



HANDOUT OF

# POLITICAL SCIENCE

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*This handout has been written by students with no intention to substitute the University official materials. Its purpose is to be an instrument useful to the exam preparation, but it does not give a total knowledge about the program of the course it is related to, as the materials of the university website or professors.*

**Contents in pages 2-17 regard the first partial, while the ones from page 18 onwards are for the second.**

## THE STATE

### NOTION OF COUNTRY

Country is not the same concept as a nation or a state.

A **country** is a group of people and a territory.

A **nation** is a group with presumed common ancestries and common culture and value

A **state** is defined as “*an organization that successfully claims the monopoly of legitimate use of force within a given territory*” (definition due to Max Weber).

Issues with the Weberian definition:

Legitimacy very hard to be defined

Monopoly of violence: there is always some violence outside the state that the state is forced to allow whenever the marginal cost of enforcing laws is way higher than allowing some non-compliance

Other definitions of State (e.g. Collins, North) all have in common the idea that the main characteristics of the state is its having a comparative advantage in the use of force.

States may have different aims and perform various tasks, but all of them must effectively perform tax collection and monopolise violence (gain at least a comparative advantage in violence in their territory). Those who do not succeed on these two fundamental tasks are **failed states** (e.g. Somalia, Syria)

**NON STATE ACTORS** – Isis and terrorist organizations

Have a territory they control but do not have a state structure that administers main functions of the state

### OLSONIAN FRAME - The Roving Bandit

A group of roving bandits attacks a village to steal any product they can to survive till the following day, the villagers are left with nothing. The following day, the bandits come again and find nothing to steal: the villagers, knowing the bandits would steal everything, were better off not producing anything in the first place. Thus, for their own interest, the bandits become stationary and prefer to set a predictable amount of product to be “stolen” (i.e. taxes), in exchange for their security service (police). The amount of product stolen shall not be 100%, so that the villagers know that a part of what they produce will remain to them. Then, the self-interested bandits decide to improve the productivity of villagers with some services (healthcare, education, infrastructure,...), so that they may gain more as well. Eventually, other bandits will come, offering more services and a lower tax rate, and, since the incumbent bandits cannot face them violently, the villagers will be able to choose which bandits to be ruled by (i.e. democracy)

# POLITICAL REGIME TYPES

Binary distinction between autocracies and democracies.

For a democracy are key:

- Competition: race between parties, citizens vote and that's their only influence, need of a free and fair competition and of its means (like the media) - Schumpeter
- Congruence: everybody's preferences are taken into account in a democracy, so the world never had a real one - Dahl
- contestation: PM and MPs are elected, only elected bodies have legal authority, and ruling parties lose (ex-ante uncertainty -> the winner of the election is not sure before the election, ex-post irreversibility -> the outcome of an election cannot be changed if it doesn't please the incumbent, and replicability -> elections will be held again after a fixed time) - Przeworski
- Also inclusion is really important (like in the southern USA in the 60s there were a lot of black eligible voters who, through some strategies, were denied their right)

## AUTOCRACIES

### TOTALITARIANISM

No pluralism, hostility to private life, elaborate ideology, sick involvement in politics (no role, but a lot of activities and consideration of ideology in every aspect of life), charismatic and unpredictable leader with undefined limits of power (Nazi Germany and Stalin's USSR)

### AUTHORITARIANISM

Limited political pluralism (some ideas can spread, as long as they're not against the regime or try to overthrow it), economic and social pluralism (people can still run their own businesses and private lives with some freedom), no elaborate ideology, no political involvement (not a topic for the people, the leader cares about everything), ill-defined but predictable leader, that is linked to pre-existing elites and their interests (Fascist Italy, Spain and Portugal, ...)

All autocracies are classified based on institutional design:

all of them are supported by a coalition and can be:

- monarchies: if lead by an absolute monarch with the title of king and rules of personal hereditary succession (most stable type)
- military governments: state military forces' leaders rule the country (least stable type)
- civilian dictatorship: have civilians or guerrilla leaders (similar to military leaders, but not from state regular armed forces)

Even dictatorship may have (rigged) elections, legislatures and political parties. Why? They're useful to: make the system viable in the opinion of citizens, poll support and people's preferences, involve and persuade people, grow interest of party members and give them the feeling of the leader's personal care for them and for their political career, break the opposition with divide et impera (include the moderate opposition into your coalition and let the radical violent opposition be lonely).

All those are key, especially if the country has no natural resources whose exploitation can help the leader stay in office.

## DEMOCRACY & DEVELOPMENT

Usually rich countries are democracies, while poor ones are autocracies (some exceptions are India, probably due to its flexible system, and Gulf countries, that never tried to become democratic, but that would remain so if they did).

Why?

## NAIVE MODERNIZATION THEORY (1950s)

All countries go through the same stages (agricultural economy->industrial economy, religiosity->secularism, autocracy->democracy). It is not true, since countries do not always perform at their best.

## SURVIVAL STORY

All countries try to become democratic: rich succeed to remain so (coups' opportunity cost is too high. Will see why in the next chapter), while poor ones fail (seeking a better system, but ending up destroying the current one).

## MODERN MODERNIZATION THEORY

Modern modernization theory: countries do not follow the same path, but the probability of successful democratization is higher with higher income (endogenous democratization).

## DEMOCRACY & REDISTRIBUTION

Democracy means letting common people's involvement into political decisions and, since usually 50% of the population earns a lower income than average, a poor agent will set the tax rate, meaning it will be high for rich people, due to the desire to let everybody get at the average income through redistribution. However, the agent knows the tax rate cannot be 100%, since this would mean no production (if the government is going to take away all I have produced, I'm better off not doing nothing).

Also, in democratic countries there is a high factor mobility, meaning that the economy is based on mobile assets (knowledge, capitals,...). Therefore, even poor people can become rich, by getting some knowledge and working hard, so they do not want to set a too high tax rate on the wealthy, since some day they could become one of them. In addition, due to the fact that mobile assets can be easily moved away (an engineer, for example, could just move to another country and investments and capitals could be moved to more convenient countries too), the poor agent setting the tax rate knows he/she needs to avoid this possibility as much as possible. This is also the reason why the opportunity cost for coups is too high in rich and developed countries: if people with knowledge or capitals flee the country, the new leader is left with not much to rule on (immobile assets).

knowledge economy -> social mobility -> want to tax the rich less

## INSTEAD...

If a country has immobile assets (i.e. farming land, mines,...), the landowners will always be landowners and farmers will always be farmers. So, if the farmers are given the possibility to take resources from the wealthy landowners, they will take it all, since they would never have a chance to better their social position. Furthermore, if a coup was to happen, the wealthy could flee the country, but lands and mines would remain there, and it would be possible for the leader to exploit them.

## CULTURE & DEMOCRACY

Does democracy need some specific values? No. Some considered the idea that some cultures and religions are not fit for democracy to take place, but it's false. Dictatorships exist in both western and non-western countries and democracy (maybe with some differences) too. Even the idea of clash of civilizations is crap: extremely different countries like the US and Saudi Arabia are allies and would never go to war with each other.

What could be wise to consider crucial for a democracy, is the need of a civic culture, for which citizens have to:

- believe that they can influence their country's track
- support the democratic system
- have interpersonal trust (believe that even if the party that they don't like goes into government, democracy is not at stake)
- believe in gradual change/reformism and not in violent revolutions as a mean of change

Moreover, all religions are multi-vocal (you may find stuff about love as well as about killing non-believers both in the Coran and in the Bible, for example), so there's no point in believing that one religion leads to a violent and autocratic system, while another is all about democracy and respecting each other. Be sceptical of those who think so!

## TRANSITIONS TO DEMOCRACY

Can be bottom-up (people overthrow the dictator) or top-down (the leadership allows reforms to take place ending up into a democratic system). Those two can be seen either as alternative processes or as parts or perspectives of one single process.

### TOP-DOWN TRANSITIONS

May happen by mistake and/or conflict among the elites. The elites of a dictatorship can be divided between hardliners and soft-liners. soft-liners are key in this process. They might try to broaden the support for the regime (it also is one reason to have elections in a dictatorship, as stated afore) by some liberalization (giving some freedoms), that might get out of control. After the liberalization, the opposition can decide whether to accept the liberalization and keep the reformed dictatorship, or believe that the regime is weakening and organize a mass unrest to achieve democracy. Then, the soft-liners can respond by either violently repressing the protesters (and roll back reforms, by establishing a narrow dictatorship worse than the first one aka "status quo") or letting democracy happen.

