

# Commitment Problems

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## ① Critical Response Papers

- ② Lake (2010/11)
  - Class Presentation
  - Discussion

# Critical Response Papers

## Critical Response vs. Opinion Paper

- A critical response paper makes an argument
- Your argument must be grounded in reason and evidence, not personal taste
- Reflect on the work you are responding to in a well-informed, objective way

- Two citation styles:
  - Author-date in parentheses<sup>1</sup>
  - Footnotes
- Important: Be consistent

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<sup>1</sup>See, e.g., the [cheat sheet](#) of the Journal of Politics

- From an empirical point of view, it is better to choose observable, rather than unobservable, concepts
- If model involves a concept that cannot be measured directly, suggest indicators of the concept that can be measured (observable implications)
- However, the leap from unobservable concept to specific indicator must be made with care, with justification, and must be kept in mind throughout the research process

(King et al. 1994, 109-112)

Anaïs and Carline to present on Lake (2010/11), “Two Cheers for Bargaining Theory: Assessing Rationalist Explanations of the Iraq War”

How can we explain the occurrence of the Iraq War?

# Lake (2010/11): “Two Cheers for Bargaining Theory”

## Overview of the Article

- Lake assesses bargaining theory as one possible explanation of the Iraq War
- He shows that the bargaining failures central to the Iraq War were not those expected by bargaining theory (i.e., private information and commitment problems)



- Bargaining theory makes four assumptions that must be modified in order to explain the Iraq War
  - ① States are unitary actors
  - ② Bargaining takes place between two players
  - ③ War is over once a settlement is reached
  - ④ Actors are rational and information is relatively costless

# Lake (2010/11): "Two Cheers for Bargaining Theory"

## The Bargaining Theory of War

- War is an inefficient outcome: because it is costly, there must exist a negotiated outcome that will leave both sides better off than if they actually fight
- In the standard setup, there are two actors (usually states),  $A$  and  $B$
- $A$  and  $B$  are in dispute over an issue of fixed value (e.g., territory)

- In Figure 1, the set of feasible outcomes is the  $(0, 1)$  interval,  $A$ 's ideal point is equal to one,  $B$ 's ideal point is equal to zero, and the status quo is located at  $q$
- Assume that the probability of victory is increasing in capability and that the winner implements its most preferred outcome;  $p$  then represents the expected division of the issue through war

## Lake (2010/11): "Two Cheers for Bargaining Theory"

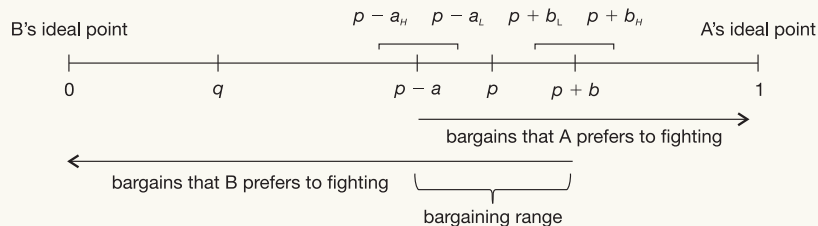
### The Bargaining Theory of War

- If the actors fight, each incurs some cost ( $a$  and  $b$ , respectively)
- The expected utility of war is  $p - a$  for  $A$  and  $p + b$  for  $B$
- As long as  $a + b > 0$ , a bargaining range must exist around  $p$ ; it is  $(p - a, p + b)$
- Each state would prefer any division of the issue within the bargaining range without fighting to the expected utility of war

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## The Bargaining Theory of War

Figure 1. The Standard Bargaining Model of War



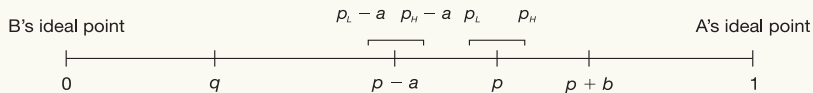
- Bargains are more likely to fail under two conditions:
  - ① War is more likely when there are commitment problems (i.e., bargains are not credible)
  - ② War is more likely when states have private information about their costs of fighting and incentives to misrepresent this information (in Figure 1, uncertainty about the opponent's costs is represented as a distribution of costs that includes the true costs of fighting)

