Economic Sanctions & Democratic Backsliding
Discussion comments by Peter Schram

Tylir Fowler

Overview

- Key Features:
  - Players: Incumbent, Voter, 3rd Party.
    - Incumbent has priv type for how much they like power.
  - Incumbent selects two rounds of backsliding.
    - Rd 1: increases chances to win election.
    - Rd 2: confirm or walk back power grab.
  - Voter: re-elects when they like incumbent/don't anticipate 3rd party punishments.
  - 3rd party: dislikes eventual power grab, can implement conditional sanctions.

- Key Findings: More backsliding happens when...
  - When incumbent very likely to really like backsliding, it allows types who like backsliding less to backslide more.
  - High costs of sanctions.
  - When incumbent has already backslid a lot (high b_0)*.

Discussion

- Strong start, this is a complex game.
- Questions on setup (do these features drive results?).
  - Incumbent can +/- backslide in first round, but can only +/- backslide in rd 2 if did it in rd 1. Why?
  - In the motivation, winning big electorally allows for more complete backsliding. Why is b' fixed?
- Questions on analysis.
  - Is the relevant comparative static b_0? Or is it $(b_0 - 0)$ and $(b' - b_0)$?
  - Increasing b_0 will break the "high types want to backslide even w/ sanctions" assumption.
- Papers to check out: Coe & Kang (*Sanctions as...)*; Di Lonardo, Sun, Tyson (*Autocratic Stability...*)

Propping Up Allies
Discussion comments by Peter Schram

Ramsay & Ruggiero

Key features

- Two actors: (D)onor and a (R)ecipient
- D can fund R, R can attack or defend.
- If D supports, R can keep fighting
- Game repeated for T periods, unless funding stops.
- Private information: R knows their type & (per period) whether appropriate to fight or defend
  - Attacking/defend when appropriate yields positive payoff; otherwise zero.
  - It is optimal for weak types to defend more.
- Donor only wants to support when R is strong.

Key findings:

- Pooling Eqm Behavior: both types will never undertake weak options.
  - Weak types mimic strong to keep getting support.
  - Strong types will behave suboptimally when appropriate to defend.
- Being able to commit to many rounds of support doesn't fix this; neither does the possibility of the weak type losing.
- What's notable about this:
  - This feels like a pretty natural alliance/contracting environment...
  - But it's a mess for everyone but weak states.

Some thoughts on the project (1/2)

- Third party support is quite complex and can have many strategic tensions.
  - This project is about considering one such tension, and exploring it right.
  - Seems like an extension of an "I like winners" philosophy.
  - The commitment to multi-period support is a nice addition.
  - The "weak types lose over time" extension is also natural.
- Things to add:
  - Doing the wrong thing affects outcomes beyond payoffs.

Some thoughts on the project (2/2)

- Grumble: it's hard to imagine a worse contracting environment.
  - This is very much a case of the donor getting in their own way.
  - How can the donor not get in their own way?
  - If the donor could commit to put their head in the sand and just send support, would they?
  - (More efficient) If donor could commit to payments upon observing "defend," would they?
    - This could induce separation of types, could be cheaper than sustained support.
    - Ex: T=2, $s_1 = 1$, $s_0 = 0.5$, $a = 2$, $b = 1$, $2 > 1.75 = c > 1.5$, $\delta = 0.8$, D pays R 0.2 if R plays "defend" in Rd 1.
- Alternate take: firing agents is a not-great contracting tool.