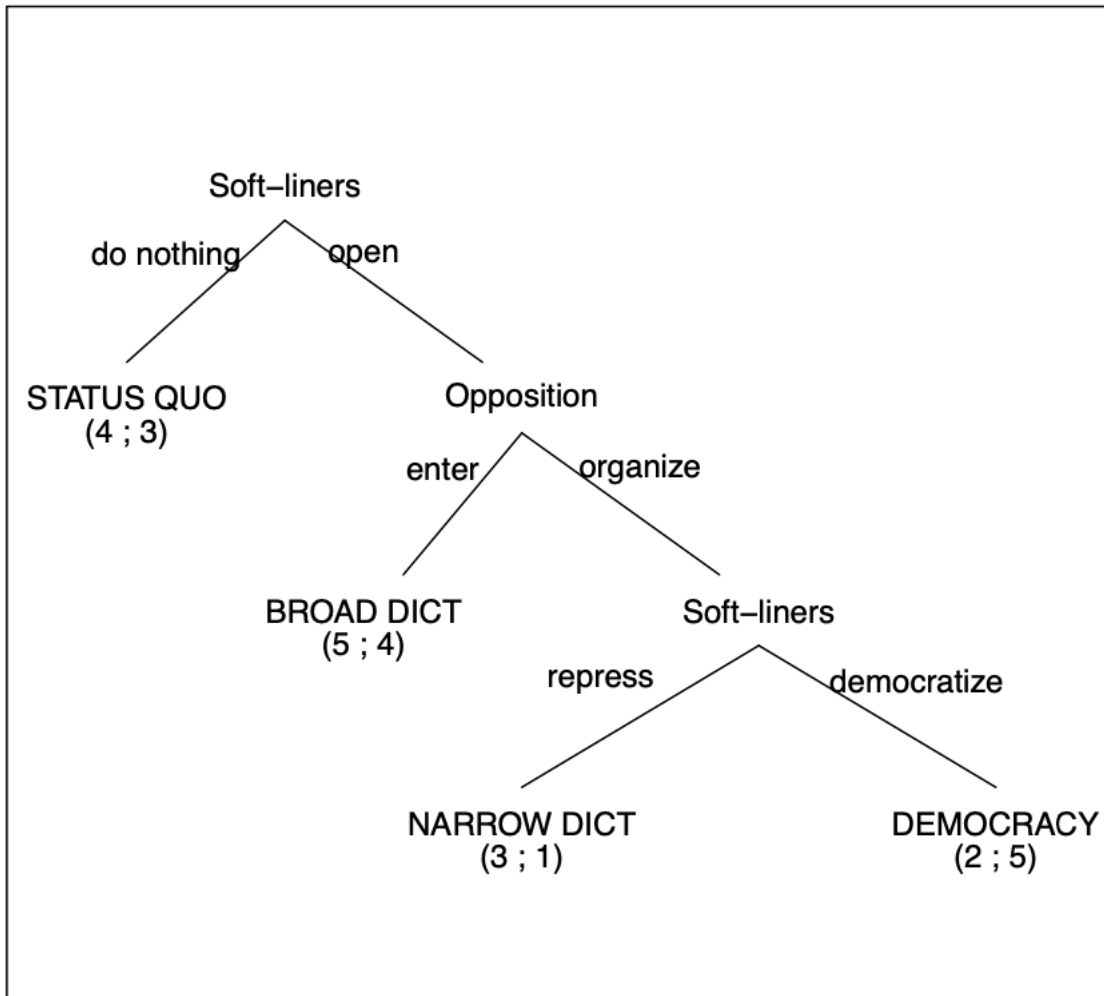
In order to see which decisions the two agents will take, it is good to compare the various payoffs of each action. We will give a value according to the preference ranking of each action for both the soft-liners and the opposition.

### SOFTLINERS

Broad dictatorship (5) > status quo (4) > narrow dictatorship (3) > democracy (2) > civil war (1) [note that they still prefer democracy to civil war. It is always the worst option, and the elites will accept democracy, if they're allowed to flee the country and leave freely. Instead, if there is a threat of retaliation once they're out of office, they will fight the opposition very hard)

### OPPOSITION

Democracy (5) > broad dictatorship (4) > status quo (3) > insurgency (2) > narrow dictatorship (1)



By comparing the payoffs for both agents of an action taken and of its consequences (the reaction of the other agent), an agent decides what to do.

## POSSIBLE MISTAKES

If soft-liners knew everything about the tree, the payoffs and the organization and strength of the opposition, democracy would never occur and they would never try to broaden the regime's support. However, the soft-liners might behave according to the belief that the opposition is strong, while in reality it is weak and vice versa:

- if the opposition is strong, but the soft-liners think it is weak, in the end they will be forced to let democracy happen after having broadened the dictatorship
- if the opposition is weak, but the soft-liners think it is strong, they will roll back reforms and establish a narrow dictatorship, after having broadened it.

## BOTTOM-UP TRANSITIONS

Considering the perspective of the opposition, collective action is crucial. Two things are fundamental to understand how this works:

- people with common interests (i.e. democratization) tend to freeride and not act collectively (they try to avoid the risk/cost of joining the protests, while hoping to enjoy the benefit democracy at 0 cost)
- small groups are more successful: it's easier to monitor everyone's activity and commitment and to reward the members. Also, the perception that you're pivotal (that only if you contribute to the rebellion, it will succeed, that is the feeling that makes you join) is higher than in very large groups.

The reason why people tend to free ride is that protests, rebellions, fights concern public goods, that are:

- non-excludable (if they're available to someone, they're available to everybody else as well. I.e. democracy, one can vote and everybody can vote, no matter whether they were involved in the rebellion or not)
- non-rivalrous (the fact that other people benefit from that good doesn't affect my enjoyment. I.e. air, the fact that someone else is breathing doesn't affect my enjoyment and ability to breath)

Thus, if I'm going to enjoy a good without being harmed, risking or suffering, why should I join the fight?

In order to make people participate, selective incentives are needed, that are those incentives that make people willing to participate and feel good about the involvement in that group (again, it is easier for small groups).

Other crucial step of the bottom-up phenomenon/perspective is cascades:

people do not join a protest altogether, everybody has its own "revolutionary threshold" -> some might protest everyday for anything, some will never protest, and some need to see 10 people protesting, while others will need to see 100 people to feel confident enough. The  $\theta$  can be affected by how harsh the regime is, economic crisis, and many other factors.

In order to see the whole society protesting, you need to satisfy every social group's threshold

## EXAMPLE

the set might be  $A=[0,1,2,3,4,5]$  -> one group of people needs to see 0 groups protesting in order to join (they're the ones that will protest anyway), then other groups need to see 1 and they see the one that protests anyway active, so they join too and so on.

But the set might also be  $A=[0,2,2,2,5]$  -> in this case, one group will protest anyway (the 0 group), but 3 groups will need to see 2 groups in order to join, but they see only one. The protest, then, could be limited to the first group, unless a remarkable event radicalizes one group more and makes its threshold drop to 1. If it became  $A=[0,1,2,2,5]$ , the second group would join after the "0 group", and the two "2 groups" would join after the second, since now they would see two groups protesting.

This situation occurs when discontent is generalized and there's no group willing to take action before the others and this can lead to inaction.

N.B.: regimes' stability is often overestimated, but it's wise to keep in mind that most people go for "preference falsification" (pretend to like the regime, while not doing so) to avoid consequences, and this is why mass unrest could take place "suddenly", just because the regime was unaware of true size of discontent.

# REPRESENTATION IN DEMOCRACIES

## TWO VISIONS OF DEMOCRACY

When a country has successfully become democratic, it is time to choose which kind of democracy it wants to be:

- **majority control:** the majority picks the policymaker, who rules until new elections determine a different one (aim is to make most people fully happy)
- **proportionate influence:** the legislature is the mirror of society, takes into account everybody's opinions (aim is to find pass a policy that is somehow good to everybody)

This distinction leads to different views about the functioning of the government, the choice of the electoral system and the formation of political parties:

- **majority control:** creates strong one-party governments, that are fully able to keep their promises (make their voters fully happy, even if they're not the widest majority of the people). Usually in this setting parties converge to centrist policies to catch the undecided voters that always end up voting "the less-worse" and never being actually happy about their choice.
- **proportionate influence:** governments and bills need a wide agreement of many different parties (hard to pass policies that make the voters of a party fully happy, but the ones of other parties won't be disappointed too much) -> Consensus view: idea of the need for broad approval for laws.