- In a second class of models, one state (here  $B$ ) is assumed to be uncertain over the probability of victory
- In Figure 2, the probability of victory thus ranges from  $p_L$  (where  $A$  is less likely to win) to  $p_H$  (where  $A$  is more likely to win)
- The uncertain state may offer a bargain that satisfies the possible opponent with a low probability of victory ( $p_L$ ), but such an offer will fail to satisfy the possible opponent with a high probability of victory ( $p_H$ )

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## The Bargaining Theory of War

Figure 2. War as a Bargaining Process





- In models of this second class, fighting reveals information about the true probability of victory, and the uncertain party updates its beliefs and offer accordingly
- Fighting is therefore a mechanism for revealing information about the probability of victory

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## The Bargaining Theory of War

- In sum, bargaining theory implies that war is always a failure, an inefficient way to settle disputes; war occurs when
  - commitments are not credible
  - states have private information about their costs of fighting and incentives to misrepresent this information
  - states are uncertain over their probability of victory
- Question now is: what can bargaining theory say about why the Iraq War occurred?

- Iraq's supposed WMD programs were the casus belli (justification for war)
- The underlying issue under dispute was most likely which country (and thus policies) would dominate the Gulf region
- Bargaining theory suggests that because war is costly, there must exist a negotiated outcome that will leave both sides better off than actually fighting
- Therefore, the first step in assessing bargaining theory is to determine (1) whether war was indeed (and expected to be) costly, (2) whether a bargain was possible, and (3) whether there were alternatives to war

### ① The costs of war: the US

- Best estimate is that the Iraq War costs the US more than \$3 trillion
- The Bush administration's public estimates proved to be wildly incorrect, yet all recognized early on that the US would bear substantial costs for the war
- In addition, the US suffered noneconomic costs: loss of international reputation, increase in anti-Americanism, credence to Islamic fundamentalists

- ① The costs of war: Iraq
  - Estimates of casualties range from 100,000 to 600,000 deaths
  - Sectarian violence
  - Oil production has not yet returned to prewar levels

### ② Was a bargain possible?

- The US and Iraq could have compromised over the nature of the order imposed on the region
- Saddam could have fled Iraq and sought exile in some safe haven, possibly extorting a substantial payment from the US for doing so
- These and other outcomes would have left Iraq and the US—and possibly even Saddam—better off than actually fighting

### ③ Alternatives to war

- Containment and deterrence (through a combination of sanctions, inspections, and threats of using force) remained a viable alternative to war, especially if the costs of actually fighting are factored into the equation
- A strategy of "containment plus," as originally pursued by Colin Powell at the UN, was also a reasonable alternative to war
- Finally, the US could have stimulated a regime change from within Iraq

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## The Problem of Credible Commitment

- Bargaining theory suggests that a fundamental cause of the war was Iraq’s inability to commit credibly not to develop WMD
- It was not the facts of Iraq’s current WMD program that mattered, but its future capabilities and intentions; the latter were more difficult to assess and, therefore, more heavily influenced by the administration’s subjective beliefs



### ① Incredible Saddam

- A promise is only credible if it is in a party's interest to carry out the promised action at some later date
- It was not the current WMD programs that mattered, but future capabilities and intentions that created the problem of credible commitment
- Attaining WMD in the future would lead to a shift in capabilities, which would be reflected in any bargain the US and Iraq might reach

### ① Incredible Saddam

- If Iraq attained WMD, the US would be in a worse bargaining position because there would be a greater range of settlements that it would prefer to war; on the other hand, once Iraq developed WMD, it would not be willing to concede as much as before
- Therefore, even if Iraq settled today on a bargain without WMD, if it developed WMD in the future, it would likely seek to renegotiate that bargain to the detriment of the US
- The desire to avoid future concessions drove the US to fight when the odds were in its favor rather than accept a potentially less advantageous bargain at some later date

- ② The problems of prior beliefs and multiple audiences
  - As Saddam could not be trusted in the future, only removing him from power was likely to solve the problem
  - However, this commitment problem provides an insufficient explanation of the war

- ② The problems of prior beliefs and multiple audiences
  - First, it cannot explain why Iraq was seen as more threatening by Bush than by Clinton, and why it was seen as more threatening than other rogue regimes
  - Varying prior beliefs may provide an explanation:
    - Bush had a stronger prior belief that Saddam could not be trusted, leading him to disregard new evidence to the contrary
    - In addition, the Bush administration saw Saddam as more evil than other autocrats, and he was not yet strong enough so that the US could still act to avoid a loss of power

