PS 0500: Leaders

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https://williamsspaniel.com/classes/IR21
Outline

• Information
• Principal-agent problems
• Diversionary war
• Gambling for resurrection
• Democratic accountability
• Leader retirement
• Peace through insecurity
• Bargaining and leaders
• Pandering
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Uncertainty and Conflict

• What is the relationship between uncertainty and conflict?
• How do new leaders impact this?
Uncertainty and Conflict

- What is the relationship between uncertainty and conflict?
- How do new leaders impact this?
  - “Private information is introduced each time a new leader enters office”
  - Intelligence information on previous leader’s resolve is thrown out
  - Process begins anew
Historical Overview of CMC

• USSR places intermediate range nuclear missiles in Cuba
• US blockades Cuba
• US pledges Cuban sovereignty and removes Jupiter missiles in Turkey; USSR removes missiles
Rough Statistical Overview

• Newer leaders are correlated with
  – Longer and more violent militarized interstate disputes
  – Arms races
  – Sanctions
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Previously on PS 0500

- Wars are bad. Why do they happen anyway?
  1. Bargaining problems prohibit negotiated agreements
  2. Regime types (democracy, trade) affect prevalence of war
Previously on PS 0500

- Wars are bad. Why do they happen anyway?
  1. Bargaining problems prohibit negotiated agreements
  2. Regime types (democracy, trade) affect prevalence of war
  3. Poor leadership oversight
Principal-Agent Problem

- We can’t always do everything we want to do
  - Solution: Hire someone to do things for you
  - Problem: That person might not want to do things just like you want them to
Government

“please shoot to kill the other side”
Government

“please shoot to kill the other side”

Soldiers

shoot to kill

cooperate
Government

“please shoot to kill the other side”

Soldiers

shoot to kill

cooperate
Professor

“spend 30 minutes grading each exam”

TA
Professor

“spend 30 minutes grading each exam”

TA

spend 30 minutes  spend 5 minutes
Professor
“spend 30 minutes grading each exam”

TA

spend 30 minutes

not allowed

spend 5 minutes

smiley face
Principal-Agent Vulnerability

1. Preferences are not aligned
2. Monitoring problems
3. Future rewards unavailable
Trench Warfare

• Was government’s preferences aligned with soldiers’?
• How easily can governments monitor whether soldiers are shooting to kill?
• How do you materially reward “good” soldiers?
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Leaders

• Governments are better informed about international affairs than their citizens
  – Do you know what the CIA knows?

• It is advantageous to keep secret information...secret
  – But this can lead to exploitation
A Diversion?

• Imagine your economy is really screwed or you are terrible at crafting domestic policy
• Might as well create an international crisis to distract everyone from this
  – If things go well, great!
  – If things go poorly...you were screwed anyway
Falklands War
Iraq War
Diversionary war: a war fought to divert attention from a politically unpopular area to the international arena.
How Can This Work?

• Why can’t people see right through the diversion?

• Information asymmetries
  – People in a country might want to support the war if the conditions are favorable
  – But only the leader knows this
  – Leader can exploit the asymmetry
How Can This Work?

• Even if the war turns out to be a disaster, this might not be so bad for the leader
  – Bush was reelected in 2004
  – ...but Argentina’s military government fell after losing the Falklands War
Monitoring Problem

• Recall that the principal’s inability to monitor the agent leads to P-A problems
• Diversionary war highlights the tradeoff between needing government secrecy and requiring government accountability
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War!

• Imagine a leader starts a war because he honestly believed it was the right thing to do

• The war goes poorly
  – The leader knows he should negotiate peace

• Information gap
  – Citizens don’t know whether the leader was doing the right thing or was incompetent or self-interested
The Leader’s Options

1. Continue fighting the war
   – If you lose, big deal—you were probably going to be kicked out of office anyway
   – If you win, you confirm your original brilliance

2. Negotiate peace
   – It is in the best interest of the country
   – But you are screwed
HITLER DEAD

Fuehrer Fell at CP, German Radio Says; Doenitz at Helm, Vows War Will Continue

German radio announced last night that Adolf Hitler had died. A brief, short, and direct message was sent over short-wave at 11:30 p.m. The radio statement, made by a German official at the Foreign Office, said:

"Adolf Hitler, Fuehrer of the German People, died at 11:30 p.m. on the 30th of April on the occasion of the end of the war."
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Autocrats appear to find war more attractive because they do not pay the costs.
Resolving a P-A Problem

1. Find an agent with aligned preferences
2. Monitor rogue agents
3. Create incentive structure to keep rogue agents in line
Resolving a P-A Problem