## CRITERIA TO EVALUATE DEMOCRACY

1. **Congruence:** citizens can induce the government to do what they like. Congruence between voters' preferences and policies enacted. Easier to see in proportionate influence (policy is born by compromise and every group of people/party had its impact in the approval of the policy in that agreeable way).
2. **Accountability:** people are able to reward or punish their MPs directly. He/she can be kicked out of office easily and is more careful to perform well and willing to avoid corruption in order to be re-elected. Easier to apply with majority control, especially when a candidate has little lead over another and few votes make the difference between re-election and defeat (in majority control the electoral system is single-member district, so there's only one MP per district. Thus, if he did perform bad or there is any issue the legislature is responsible for, you have only one MP and it must be its fault, so you just vote for the challenger the next time. In proportionate influence, there are more MPs per district, so you can't easily reward or blame somebody for his/her performance and it's harder to kick he/she out of office, since might be get less votes but still be elected).

## ELECTORAL SYSTEMS

how votes are counted is as important as votes are cast. Different systems will cause different disproportionalities between votes received and seats allocated, and people vote in a different way accordingly. In addition, all systems are based on districts, though they might be small, large or even nation-wide and they might elect 1, several or all (if nation-wide) MPs.

Those are the most common systems:

### SINGLE-MEMBER DISTRICT (SMD)

- **First past the post:** the winner is the one who gets the most votes, i.e. one vote more than the first challenger (plurality, not majority). Geography and support distribution are key (gerrymandering). If support is too concentrated, winning with an 80% majority is useless (you need

at most 50%+1), while if it is too spread you may have 15% in nation-wide polling, but no district in which your candidates get up to 30/40/50% and are not the ones getting the most votes. Thus, if you know what party do people support the most in different neighbourhoods, you can design districts, given the chance, so that your party wins the most districts (gerrymandering).

- **Two-round system:** is a different form of SMD, the district still elects only one MP but there are two rounds. In the first one, several candidates run, and the ones getting over a given threshold (12,5% in France, for example) or the two best performing go to the second round, where only the best performing candidate gets elected (like in regular SMD). This system ensures that who gets elected has a majority and, since the vote can be spread among other candidates in the first round, in order to win the second round, a candidate cannot ignore issues and interests of the voters that chose some candidate that didn't go to the second round.

Party nomination in SMD and two-round system can be:

- party-centred: the party picks the candidate and the people vote him as representative of the party they like. The MP doesn't have a strong bond with its constituents, but it's easier to control for the party when the time comes in parliament to support a common agenda.
- candidate-centred: the candidate is the winner of the primaries, it has a strong bond with the people, while it's not as easy to control for the party (he might vote against the party decision, knowing that even if the leaders are against him, he will be running again because the primaries will be in his favour. However, parties control most or all funds for electoral campaigns, and might accept to let their candidate lose as revenge)

N.B.: none of the two is more democratic!

## PROPORTIONAL REPRESENTATION (PR):

The share of seats each party gains is approximately the same it has got in the popular vote. Usually, there's no real winner in the election (or simply you don't care). Disadvantage when running is given by thresholds that may be either explicit (i.e. parties getting less than N% at national level do not get to elect even if they win) or implicit (i.e. district magnitude: if there are 5 seats to be allocated, no party getting less than 20% will win a seat).

There's a difference between:

- **closed list system:** the party decides the order in which candidates shall get the seats (i.e. if 1 seat is won, candidate A will get it, if 2 are won, A and B will, if 3, A, B and C, ...). Thus, there is a strong dependence of MPs and candidates on the party ("if you don't vote as we say, at next election you're going to be at the bottom of the list aka never elected")
- **open list system:** order of election based on preferences. More importance to the candidate's reputation, since voters choose the party and also the candidates of that party they would like to see elected (i.e. if the party wins 1 seat, candidate C, who got 200 preferences, is elected, if 2 seats, candidate C and A, who got 190, ...). This could generate factional conflict within the party, since it will fund the campaign for all the candidates, but to be more visible personally w.r.t. to party-rivals, you'll need personal funds, that might come from corruption. Also, candidates may do anything in order to be seen and named, and those things might not be for the good of the party or of the people (i.e. an MP never in Parliament, and always among people)

## STRATEGIC VOTING

People don't want to see their votes wasted, so their choice is influenced by the design of the electoral system. For example, they might drop their sincere vote for the most preferred candidate, if he/she is hopeless at winning or if a camp division (left and centre-left or right and centre-right) leads to an even-more-disliked candidate's victory.

## Duverger's hypotheses:

1) SMD leads to two-party system -> 2) in SMD at most two parties are viable (can win) at district level -> 3) electoral system of magnitude M sustains M+1 parties running at district level (the winner(s) + the first loser, that is the only one who has a real incentive to run again).

Strategic voting gives candidates the incentive to be conciliative and make concessions if they want to be voted by people of other parties (that do not consider that candidate as the best choice) to prevent the victory of the most-disliked candidate.

-> in two-round system you might vote sincerely in the first round and strategically in the second (if your best choice doesn't go to the second, you will choose the least-worse) OR you might even vote strategically in both rounds (if there are two very popular candidates that you dislike both, you may vote for the third candidate, still not being your first choice, so that at the second round you shall not be forced to choose between two very disliked candidates)

In general, there's less strategic voting in PR, but it can't be avoided fully.

# POLITICAL PARTIES

Parties are made up of people holding office and the ones who help them get elected or re-elected. The main objective is to run in elections (though it is different in authoritarian systems, as we saw afore).

Parties do:

- provide voters with informational shortcuts and party identity & attachment
- mobilize voters for protests and elections (ease collective action) and affect which topics/issues are debated
- create long-horizon politicians and their replacements (people and politicians die, hopefully the party won't)
- coordinate MPs' agenda and action in parliament (could be also called logrolling: an exchange of votes in parliament on issues of your own interest -> "I vote for the airport in your district, you vote for the highway in mine"). This activity is crucial, since legislatures with no parties are highly inefficient due to extreme fragmentation.

-> within political parties, whips and funds/nominations' horse-trading keep the party united

-> number of parties is the smallest between:

- **viable number according to the system** (M+1)
- number of groups emerging from **social cleavages** (divisions)

## SOCIAL CLEAVAGES

- cross-cutting: divide society in even parties according to many issues (for example, according to religion and wealth, you have 25% rich Muslims, 25% rich Christians, 25% poor Muslims and 25% poor Christians -> 4 groups)
- reinforcing: more issues strengthen the same division in society (50% rich Muslims, 50% poor Christians -> 2 groups)

## CONTROL OF POLITICIANS

Elections are for:

- representation: elect who is closest to you and your interests
- accountability: reward or punish your MP according to its behaviour and success in office

Politicians are "hired" by the people to discuss, pass and enact policies on their behalf.

Risks are:

- moral hazard: once elected, the officeholder does anything he wants in its own interest
- adverse selection: greedy and low-quality people are more attracted by political office the most

Both are related to corruption, that is the private use of public office. The key points to consider, when speaking of control of politicians, are:

- When elections are instruments of accountability, tension is generated due to the fear of sanctioning and office-seeking politicians (who are very disliked by voters) try to appear well, so that it is harder for voters to see the real nature of the candidate they're willing to pick (i.e. corrupt candidate looks as fine as the honest one, but of course is not!).  
To avoid corruption, the government needs to use the strictest rule politicians are willing to accept, so that they will behave properly (if it's too hard, they will ignore it and steal as much as they can and then flee, if it's too soft, they won't worry about it and be corrupted). In any case corruption can't be eradicated completely, so the government should seek low corruption instead of zero corruption.
- Complements to electoral control are the media, that give info on the behaviour of politicians from an independent point of view, preventing people from being manipulated by biased information provided by the politician (that's why the freedom of the media is key)
- Substitutes to electoral control are the judiciary and anti-corruption agencies (if you're not able to punish a corrupt politician in the elections, you can still do it in court. The issue with anti-corruption agencies is that nobody controls them)

# INSTITUTIONS IN DEMOCRACIES

## VETO PLAYERS THEORY

It is possible to represent policy preferences and proposals on graphs (you use lines if considering only one parameter, a plane if two, with circular/elliptical indifference curves, one per proposals, with centre in the ideal point)

This model is useful to see which policies can pass -> need the agreement of all **veto players**.

