Lecture 15
Behavioral theories & frontiers of violence research

Christopher Blattman

21 May 2019

Typology of bargaining failures

1. Commitment problems
2. Incomplete information + incentives to misrepresent
3. Agency problems
   - 3.1 Absence of formal institutional checks
   - 3.2 Absence of informal checks (social norms & preferences)
   - 3.3 Absence of economic incentives/integration
4. Intrinsic preferences
   - 4.1 Relative status
   - 4.2 Value rational violence
   - 4.3 Joy or pleasure in violence
   - 4.4 Fairness & reciprocity
5. Miscalculation
   - 5.1 Errors in belief formation
   - 5.2 Decision-making under arousal

Nonstandard theories of fighting

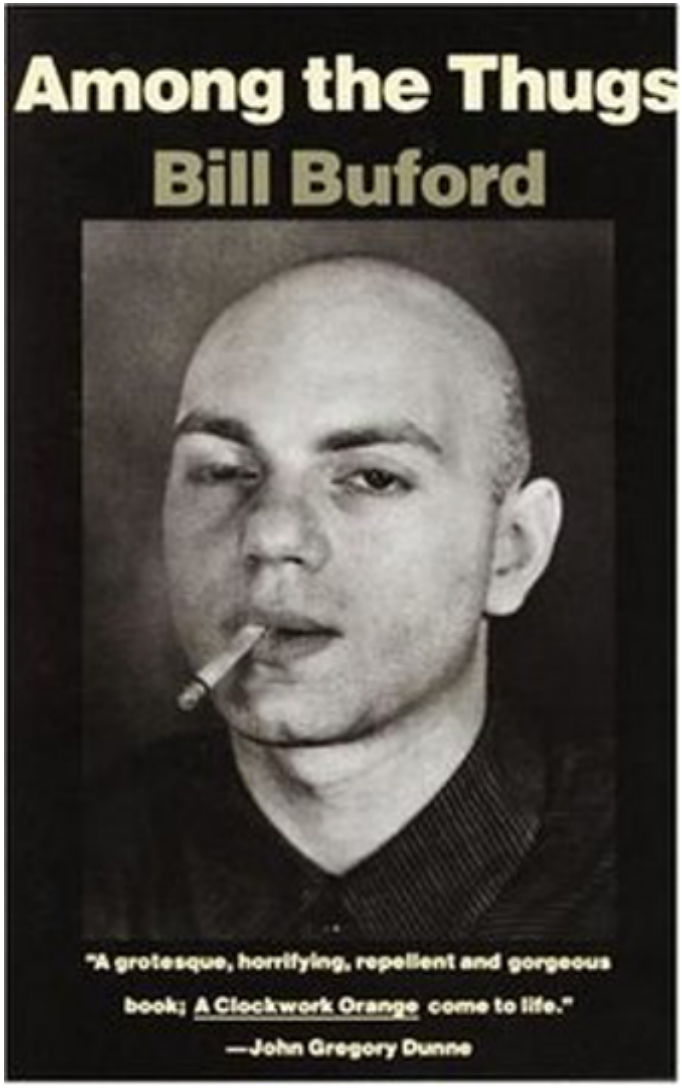
Contents

"Value-rational violence"

- Weber (1978) described value rational actions as ones "determined by a conscious belief in the value for its own sake of some ethical, aesthetic, religious, or other form of behavior, independently of its prospects of success"
  - Varshney (2003) has applied the concept to the elimination or subjugation of an ethnic rival, or the extermination of a heretic ideology
  - Here violence is not so much end itself, but the sole means to an end
  - Another instance is one where the idea of compromise on some ideological value or principle is itself abhorrent—liberty and self-determination in the case of the colonial U.S., the Irish Republic, or other separatist movements.
- Little hard evidence on presence of variation
- Maps trivially to model of political bias

Joy or pleasure in violence

- Participant observers in British soccer hooliganism, the Vietnam War, and mobs demanding sacrifice all describe an overwhelming (though often momentary) joy in group violence (Broyles Jr 1984, Girard 1977, Buford 2001)
- Evolutionary biology and behavioral economics also suggest that a common feature of human identity groups is parochial altruism—not only do we have preferences for the well being of our in group, we take pleasure in seeing the other group do poorly or receive punishment (Chen and Li, 2009; Cikara et al., 2011; Glowacki et al., 2017; Kalin and Sambanis, 2018).
- Little hard evidence on presence of variation
- Maps trivially to model of political bias



"There, on the streets of Fulham... I felt myself to be hovering above myself, capable of perceiving everything in slow motion and overwhelming detail. I realized later that I was on a druggy high, in a state of adrenaline euphoria. And for the first time I am able to understand the words they use to describe it. That crowd violence was their drug. What was it like for me? An experience of absolute completeness."