1. Find an agent with aligned preferences
   - There is no “search” step in autocracies

2. Monitor rogue agents

3. Create incentive structure to keep rogue agents in line
Resolving a P-A Problem

1. Find an agent with aligned preferences
2. **Monitor rogue agents**
   - Oversight only goes so far if agent doesn’t care
3. Create incentive structure to keep rogue agents in line
Resolving a P-A Problem

1. Find an agent with aligned preferences
2. Monitor rogue agents
3. Create incentive structure to keep rogue agents in line
   - Big difference between democratic and autocratic inventive structures
Fighting a Bad War

Democratic Leader
• Will face reelection at some point

Autocratic Leader
• Will be unlikely to face (real) reelection at any point
**Fighting a Bad War**

**Democratic Leader**
- Will face reelection at some point
- Has party officials pressuring him to do the right thing
- Will be less likely to win reelection if he fights a bad war

**Autocratic Leader**
- Will be unlikely to face (real) reelection at any point
- Has cronies encouraging him to do the selfish thing so they share the benefits
- Doesn’t have to care about vote counts
Takeaway point: Autocrats in firm control have little reason to appease their citizens.
Takeaway point: Democratic leaders face electoral accountability and have reason to appease their citizens.
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Case Study: Iraq War
George W. Bush
democratically elected leader
George W. Bush
loser of the Iraq War
...spent the next four years chilling on an 18 acre estate
...will spend the next few decades chilling on a 1,583 acre estate
...and charges $100,000+ for appearance fees.
Saddam Hussein is the real loser of the Iraq War.
Saddam Hussein spent half a year living in a spider hole.
Saddam Hussein went on trial, hanged
Question 1: What percentage of democratic leaders are not exiled, jailed, or killed at the end of their term?
Question 1: What percentage of democratic leaders are not exiled, jailed, or killed at the end of their term?

Question 2: What percentage of non-democratic leaders are not exiled, jailed, or killed at the end of their term?
Leader Fates

Democratic Leader
• Okay: 93%

Non-Democratic Leader
• Okay: 59%
Leader Fates

Democratic Leader
- Okay: 93%
- Exiled: 3%

Non-Democratic Leader
- Okay: 59%
- Exiled: 23%
Leader Fates

Democratic Leader
• Okay: 93%
• Exiled: 3%
• Jailed: 3%

Non-Democratic Leader
• Okay: 59%
• Exiled: 23%
• Jailed: 12%
Leader Fates

Democratic Leader
• Okay: 93%
• Exiled: 3%
• Jailed: 3%
• Killed: 1%

Non-Democratic Leader
• Okay: 59%
• Exiled: 23%
• Jailed: 12%
• Killed: 7%

Non-democratic numbers do not add up to 100% due to rounding error.
Leader Fates

Democratic Leader
• Okay: 93%
• Exiled: 3%
• Jailed: 3%
• Killed: 1%
• Bad outcomes: 7%

Non-Democratic Leader
• Okay: 59%
• Exiled: 23%
• Jailed: 12%
• Killed: 7%
• Bad outcomes: 41%
## Leader Fates

<table>
<thead>
<tr>
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</tr>
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<tbody>
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</table>

**Takeaway:** If you are a non-democratic leader, you *really* don’t want to get kicked out of office.
Previously, we have only talked about “good” or “bad” outcomes and the incentive of war.

Clearly, the extent of bad outcomes matters.

Non-democratic leaders have incentive to avoid randomly fighting wars.
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Leader Fates

Non-Democratic Leader

- Okay: 59%
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Non-democratic numbers do not add up to 100% due to rounding error.
Imagine you are a dictator facing a legitimate security threat
Peace through Insecurity

War?
• Victory: You’ve done a good thing for your country

Peace?
Peace through Insecurity

War?

• Victory: You’ve done a good thing for your country
• Defeat: You tried to do a good thing for your country, but things went poorly
  – Opens up coup opportunities
  – Good chance you wind up exiled, jailed, or dead

Peace?
Peace through Insecurity

War?
• Victory: You’ve done a good thing for your country
• Defeat: You tried to do a good thing for your country, but things went poorly
  – Opens up coup opportunities
  – Good chance you wind up exiled, jailed, or dead

Peace?
• You did a bad thing for your country
• But you are alive and still the dictator. Congrats!
Principal-agent problems can cause peace!
Truncated Punishment

• When someone internalizes equally sized losses at a progressively lower rate
  – A 2-0 loss is only marginally worse than a 1-0 loss
  – So goalies get pulled—even though the expected goal differential is negative
Imagine you are a dictator and you suspect some of your military brass is plotting a coup.
Fighting for Survival

War?