If a policy is preferred to status quo by all of them, it will pass. The set of policies that all prefer to SQ is called "win set of the status quo".

The **core** is the smallest convex set with the ideal points of veto players as vertices (if your ideal point is inside it, you're irrelevant in the negotiation). Over time, policy reforms will end up there and, since the new policy becomes the SQ w.r.t. another reform proposal, no reform will be possible (because all veto players prefer SQ).

The power of the **agenda-setter** is that he/she picks the policy among the viable ones that he/she likes the best (aka proposal power). If the ideal points are close, the intersection is wide, and the agenda-setter has a greater power of choice (there are more choices in a large intersection than in a little one). If ideal points are far from each other, the intersection is little and the agenda-setter has little choice.

## PRESIDENTS AND PRIME MINISTERS

Presidents	Prime Ministers
<ul style="list-style-type: none"> <li>• have popular vote legitimation and are independent of legislature's confidence</li> <li>• are directly (or quasi) elected</li> <li>• fixed term</li> <li>• removal requires judicial procedure (impeachment)</li> <li>• party affiliation of the president is not connected to the one of the legislature</li> </ul>	<ul style="list-style-type: none"> <li>• are appointed and depend on the confidence of the legislature</li> <li>• have investiture vote</li> <li>• variable term</li> <li>• removal is a political procedure not requiring any justification (no confidence)</li> <li>• PM prominent member of a major party in the legislature</li> </ul>

With regard to Prime ministers, it shall be remembered also that:

- Heads of State might have broad autonomy in the choice (as in Italy)
- they hold powers of agenda-setting, portfolio allocation and confidence provision

N.B.: both institutions work with both proportional and majoritarian electoral systems (it's false that Presidential systems have majoritarian electoral laws, while Parliamentary have proportional!)

If both figures are present in the constitutional setting, both with the features outlined in the table, the system is called semi-presidential.

## CONFIDENCE PROVISION

When the confidence of the legislature to the government is linked to the approval of a bill (if it is rejected, the government doesn't have the confidence of the legislature anymore)

It is helpful to:

- force MPs to vote in favour of a bill they might not be happy or sure about, to avoid the PM's resignation
- lets MPs not take responsibility for that vote (when facing disappointed constituents accusing the MPs incoherence, he/she can say to believe truly in the idea outlined during the electoral campaign, but that was forced to put it aside for the loyalty to the PM or to avoid the Cabinet's resignation)

It is often used when:

- legislators may have position-taking incentives (many have doubts about the content of the bill or are willing to defect for political reasons)
- majority has heterogeneous preferences (a multi-party coalition government faces one party's disagreement and needs those votes to pass the bill)

## COALITION GOVERNMENTS

Usually happen in PR systems, when the largest party still needs support from other parties to get to the 50%+1 majority required to have the legislature's confidence. In order to do that, the party seeking support will share cabinet portfolios with other parties (usually proportionately to the support they will bring to the coalition -> Gamson law)

PM is usually member of the largest party.

At this point, it is important to understand how the government is formed. Since different majorities can be formed in a diverse legislature, the order in which the various proposals/attempts are made is crucial. The role to set the timing is given to the **"formateur"**:

- choice may be of the **Head of State**, appointing somebody and asking him/her to try to find a majority (as in Italy)
- a political custom may be that the **leader of the largest party** is given the right to be the first trying to form a government

The problem, when forming a coalition government, is that:

- you have to compromise on ideological grounds. Since you need to negotiate which policies to pass (and to do that you must agree), you don't want to have partners that are too ideologically far from you
- you have to share power with others. Since it is never nice, you look for the smallest party that lets you govern, since it will take away from you the smallest number of portfolios

With this concept in mind, there are two extreme cases:

- **office-seeking politicians**: only care about holding a cabinet post and will choose the littlest partner needed, no matter what the ideology, in order to obtain the "minimum winning coalition" (MWC)
- **ideology-caring politicians**: compromise policies that are between ideal points of the partners. Thus, choose the one that is ideologically the closest to you. It could be costly, though.

The ideal case is to choose the smallest contiguous party allowing you to govern (partners HAVE to be contiguous ideologically) -> compact/connected coalition.

## CONSTRUCTIVE VOTE OF NO CONFIDENCE

It's when in order to kick a government out of office, the law requires the legislature to already have a replacement, sure to win a confidence vote.

It is useful to:

- avoid destructive collaboration (when some parties agree that the incumbent government shall be kicked out, but cannot form a government together)
- makes it easier to sustain **minority governments**

## SPECIAL CABINETS

- oversized-coalition government: the formateur brings in more than one partner to avoid too much blackmailing power (the majority goes way beyond the 50%+1 threshold)
- minority government: they occur when no majority can be formed. Then, the largest party is given the right to rule and the others will grant confidence and may give "outside support"

## GOVERNMENT SURVIVAL (IN PARLIAMENTARY SYSTEM)

Since governments do not have a fixed term, they can be ousted in several ways:

- a no confidence vote wins
- a bill carrying the confidence provision fails
- party-driven replacement (the party supporting the government changes leadership or in any case decides that the incumbent is not fit and, after a no confidence vote, proposes a new PM that will win it, still from the same party)
- intra-coalition failure (one partner or more are not comfortable anymore at cooperating with the others and stand with the opposition, then asking a no confidence vote that will eventually win)

However this many ways could lead to great governments' instability, that doesn't mean that ministers will be incompetent (it is possible that all the governments, in the end, see the same people as members, while is not the case that every new government brings all new faces into the cabinet). Thus, it cannot be considered a pathology.

## DIRECT ELECTION OF THE CHIEF EXECUTIVE

In most presidential systems, the president is elected directly (i.e. the one getting the most votes wins).

In the US, it is different and the final outcome of the election depends on the Electoral College. The College is formed by a number of delegates that are the number of congressmen + senators of each state (i.e. California has 53 congressmen and 2 senators -> 55 delegates) and those delegates are assigned in 48 states out of 50 with plurality method (the one that candidate that wins most votes in the state, gets them all). The system has been often criticized, as some candidates won the election without winning the popular vote. In this debate, 3 myths have been often recalled as a justification to keep the College:

1. it is not possible to have a direct election in such a big country (**Truth: many others like France and Indonesia do**)
2. **the candidate with the most popular votes should win.** (**Truth:** people vote according to how they know their votes will be counted. That is if you are a republican and you live in a state that you know will be Democratic for sure, e.g. California, you don't even go to vote. We have no idea what the distribution of votes would look like if the popular vote had more relevance than the electoral college.  
Also, strategic voting and strategic allocation of campaign funds has to be taken into account: the consequence of this system is that swing states are the only focus in campaigns, with parties allocating more funds to those and almost nothing to solid states, and those that may get more policy attention by the incumbent when elections approach).
3. it leads to a more reasoned choice. (**Truth:** nowadays electors are pre-committed by constitution to vote in the electoral college the candidate they promised to support and it's impossible to switch from it, and even if they could, the system would not be so democratic)

In general, US presidents are even weaker than presidents in normal presidential systems.

POTUS can:

- appoint cabinet members (with Senate approval)
- veto laws (though it's overridable with a 2/3 majority in Congress)

- issue executive orders (but they can be only used to interpret legislation when giving orders to federal agencies)
- they've no agenda-setting power (only a reactive one, that is veto)
- do not have power of dissolution.
- 

Regular presidents in presidential systems can also:

- issue legislative decrees (that are laws in force unless legislature's repeal, which is very hard in fragmented political systems like in South America, and even if repealed, they can be issued again by the president)
- call elections (power of dissolution)

-> in this way, the status quo is easily wiped out and the fragmentation gives a lot of power to the president, since amendments and repeals require time and effort (even in matters of writing a law, since the government has plenty of employees and counsellor to do that, while legislators don't).

## SEMI-PRESIDENTIAL SYSTEMS

Systems with both President and PM, with the two sharing executive power following an often unclear division of competences.

There are 2 sub-species of this system:

- president-parliamentary: PM is responsible both to the legislature and to the president (can be ousted by either a no confidence vote or dismissal)
- premier-presidential: PM is only responsible to legislature

I.e. France is president-parliamentary:

- becomes presidential-like when the president and legislature majority are from the same party
- becomes parliamentary-like when there's cohabitation (president and legislature majority are different)

-> Presidential systems are frail: democracy survival is significantly lower. With legislative fragmentation, the deadlock of an unpopular government can be solved with a new PM's election in Parliamentary (that might lead to cabinet instability), but in Presidential systems it can only be solved at the following election, meanwhile mass unrests and/or elite anxiety may occur (regime instability, risk of coups).