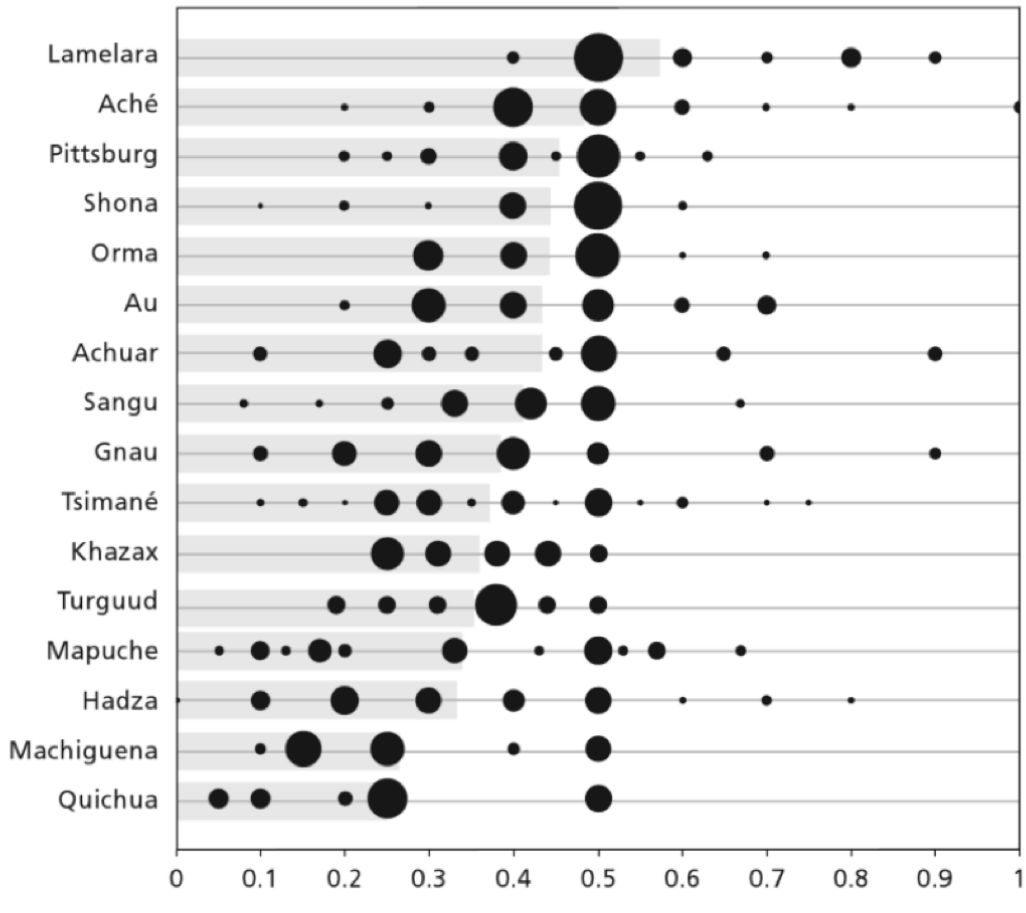
Contents

Matt Rabin's fable:
Think about every Hollywood blockbuster

Do humans have a taste for punishing injustice?

Ultimatum game play

- Offers of 40-50% common
- Offers less than 20% are frequently rejected
- Modal offer in a "Dictator Game" often zero, though average offer is typically 20-30



Source: Henrich et al. 2004.

Note: The size of the bubble at each location along each row represents the proportion of the sample that made a particular offer. The right edge of the lightly shaded horizontal gray bar gives the mean offer for that group.

