JIE R&R of SOP_Repeated

- Take out renegotiation
  - Add more basic tradeoff
  - (??) Draw inverted U for lobby
  - Now my short punishments don't rest on renegotiation
    - So now, for main analysis, must assume that we're constraining attention to a certain class of punishments: symmetric, and "Punish for T periods then go back to cooperation"
      - Go back to start if deviate should work for governments, but I think I need something else for lobbies since they would like that
    - Can I show that mine are optimal in this class?
    - Will look at asymmetric punishments in later section
- New section on asymmetric punishments (addresses, in part, Giovanni's #7)
  - Constrain to T-period class, now asymmetric—punish deviator more
  - There is literature on this (see new-lit.tex)
    - Bown 2002/2004: I don't think there's any reason to constrain to reciprocal "legal" punishments
    - Martin and Vergote: timing. But I don't think their contemporaneous is realistic. They have the same welfare level in punishment, just redistributed across players
    - Hungerford 1991: one country retaliates for past defection (?)
    - Bagwell (2008): commensurate vs. disproportionate retaliation
      - disproportionate retaliation can compensate trading partner, who otherwise loses trade volume
      - here, degree of disproportion increases in size of original violation: has to compensate for larger trade volume loss (p.15 of pdf)
    - Cotter and Mitchell (1997): different punishments for each country
  - In this setting, can you achieve lower τ^A with asymmetric?
  - Have to check lobby conditions
    - Do they change over the course of the punishment?
      - Joel thinks they'll be tightest at beginning of punishment phase
    - How asymmetric can they get?
      - Is it hard to make punishment really asymmetric b/c of presence of lobby?

· If so, this puts some constraint on asymmetry of punishment

- #2 is not what I thought it was
  - Giovanni's concern: when determining $\overline{e}$, I need to take into account that τ^b depends on $\overline{e}$
    - I'm almost certain that I do this, but I'm also sure now that I don't explain it at all in the text
    - It is true that the severity of the punishment for deviating does not depend on τ^b, and that this means that τ^b will maximize current payoff (actually, continuation value?). So clearly τ^b is a function of e^b
  - Sweep through to make sure all analysis takes account of this concern
    - Jan. 17: Decided I need to hold off until I reformulate since I don't have much in the text; I'm going to have to add more.
  - Maybe need to change notation on $\tau^B(\gamma(e))$ to be clear
  - Need to explain mechanics of $\overline{e}(\tau^B)$ relationship MUCH better
    - Make Corollary 1 into Lemma 1 just before Result 1; improve discussion of Lemma 3
    - End of first para. of section 3.2
    - Paragraph following equation eq:lobtw; also above this paragraph (top of pg. 9)
      - Technical part of 3rd condition needs to be re-stated
      - Whole passage needs to be re-stated. At least some of the conditions are just what needs to be true for something to be a break tariff. What of this am I assuming? What can I show is a result of lobbying/legislature behavior?
    - Possibly just before start of section sec:structure
- email Giovanni
  - How to satisfy an author who thinks the results are not "particularly interesting or surprising" and has not given a clear indication of what it is he wants
  - Should I try going to linear supply/demand system?
  - thank him
  - "I want to be very clear that I understand that my previous discussion did not make clear [sic]"
  - "I just want to know if this is along the right lines"

Smaller points

- Reviewer 1, #2 goes away with renegotiation
- Need thorough lit review of finite punishments
  - Green Porter in game theory
  - Is there anything in trade?
- fix discounting to $\frac{1-\delta^T}{1-\delta}$ (period after punishment is discounted δ^T) and $\frac{\delta-\delta^{T+1}}{1-\delta}$ (period after punishment is discounted δ^{T+1}) in draft

Midwest, April 2015

- James Lake: what about collusion between the lobby and legislatures?
- Maurizio: "trade war" should be to MFN

For talk with Joel, week of 5/4/15

- Go through dynamic punishment for lobby (punishment for deviation from punishment)
- Check new assumption on $\frac{\partial \tau^b}{\partial \tau^a}$