## SECOND PARTIAL

# INTERNATIONAL RELATIONS

Leaders make choices, not the states, which cannot be viewed as unitary actors

In their choices, leaders are constrained by power, preferences, perceptions

Leaders are assumed to be RATIONAL (they have complete and transitive preferences) and therefore able to predict others' choices (in games with no uncertainty)

National interest comes from the idea that states behave as unitary actors and that, therefore the leaders do what "We the people" want them to do.

In actual fact, states are a collection of individual preferences

Is there a single complete set of preferences that is able to sum up the one of all its members? Answer is given by Arrow's theorem.

## ARROW'S THEOREM

States the impossibility of aggregating preferences in a way that is able to satisfy all constraints

1. **Unrestricted domain:** all preferences are allowed
2. **Social transitivity**
3. **Pareto improvement**
4. **Independence from irrelevant alternatives:** if one prefer A to B, its preference between A and B, if a third option C is introduced, is not going to change. This can be easily put off by Borda Count, which is, however, a way of counting preferences typical of council and decisional bodies

Only way to satisfy all the conditions is through a dictatorial rule, where the preferences of the state and the community are summed up by the ones of the leader in power

Impossibility to have a way of aggregating preferences shows that National interest does not exist

Leaders make the choices in the international relations context - and they are self interested

Several perspectives in the study of IR

- **REALISM/NEOREALISM:** natural state of affairs is war  
Anarchy prevails since rules and agreements' violations cannot be properly punished. States are strong unitary actors aiming first and foremost to their own security and to increase their power  
Bipolarity is considered as more stable than multipolarity. Power distribution is more balanced and conflict/aggression is less productive and incentivized  
War is avoided because of the risk of losing and threatening home security.  
Weaker blocks try to broaden to gain more power  
Alliances are useful to this, although some relationships are hard to classify (??)
- **LIBERAL APPROACH**  
IR focuses mostly on trade and economics, rather than security. Power distributions are less important than shared interest. States are rational, unitary actors and seek wealth through cooperation (being the natural state of affairs). To achieve this, they join into organizations and alliances whose norms are usually respected because of shared interests, while hegemonic states rule over them, enforcing the norms and promoting them (hierarchical structure)
- **CONSTRUCTIVISM**  
Rather weak perspective because of lacking empirical proofs. States and national objectives are considered to be constructed. Initially, they join an organization to seek legitimization, then external pressures and socially accepted norms lead to role redefinition, and, in the end, they abide by the norms because of the real belief (reflection). Instrumental short-term changes in behaviour lead to long-term changes in preferences and actions
- **STRATEGIC PERSPECTIVE**  
Leaders act in their own interest and will pick the foreign policy that yields them the best prospects of remaining in power, even if that policy could not be beneficial for the country. Leaders know their rivals do the same game

## 4 PROBLEMS IN INTERNATIONAL POLITICS

- COORDINATION
- DISTRIBUTION
- MONITORING
- SANCTIONING

To which domestic politics should be added to the mix. Leaders want to remain in office and will therefore choose the policy that helps them to do so

**Dictator** doesn't have to hold any elections, relies on very few people to remain in office. Making these happy is crucial, peace and prosperity for their citizens are not. Therefore, dictator cannot be held accountable.

**Democratic leader** is subject to elections, has to rely on the people to remain in office. Therefore it is his duty to ensure peace and prosperity for everyone (PUBLIC GOODS). However, an adverse selection problem may arise: politicians are not elected because of their abilities in foreign politics and so they may be incompetent at the negotiating table.

## SELECTORATE THEORY

**Selectorate:** those who have at least a nominal say in the choice of the leader

**Winning coalition:** those whose support is necessary for the leader to stay in power

Leaders must keep the Winning coalition (W) satisfied by distributing a mix of public goods (in democratic settings) and private goods (in authoritarian regimes) and set a tax rate to pay for the provision of such goods.

A challenger can make an offer about the public goods, the private goods and the tax rate that he's going to ensure in case he becomes the leader, by gaining the support of those in the W coalition.

However, a leader's continued time in office depends on support coming from the members of the Winning coalition. The probability for a member of the incumbent's winning coalition is given by the ratio  $W/S$ . Such ratio is going to be particularly small in an autocratic setting. Therefore, the incumbent is simply going to need to promise just enough to make the would-be defectors better off with him rather than the challenger. The issue with the challenger is that it cannot commit credibly to keeping anyone in his winning coalition until he's in office. Indeed, before he gets in office, every member of the selectorate has the same probability of being in the leader's coalition.

To increase loyalty to the leader, the leader has to try to keep S as large as possible and W as small as possible, thus creating less incentives to defection and making sure that cronies can be more cheaper to be paid off.

To survive in office and maximise discretion over the budget, the leader shall try to:

- 1) Keep W as small as possible
- 2) Keep S as large as possible
- 3) Tax the subjects as much as possible so to have more revenue
- 4) Always keep paid the key supporters just enough so that they don't defect
- 5) Don't take the cronies money to improve people's life. They are not responsible for the leader survival

What happens, when the size of W increases, to the distribution of public and private goods by the leader?

Every leader has a budget constraint which describes how it is possible for him to distribute resources between private and public good (R is revenue from taxation, p is the cost of public good g, while Wz is the total amount spent on private goods)

$$R = pg + Wz$$

$$z = \frac{R - pg}{W}$$

z is therefore each coalition member's share of private good benefits

Value of private goods gets smaller as size of the coalition gets larger

Therefore, if small-coalition regimes can allocate more private benefits to their cronies, democratic leaders need to focus more on public good provision if they are to be re-elected

In other words, the incumbent advantage in allocating private goods diminishes rapidly as the size of the winning coalition increases

**Small W:** little chance of being in the next winning coalition

Challenger can gain support by promising public goods but cannot compete with the incumbent on private goods

Leaders ensure their cronies control over black markets and corruption as forms of private benefits, thus increasing its survival prospects

**Large W:** chance of being in next W is very large

Little advantage for the incumbent in providing private goods

Therefore, democratic leader needs to focus on public goods

Corruption harms reputation and tenure of the leader in office

## WELFARE

When governance depends on a large winning coalition, society is wealthier, healthier, freer, more transparent, a better place to live in (higher immigration towards the area)

## Summing up:

Regimes with large W focus on effective policies

Regimes with small W, failure is accepted as long as W members are paid

When W is large, loyalty is more expensive and therefore there is less discretionary power for the leader

Small W regimes have foreign policies driven by enrichment through territorial conquest

Large W regimes have foreign policies driven by policy compliance

If parties in a country could change political arrangements:

- Leader wants to increase S and decrease W
- Members of W want to increase W/S, particularly they want to increase W more quickly than S
- People not in the coalition, always prefer to increase W and W/S

# WHY WARS

## CLASSIC STRATEGIC EXPLANATION

A and B fight for payoff of 1 (e.g., USA and North Korea over nuclear capabilities of North Korea. The latter wants to have as much as possible, that is a final utility of 1)

A offers a compromise with utility X for B. If B accepts, B gets utility X, A gets utility 1-X

If B rejects, WAR

B wins the war with probability p

A win the war with probability 1-p

Both countries will have to endure costs of war  $k$

B will accept if  $X > p - k$

That is if **EU (accepting) > EU (fighting)**

A will propose a deal that is worth  $X < p + k$

They don't offer more than costs of war

For a compromise to occur, it has to be that

$$p - k \leq X \leq p + k$$

For both countries. Otherwise, war will break out again

### Wars are always EX-POST inefficient:

Once adversaries know what outcome a war has produced, they also know a deal they could have struck ex ante that would have left them at least as well off or better off than they are after fighting a war.

However, there are 3 problems that can lead entirely rational actors to end up in a conflict:

- 1) **UNCERTAINTY:** sometimes countries don't know everything about each other and thus might miscalculate or disagree about each other  $p$  and  $k$ , thus offering too little for the other side to accept a compromise, inevitably leading to a conflict
- 2) **COMMITMENT PROBLEMS:** first-strike advantage exists. Therefore agents engage in a Prisoner dilemma problem, as first strike advantage is a profitable deviation for both. Time inconsistency problem also creates commitment problems: one party gives an irreversible benefit to the other party. How can the party that has given concessions be sure that the concession will not embolden the recipient to make further demands, until there is nothing left for the conceding side (salami tactics)?
- 3) **INDIVISIBILITY OF ISSUES:** some negotiations occur over indivisible issues, such as chunks of territory. The utility at the end of the negotiations is going to be for both sides either 0 or 1. Agreement can't be reached if  $p - k < 0$  and neither if  $p + k > 1$

## THEORY OF AUDIENCE COSTS

In democracies, leaders make choice in front of large audiences. Therefore, it would be hard and costly to back down once a threat is made (e.g. Cuban missile crisis)

Threats by a democratic leader are more credible and also carefully chosen.