Conclusions from many, many, many ultimatum games

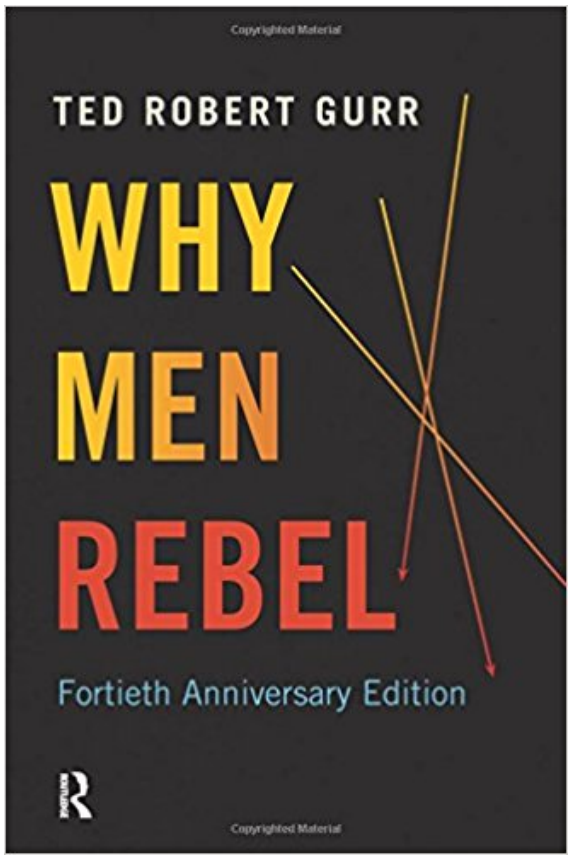
Fehr & Schmidt 2006 Handbook chapter

- Consistent across many places, cultures
  - Also observe third party punishment of injustice
- Increases in the monetary stakes (amounts to give) did little or nothing to change behavior
- One interpretation is that indidivual emotional responses and prevailing social norms affect subjects' preferences for justice
  - Some evidence from ultimatum game play that norm and fairness perceptions trigger emotional arousal, when responders are confronted with an unfair offer, and that punishment of an unfair action activates reward areas of brain
  - "Automatic" reactions via emotion could be a product of biological and cultural evolution, or imply internalized social norms
  - but not beyond considered thinking: strong experimental evidence suggesting that the demand for altruistic giving and for punishment increases if its price decreases

What does the ethnographic evidence say?

- Wood (2004) spent time with El Salvadorean guerrilla, understanding which peasants join or not
  - Anticipated that rebels would use selective incentives to motivate and reward veterans (e.g. promises of land redistribution) but in fact ideology of the group was egalitarian
  - Common narrative distinguishing those who did or did not join: person or family experienced a violent injustice by the government
- Similar narratives in
  - Southeast Asia (Scott, 1976)
  - Syria (Pearlman, 2017)

Echoes an older political and psychological literature on frustration-aggression



- Frustration-aggression hypothesis (Gurr 1970, Berkowitz 1969)
  - Frustration arises when something blocks you from achieving a goal
  - Aggression triggered by frustration, and directed at the blocker
  - Used to explain scapegoating, revolution...
- In modern terms, reference dependent utility plus expressive preferences
  - Individuals have reference point for a fair distribution of resources
  - Below reference point they experience negative emotions (penalties to utility)
  - Expressing anger or punishing the unjust actor is intrinsically valuable (positive psychic rewards)

Passarelli & Tabellini (2017): An example of a model introducing fairness and emotions into decision making

- Some people have "expressive preferences" based in fairness
  - Participation has psychological rewards commensurate with the feeling of aggrievement, and these rewards are traded off against other considerations
  - These expressive preferences arise from a social norms — the government violating an expectation of fair behavior, such as failure to deliver a "policy entitlement", a reference point

- Expressive preferences are augmented by others' expression
  - There is a preference (not a strategic) complementarity: if expected participation is large, then more individuals are attracted to the protest for the same level of aggrievement

- But individuals behave rationally, weighing the pros and cons of participation, taking these non-standard preferences into account

More formally

Individual j in group i chooses to riot if benefits are larger than costs:

$$p_i \lambda_i a_i - \mu - \epsilon_{ij} \geq 0$$

- p_i is the proportion of your group participating
- λ_i is the size of your group
- a_i is the aggrievement caused by the policy to members of group i
- μ is the certain cost and risk of violent repression
- ϵ_{ij} is the idiosyncratic component of the cost or benefit of participation, uniformly distributed with mean 0 and density $1/2\sigma_{ij}$

Equilibrium participation rate is an increasing function of group aggrievement and a decreasing function of costs and risk:

$$p*_i = \frac{\sigma_i - \mu}{2\sigma_i - \lambda_i a_i}$$

Other thoughts

- Layers in a number of other elements, e.g. Reference points are endogenously determined, and are set by some sense of constraints facing the government
- Implications:
  - Means that rational, far-sighted governments may wish to restrain their future selves
  - