- 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 $\bar{e}$, I need to take into account that τ^b depends on $\bar{e}$

    * 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 $\bar{e}(\tau^B)$ relationship MUCH better

    * 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