Leader that has to face domestic costs of backing down and previous costs for domestic incompetence and that risk being ousted following a backing down from a threat, would rather prefer to go to war than pay backing up consequences (especially if not very popular, winning a war can get the leader re-elected: RESURRECTION HYPOTHESIS)

As audience costs go up, the leader is more willing to attack for lower probabilities of victory. The same occurs for high degrees of  $m$  (incompetence).

## PACIFIC DOVE HYPOTHESIS

**Doves:** prefer to negotiate even if war outcome would be favourable

**Hawks:** prefer to solve by coercion

**Pacific doves:** if attacked back down

**Agressors:** fight back, when attacked

If an actor is a weak pacific dove, it might attack, in the hope to gain a first strike advantage, because of poor leverage at negotiating table and poor odds of victory in war, which would get even worse if the actor left the first-strike advantage to its foe.

That's especially true if the actor doesn't know its foe type.

Better to attack and gain benefit of a first strike advantage, hoping that the other is a pacific dove and will back down.

## SELECTORATE THEORY AND WAR

Autocrats fight for territory (resources to provide as private good to W)

Democrats fight for policy concessions and regime change (public good for W)

Autocrats don't usually risk their position if they lose (unless their adversary is a democracy) and thus engage in more riskier wars. If they do not have an easy time winning, they do not pour in more resources, because that would mean taking money away from cronies

Democrats would be kicked out of office if they lose. They fight wars for which they have a high probability of winning and if they have a hard time winning, they pour in more resources.

## DETERRENCE

Is strength and military capacity really able to bring about peace?

- **Jervis – spiral school**

Suppose you start building military capacity because you want to defend yourself

Other countries don't know you are building those capabilities because of defensive strategies.

They might think that you are building those because you are interested in aggression, to start a conflict against someone else

Other countries feel threatened by observing the military build up and by the possibility of being attacked

Country A increases military expenditures in fear of an attack from country B

B sees massive build-up and starts wondering whether country A wants to attack or invade them.

"Have to defend ourselves – let's increase our expenditure as well"

Country A says "I was right" – increases even more military

Spiral that might get out of control and lead to a conflict

- **Schelling – Deterrence school**

Building military capacity can dissuade rivals from starting crises

### Basic logic of deterrence

Two actors: A= Defender, B = Challenger

Defender wants to prevent Challenger from taking an action that the Defender does not like

A wants to prevent B from taking an undesirable action

**Successful deterrence** if, without the punishment, B takes the action, but the threat of the punishment leads B NOT to take action

Threat of punishment is able to affect incentives in such a way that the benefit of taking that action is not big enough to compensate for the punishment that taking that action would entail

Imposing costs that exceeds the benefits of an action – DETERRENCE

- 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 in case B takes the undesirable action

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

Very common tool, usually used when you are not resolved enough to go ahead in a military confrontation

The idea is that by imposing sanctions, the challenger is going to take a financial hit and is going to be less willing to invest resources in something that is not essential (like nuclear weapons), when you are people are starving because of sanctions

Imposing sanctions, as long as it doesn't affect the leader's capacity to have the members of his winning coalition paid are not going to be very effective

Two dimensions of deterrence – **immediate vs. general**

**Immediate deterrence** = responding to a short-term threats or attack

**General deterrence** = preventing short-term crisis and conflict from arising in the first place

**Direct** = prevent you from doing something against me, a direct threat to me

**Extended** = prevent an actor from threatening a third allied actor

Four possible situations in which deterrence can be applied

- **Extended general deterrence** – US and South Korea vs NK about preventing NK from developing nuclear weapons
- **Direct general deterrence** – Israel vs Arab states around it – Israel wants to prevent those countries from starting a war against them
- **Direct immediate deterrence** – USA vs Soviet Union in Cuban Missile Crisis
- **Extended immediate deterrence** – Russia and Assad vs US

Challenger has to decide whether to initiate a crisis or stick to status quo

Comparing two levels of expected utility

Suppose that the Challenger knows that if he initiates a crisis, the defender will retaliate

From point of view of challenger, decision to initiate a crisis implies that the challenger is going to have to endure a retaliation

Deterrence will be successful, meaning that the challenger anticipating retaliation will decide NOT to initiate a crisis, if

Whatever the benefit of initiating a crisis conditional on retaliation < cost of retaliation + benefits coming from the status quo

$$E[u(\textit{initiate})] = \textit{Benefit} - \textit{cost}$$

$$E[u(\textit{not initiate})] = \textit{Status quo}$$

$$E[u(\textit{initiate})] \geq E[u(\textit{not initiate})]$$

$$\textit{Benefit} \leq \textit{Status quo} + \textit{cost}$$

Benefit of the status quo plus the costs of retaliation needs to compensate for the benefit of the undesirable action that the challenger is contemplating

### **Threat of retaliation needs to be capable**

#### **Capable means that:**

Cost of retaliation imposed by the defender on the challenger via the retaliation needs to be big enough to compensate for the benefit the challenger would receive if he decides to initiate a crisis

If the cost of retaliation is large enough - then the challenger will not initiate a crisis

The fact that the defender wants to respond to the initiation of a crisis with retaliation is not a given, **but it's the only way for deterrence to work**

In order for deterrence to work it has to be that there is a retaliation following the challenge

Is it in the best interest of the defender to retaliate?

**For the defender retaliation is incentive compatible if**

$$E[u(\text{retaliation})] \geq E[u(\text{No retaliation})]$$

the utility following retaliation and initiation is bigger than the cost of retaliation + the utility it would derive following initiation of the crisis and NO retaliation

For the defender to retaliate, it has to be that the utility of retaliation is bigger than the expected utility of no retaliation

Utility of initiation and retaliation minus the costs of retaliating needs to be bigger or equal than the utility derived from initiation and no retaliation

$$u(\text{initiation} + \text{retaliation}) - \text{costs of retaliation} \geq u(\text{initiation} + \text{no retaliation})$$

Especially when talking about big powers, **capability** is never really a big concern  
USA have all the capabilities in the world to convince states not to threaten their securities

Military capacity that is unmatched in the world

Issue is - will they actually use it?

### **MAIN ISSUE IN DETERRENCE IS THE CREDIBILITY OF THE THREAT**

It seems to be **an inverse relationship between capability and credibility**

Actions that do not entail massive costs for the challenger are usually CREDIBLE

Actions that are capable might not be credible and VICEVERSA

Often states prefer to resort to economic sanctions - easier to do than devastating military Strike - but might not be that effective

The game is solved through backward induction

Start with the **decision of defender**

Does the defender want to retaliate?

**Utility of retaliation:**  $-c - (1 - q)\lambda$

Has to pay costs of retaliation (-c) - pays a cost that is derived from the initiation of the challenge, but he is able to reduce the costs he pays because of retaliation

**Utility of no retaliation:**  $-\lambda$

Saving the costs of retaliation but also paying higher costs of challenge

**Retaliation is optimal if**

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

$$c \leq q\lambda$$

$$c \leq c^*$$

If the threat of retaliation is credible, does the challenger want to challenge?

It has to be that, knowing that the defender retaliates, the challenger decides not to challenge for deterrence to work

**Utility of no challenge (status quo): 0**

**Utility of challenge:**  $(1 - q)\pi - k$

Get  $-k$ , costs of retaliation

And a benefit of challenge, which is  $(1 - q)\pi$ , because if there is retaliation, challenger loses some of the benefit that could have initially derived

**Deterrence is successful** (that is no challenge is the optimal choice) if

$$(1 - q)\pi - k \leq 0$$

$$k \geq (1 - q)\pi$$

$$k \geq k^*$$

If the cost imposed by retaliation is large enough, than deterrence is going to succeed  
Therefore, if the threat of retaliation is capable AND credible, deterrence succeeds

Defender has to take COSTLY actions that only a resolved defender would take  
To signal commitment to retaliation

In order to distinguish himself from the defender who will not retaliate  
Signalling resolve might always be better because de facto defender is communicating through an action that the defender will retaliate

However, signalling high resolve might be disruptive in case of extensive deterrence

## INHERENT CREDIBILITY

If deviation from the status quo is terrible, e.g. leader is threatened to lose power, the larger the credibility of the action

If challenge coming from challenger puts at risk fundamental interest to the leader, can expect that the threat of retaliation is credible

If defender is engaged in a crisis that puts at risk fundamental interests, can rest assured he is going to be resolved

But if the value of the status quo is not THAT important - not going to retaliate so harsh

Simply looking back at past behaviour, might have the impression the defender is always harsh to a challenger - but maybe the reason why he did that in the previous situation was way more important

**Credibility might not be given for a successive issue**

## It is very hard to say whether it actually works as a peacekeeping tool

In theory might be a very powerful tool and might work under the right conditions

it is hard to say whether deterrence has been successful

Can say for sure when deterrence HAS FAILED

## CYBER-ATTACKS

Can use deterrence to stop **cyber attacks**?

How can use deterrence when you don't know who is doing what and whether they are doing anything bad in the first place?

The fact that defender is not able to attribute each attack to a particular enemy + not able to detect all of them makes problem of deterrence, MULTILATERAL

If one challenger becomes more aggressive - defender is brought to believe, facing uncertainty about who the perpetrator really is, that country A, that has become more aggressive, is responsible for that - more tempted to pin it on them

Problematic, because all other potential attackers have incentive to attack the defender

Country B, C, D - attack and aggression is going to be reasonably pinned on country A

Other countries can hide themselves behind increased aggressiveness from country A

Attribution problem makes deterrence multilateral

## MULTIPLE ENEMIES

How does deterrence work when you have multiple enemies and don't have the capabilities to fight both of them at the same time?

Country A can challenge, and country B can challenge

Cannot retaliate against both of them

Commit in a retaliation against country A, country B will see an opportunity to attack, knowing that there will be no retaliation

# INTERNATIONAL ORGANIZATIONS

They help countries achieve cooperation. A big issue, though, comes when issues are distributional (definition???), since a free-riding problem occurs.

When establishing an international organization, countries must consider:

- how inclusive it is
- how are decisions made
- how likely compliance is
- how easy is to detect deviators and punishing them
- how to achieve cooperation and enforcement of common policies

-> main issue is collective action: most countries will try to free-ride when public goods are to be provided by the organization, hoping that other countries will take care of that (same as for protests, let others pay the cost and enjoy the benefit once they've achieved it). Even greater issue when it is about tackling the negative externalities imposed on other countries (negative externalities are, for example, pollution, caused by a country, but affecting also others).

A country will only commit if it believes to be pivotal for the success of the organization.

As a formula:  $[p(n+1) - p(n)]B > C$

where  $p$ =probability (depending on whether you participate or not),  $B$  is benefit and  $C$  is cost of participating.

The solution is to carefully choose the size of the organization and use threats and coercion to obtain Pareto improving (?) outcomes and agreements.

If an organization is large, you may have tough demands with low compliance or shallow demands and meaningless compliance -> costly and weak enforcement.

If an organization is small, there's agreement on the rules, less variety of preferences (expansion would be risky), thus attracting sincere members, that will achieve meaningful compliance (of limited impact, though, due to the small size).

All members have an incentive to cheat and deviate (prisoner's dilemma), but the prospects of repeated interaction through time help the achievement of cooperation.

Time discounting factor:  $V = X / (1 - \delta)$

There are two strategies to avoid cheating, though the interaction needs to be infinite, otherwise the incentive to deviate at the last stage (since there wouldn't be any retaliation) would lead to deviation at all stages (due to backward induction):

1. **Tit-for-Tat:** I do what the other did before (either cooperate or deviate) -> this strategy helps quick and cheap punishment and forgiveness
2. **Grim trigger:** if one deviates, cooperation ends "forever". Helps to keep cooperation. Harsh and costly both to punish and to suffer (especially in the long run). For this reason the parties of the broken agreement have an incentive to renegotiate

Issue could also be a "misunderstanding" about some deviation (it might have been a mistake or just a perception). Organizations are useful in this case, since they:

- provide more effective and flexible punishment (encourages some cheating, but compliance becomes affordable, which helps through hard times)
- gives long horizons for cooperation to leaders that are short-term focused (they need to be re-elected to soon to see the good effects of good agreements)
- soften the choice and judgement of members (like by imposing fines instead of expelling)
- monitor members and only punish for true and significant deviations

# TRADE & GLOBALIZATION

Trade is the purchase and sale of goods, information and services. Its core is ARBITRAGE (buying cheap and selling expensive)

There are 2 main views about trade:

- fair trade: protection and fostering of domestic activities, with government intervention
- free trade: letting competition reduce costs and increase quality of products, while the government steps out of the entire process (even with free trade government has a role: it checks and rules contracts' compliance through the legal system, checks compliance of international partners, provides infrastructure and stability of currencies).

Tension is between the interests of all citizens, of a particular economic group and of foreign businesses. Through tariffs, the government chooses who is protected and who is not.

Speaking of a sector of production, a country, with respect to another, may have:

- absolute advantage: it has the ability to produce at a lower cost than anyone else
- comparative advantage: it has a relative advantage (the other country may have an advantage in producing another good)

**Heckscher-Ohlin theorem**: countries produce and export products that need the more abundant factor of production (capital in rich countries, labour in poor countries)  
=> import products that need the scarce factor.

Tariffs: raise prices, increase domestic production, reduce imports (that fill the demand-supply gap left by domestic production, but also force a price reduction), reduce supply.

-> if prices are higher, people are left with less money to spend on other goods => lower demand for unprotected industries -> harms economic growth.

=> **Tariffs** advantage for the protected sector, and harm everybody else. Therefore, it can be considered a **private good**.

=> instead, **free trade** is a **public good**, since everybody is a consumer and is treated alike in every market.

Then, why do countries not always choose free trade?

- public goods are for all, and incentivize free-riding. Thus, few people will mobilize to demand free trade. Instead, little groups of interest (small=easier to mobilize) will seek protection for themselves
- Also, Selectorate Theory reminds that Autocrats rely on small W to stay in power, so they will benefit the businesses of their elites by protecting them with tariffs, and won't care about everybody else's damage. Instead, Democrats rely on large W, that are paid with public goods such as free trade (=> democratic regimes are more likely to defend free trade).

# GLOBALIZATION

International integration in commodity, capital and labour markets

**Good for:** price convergence, direct foreign investment, lower prices and higher quality (due to competition), variety of choices

**Bad for:** making developing economies compete with developed ones (hurting the former due to an unequal fight), increases inequality

Globalization is about the freedom of the factors of production, and politics may restrict it to protect domestic inefficient workers (with immigration policies) and businesses (with restrictions on foreign investments and tariffs).

- What goods do countries produce? As we said before, the ones that require the intensive use of the relatively abundant factor of production (i.e. the cheap one)

Which social groups will seek protection depends on the impacts of free trade and on the setting of the production system.

1. **Inter-industry factor mobility:** free movement of factors between industries.

- Rich country: labour-intensive industry products' price falls due to competition from the poor country, while the capital-intensive industry's price rises, leading to higher supply and profits (due also to export) -> capital-intensive will absorb the little capital that was in the labour-intensive (that is now out of the market) and SOME labour (capital-intensive doesn't need much!). **The workers that are not absorbed by the capital-intensive industry will demand protection.**
- Poor country: labour-intensive industry's export increases, leading to higher supply and profits and, then, to more workers hired to meet the demands. Capital-intensive industry fails (due to competition from the rich country). Of the failed capital-intensive industry, all labour is absorbed by the successful labour-intensive industry, while only SOME capital is absorbed. **The left-out capital owners stuck in the failing industry will demand protection.**

-> free trade allows the pursuit of comparatively-advantaged industry and benefits abundant factor of production, while harming the scarce one. In the end, rich in rich countries get rich faster than poor, and poor in poor country get rich faster than rich.

2. **No factor can move:** badly-performing industries cannot get better and seek protection.

Tariffs' effects only on specific industry. No direct impact across the economy (since no factor can move to another industry).

No mobility is good for politicians:

- if a leader pays "cash money", W could better its conditions and not be in need of protection anymore
- subsidies/price supports/tariffs keep W close to the politician allowing them (those policies are not forever, they can be enacted and repealed at the leader's pleasure, need to keep close to him/her in order to keep the benefit)

3. **One factor is mobile:**

If labour is free to move, it will move to the successful export sector.

