- Record social media posts
- Monitor them in real time.
- Check what stays versus what is removed.

Result

- Chinese government doesn't really care about criticism.
- Main concern: collective action, causing problems discussed earlier.

**I DON'T ALWAYS CENSOR
SOCIAL MEDIA POSTS**



**BUT WHEN I DO, IT'S TO
CURB COLLECTIVE ACTION.**