Peace?

• You’re screwed!
Fighting for Survival

War?
• Victory: You did a bad thing for your country, but it worked out well
  – Coup unlikely to muster support

Peace?
• You’re screwed!
Fighting for Survival

War?
- Victory: You did a bad thing for your country, but it worked out well
  - Coup unlikely to muster support
- Defeat: You did a terrible thing for your country
  - But coup plotters are dead or had to attempt the coup before they were ready
  - Or you were dead anyway

Peace?
- You’re screwed!
Principal-agent problems can cause dictators to fight, but only when they believe they are in trouble otherwise.
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The Old Model

- Two states: A and B
- Bargain over an object worth 1
- $p_A$ is the probability A wins a war
- $1 - p_A$ is the probability B wins a war
- States pay costs $c_A, c_B > 0$ if they fight
A’s Expected War Payoff

Bargaining Range

B’s Expected War Payoff

0
A’s Capital

$p_A - c_A$
A’s Costs Of War

$p_A$

$p_A + c_B$
B’s Costs Of War

1
B’s Capital
Adding Leaders

• Two states: A and B
• Bargain over an object worth 1
• $p_A$ is the probability A wins a war
• $1 - p_A$ is the probability B wins a war
• States pay costs $c_A, c_B > 0$ if they fight
• Leaders receive personal utility $u_A, u_B$
  – Could be positive or negative
If $c_A + c_B > u_A + u_B$, a bargaining range still exists.
A's Personal Benefit

B's Personal Benefit

Bargaining Range

A's Costs Of War

A's Expected War Payoff

p_A - c_A

p_A

B's Costs Of War

B's Expected War Payoff

p_A + c_B

A's Capital

B's Capital

0

1
If $c_A + c_B < u_A + u_B$, no bargained settlement exists.
A’s Costs Of War = $p_A - c_A$

A’s Expected War Payoff

A’s personal benefit
A’s Capital

B’s Capital

0

A’s Capital

p_A

B’s Costs Of War

p_A + c_B

B’s Expected War Payoff

B’s personal benefit

1

B’s Capital
A’s Costs Of War
\[ p_A - c_A \]

B’s Costs Of War
\[ p_A + c_B \]
If \( u_A + u_B < 0 \), bargaining range becomes bigger (peace through insecurity)
A’s Costs Of War

B’s Costs Of War

B’s Expected War Payoff

A’s personal (negative) benefit

B’s personal benefit

A’s Capital

B’s Capital
Takeaway Points

• Leaders are important to our study of conflict
• Unitary actor assumption isn’t a very big deal
  – Every unitary actor explanation for war still exists with leaders in the model if $c_A + c_B > u_A + u_B$
Takeaway Points

• Leaders are important to our study of conflict
• Unitary actor assumption isn’t a very big deal
  – Every unitary actor explanation for war still exists
    with leaders in the model if $c_A + c_B > u_A + u_B$
• Use the simplest model you can to illustrate your point
  – Need leaders for your explanation? Include them
  – Don’t need leaders? Don’t include them
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From the Declaration...

• “All men are created equal.”
From the Declaration...

• “All men are created equal.”

• Should say: “All men are created equal. But voters living in Ohio and Florida (circa 2000-2012) are more equal than others, and maybe now Pennsylvania (circa 2008—present).”
Thinking Strategically

• Voters in California are voting for the Democrat
• Voters in Texas are voting for the Republican (for now)
Thinking Strategically

• Voters in Ohio and Florida are up in the air
  – Candidates must therefore be more responsive to their desires
Do you think the United States should reestablish diplomatic and trade relations with Cuba?
Do you think the United States should reestablish diplomatic and trade relations with Cuba?

Yes: 67%  
No: 20%  
Unsure: 13%
Pandering

• Most people don’t have particularly strong feelings about this
• ...but older Cuban immigrants do
Trade Relations

- On the whole, states are better off eliminating tariffs than engaging in trade wars
- But there are winners and losers
Trade Relations

• A steel company in the United States wants tariffs on imported steel
  – Makes steel more expensive for US consumers but increases US steel producers’ profits
Trade Relations

• Steel exporters took Bush to WTO dispute resolution
• United States lost; Bush didn’t back down
• Importers threaten to sanction orange juice
  – Bush backs down. Why?
Takeaway: Electoral rules can distort international outcomes