- ② The problems of prior beliefs and multiple audiences
  - Second, the commitment problem raises the question of what prevented Iraq from credibly signaling the US that it did not develop WMD
  - Multiple audiences may provide an explanation:
    - Saddam could not let the US know that he had disposed of his chemical and biological weapons without also revealing his military weakness to internal opponents, Iran, and other regional powers such as Israel
    - Therefore, Iraq maintained ambiguity over its WMD in order to deter internal and regional opponents

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### Information Asymmetries in the United States and Iraq

- Bargaining theory also suggests that problems of private information with incentives to misrepresent would drive Iraq and the US to war
- However, there was relatively little private information regarding the likely outcome of war
- Nonetheless, private information mattered in two ways, neither of which is anticipated by bargaining theory

- On the Iraq side, Saddam incorrectly believed that the US lacked resolve and that Bush would compromise once the fighting got tough
- Saddam also believed that the US would not pursue the war absent multilateral support and that Russia and France would block US action
- However, this informational asymmetry did not arise because the US misrepresented its resolve; it appears that Saddam was deluding himself about the risks he was running and that little adverse information got through to him

- On the US side, the Bush administration likely underestimated the costs of war
- The costs of war might have been misrepresented strategically in order to extract concessions from Saddam
- Furthermore, the costs may have been misrepresented to maintain public support for war
- Finally, it is also likely that the administration sincerely believed that the costs of war would be low



- Bargaining theory assumes that each opponent has strong incentives to acquire information about the other party, and that information problems arise because the opponents misrepresent their private information
- In the case of the Iraq War, however, both parties engaged in at least a measure of self-delusion
- Such cognitive biases suggest the need for a behavioral theory of war

- Some bargaining models understand war as a process of revealing information
- In the case of the Iraq War, the war phase did not reveal much new information
- However, the Iraq War suggests that the bargaining model should be extended to incorporate the postwar phase, as postwar costs are important to the initial decision to go to war

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## Postwar Governance Costs

- The largest failure of the US in bargaining with Iraq was its assumption that the postwar governance costs would be negligible
- The goal was to liberate Iraqis, who will then rebuild their own state

- The assumption of a quick and cheap liberation rested on four erroneous beliefs:
  - ① Iraqis yearn to be free and the US will therefore be greeted as liberator
  - ② Oil revenues will quickly begin to flow so that Iraq can pay for its own reconstruction
  - ③ Warfare between different religious and ethnic group will be unlikely
  - ④ The Iraqi military and police will remain intact and can provide stability after the war

- The Iraq War suggests that the costs of postwar peace—and uncertainty over those costs—need to be integrated into any theory of war
- Hence, the bargaining model must be extended to the postwar period

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## Domestic Politics and War

- The bargaining theory of war models conflict as an interaction between two unitary national actors
- The Iraq War reveals the importance of domestic political actors in the decision to go to war
- The question thus becomes how scholars can think about the role of domestic politics and special interests in international conflict

- The effect of domestic politics on war can be understood in two ways:
  - ① Special interests may have a policy that they wish to impose on the defeated state different from that of the median voter; differential policy preferences require no modifications of the bargaining model, as the national ideal point can simply be thought as the aggregate of different individual ideal points

- The effect of domestic politics on war can be understood in two ways:
  - ② The costs of war might not be distributed equally across domestic actors; however, as with policy preferences, one can simply treat the costs of war as the aggregate of individual costs



- For domestic interests to be determinative in precipitating war, the effective costs of fighting must be (1) zero for both sides or (2) sufficiently negative for at least one side such that the bargaining range disappears completely ( $a + b < 0$ )
- Given the high costs of the Iraq War, this seems unlikely; however much oil companies or defense contractors benefited from war, they did not gain sufficiently to offset the costs to the nation as a whole

- 1 Postwar governance costs of imposing one's will on the defeated enemy must be incorporated into the victor's cost of fighting

- ② The two-player game now standard in bargaining theory should be extended to an  $n$ -player game; this would, for example, direct attention to the problem that by sending a costly signal to the US on its dismantled WMD programs, Saddam would also send a signal of weakness to its internal and regional opponents

- ③ Bargaining theory can be extended to account for domestic interests by understanding national ideal points as weighted sums of individual ideal points, and national costs of fighting as weighted sums of individual costs (weighted, e.g., by political influence)

- ④ Lake argues for a behavioral theory of war; behavioral theory allows that not all information is used in decision-making, and it may help explain why important estimates, such as the probability of victory and the costs of fighting, can be distorted