**Capital owners in the import sector** (stuck into a badly-performing industry and forced to increase wages not to lose all labour to the better-paying export sector) and the **left-out labour** demand protection (in this case, protection is not demanded by either capital owners or workers, being class specific, but by **both agents of one sector, so it's sector specific**).

# FOREIGN AID

Giving money, goods or services to foreign countries (usually governments) -> it failed at alleviating poverty (not its real aim)

2 main views:

- the rich don't give enough (however, they know how much they give and what the "results" are)
- problematic choice of aid recipients -> governments waste money and encourage corruption (but don't donors know it?)

-> alternative view: donors don't care about poverty, they just buy policy concessions. The donor and the recipient will approve a deal if it improves the survival-in-office prospects of both.

**Donors** are usually **democrats**, as policy concessions are public goods. However, they don't give much, since constituents prefer money to be spent at home (while autocrats just need to pay W).

**Autocrats** are more likely to **get aid**. For democrats it's expensive to sell concessions, because voters are not happy with it. This is the reason why usually a "policy sale" is more expensive than a donor is willing to pay (donors don't want to spend much!), while autocrats are "cheaper" (again, they just need to pay W).

The price of a concession also depends on:

1. size of the recipient's **budget**: if it is **large**, it will need less aid, and will ask for a high price (if you have lots of money, little money will make little difference, while you will sell a concession for something making a difference, that is a lot of money). If it is **little**, there's high need for aid and the country will ask a **low price** for a concession (because there's extreme need for money, and even little money will make a difference).
2. salience of the concession: the larger it is, the less likely it will be granted. Therefore, if it is granted, the price paid has to be high.

Some predictions we can make:

- likely to give aid: large-W regimes, seeking salient concessions and with high revenues (able to pay and a lot)
- likely to receive aid: small-W regimes, offering salient concessions and with low revenues
- giving the most: largest-W regimes (ultimately, democracies), valuing concessions the most and with high revenues
- getting the most: large-W regimes, paying high domestic cost for concessions and with high revenues (since those will ask high prices both because of large-W and because of already high revenues)

Countries giving up big concessions and getting the most aid are:

- countries with neutral foreign policy (w.r.t. allies, those still need to be convinced by the donor to take its side)
- former colonies (who give up trade concessions mostly)
- geographically-close countries

Aid money in autocracies leads to very bad outcomes: policy concessions hurt economic growth and press rights, and the money is not used to compensate for those losses, but to improve the grip on power of leaders (no democratization).

# TERRORISM

Terrorism is the premeditated use or the threat of use of violence by individuals or subnational groups aiming to obtain a political or social objective through the intimidation of a large audience.

There are 3 players:

- terrorists
- target government
- citizens in target country

2 are the reasons to use it:

- the group is not strong enough to conduct a proper war
- the group doesn't have enough public support or it's impossible to use democratic means to achieve their aim

-> can be considered the weapon of the weak

Outline of the terrorists' strategy:

Terrorist act => intimidation of a target => population pressures the government out of fear => concession to terrorists

Consequences of concessions:

- commitment problems (will the terrorists stop after this concession? How do I make sure they believe that this will be the only concession they'll ever get?)
- selection problem: if soft-liners/moderates are happy with the deal, the terroristic group will then be controlled by the extremist faction that wants to keep fighting

What are the goals of terrorists (usually more than one at the same time)?

- regime change
- territorial change
- policy change
- social control
- status quo maintenance

When the government faces a terroristic group, a big issue is uncertainty: it may be about their capability (whether they're strong or weak), their willingness to fight and/or their preferences.

The government only wants to concede to strong ones (the ones it is not able to clear up with a fight), but, knowing this, also weak terrorists have an incentive to show themselves as strong -> the government shouldn't believe costless announcements.

Terrorist activities are costly SIGNALS of uncertainty features (capability, willingness to fight, preferences, ...) aimed to targets (so that they have a feeling about the threat they're facing) and to the own members of the group (to show that its cause is credible and being a member is not wasted time).

## TERRORIST STRATEGIES

### ATTRITION

Signal strength of the group to the government by inflicting costs (that came today, but may come tomorrow as well...-> threat of repetition). Usually used for policy concessions and territorial goals.

Aim is to take a seat at the negotiating table (except if aim is regime change).

For the government to concede it has to be the case that:

$E(\text{costs of more fighting}) > \text{Cost of concession}$

For the terrorists to agree:

Probability(Concession) $\times$ B - Probability(no concession) $\times$ E(costs of more fighting) $>$ Status Quo

Likely to happen if:

- government has low interest in the issue (cheaper to concede)
- government is limited in responding (lower expected costs for terrorists)
- government has low cost of tolerance/sensitive population (do anything to stop violence, i.e. higher expected costs for government and higher probability of concession)

Counteraction by lowering left-hand side of the equation for terrorists:

- make inessential concessions (though it signals weakness)
- targeted retaliation (no indiscriminate violence, that makes people sympathetic to terrorists, lower recruitment ability that lowers the probability of a concession)
- target hardening/protect probable targets (limit costs sustained, it's harder to operate for terrorists and they will likely fail => lower expected costs for government and lower concession probability)
- deny access to mass-destruction weapons (lower expected costs -> lower concession probability)
- minimize citizens' overreaction (same as above)

## INTIMIDATION

Signal ability to punish deviators among society and inability of the government to protect those citizens.

Strength of terrorists, weakness of the government (punishment cost for deviating citizens is higher than benefit of supporting the legitimate government -> directed to population)-> more support for terrorists

Suited for social control and regime change

For citizens to abide to terrorist rule: E(costs of deviating) $>$ benefit of deviating

For terrorists to do: Probability(No retaliation by govt) $\times$ Benefit of policy change - Probability(govt retaliation) $\times$ Cost of punishment $>$ Status Quo

Likely to happen if:

- aim is regime change, with a weak government or a country with large territory (that is hard to control) -> lower Probability of punishment & higher E(costs of deviating)
- aim is social control, with a weak government

Counteraction:

- for regime change, clear and hold (regain control and strengthen institutions -> higher probability of govt retaliation)
- for social control, strengthen law enforcement (higher probability of govt retaliation)

## PROVOCATION

Force govt to reveal information about itself, by inducing indiscriminate violence, that will hurt its reputation, thus benefitting the terrorists.

Usually used for regime change or territorial change.

For govt to retaliate, it has to be that:

Benefit of obtained security - Cost of radicalization (after the attack)  $>$  Cost of inaction

For terrorists:  $\text{Probability}(\text{retaliation}) \times (\text{Benefit for support} - \text{cost of retaliation}) + \text{probability}(1 - \text{retaliation}) \times \text{Status Quo} > \text{Status Quo}$

Likely to happen when:

- govt is neither too willing nor too reluctant to retaliate harshly (too willing => cost of retaliation > benefit for support; too reluctant => probability of retaliation=0)
- there are democratic institutions (higher cost of inaction => higher probability of retaliation)

Counteraction:

- targeted interventions (lower Benefit of higher support for terrorists)
- investment in intelligence services (improve efficiency of interventions)

## SPOILING

Instil mistrust between moderate terrorists and the government (the two would rather cooperate). Show to govt that moderates cannot ensure security from extremists. Thus, mistrust by govt and greater support to extremists by moderates if there's no agreement.

Audience to which is directed is the government

Govt will trust the moderates if it thinks that they're too weak to defeat the extremists, but willing to do it.

Likely to happen when:

- moderates are weak (if moderates have large support, terrorist acts are signs that they can't be trusted -> they would have had the power to stop the attack if they had been strong)

Counteraction:

- third-party monitoring and enforcement of the deal on both sides (though a trust issue w.r.t. the third-party would arise as well)
- deals, that should not alter the power balance too much (govt won't start a relationship with great concessions)
- participation of terrorists in international institutions, thus raising deviation costs (though it's hard to involve them)

Still selection problem. Even after a deal, often violence increases.

## OUTBIDDING

Do extreme actions to show to the people that your terrorist group is more committed to the cause than other groups in that territory.

Benefits for citizens: if a deal is possible, with more extremist groups there are tougher negotiations, they fight harder if conflict is a must, and are less likely to sell out after winning a concession.

Counteraction: policies reducing competition among groups

- promote unity among groups (easier to bargain with one agent, though it becomes stronger)
- make concessions to non-violent groups (incentive to be peaceful, though it worsens the selection problem)

IN COLLABORATION WITH

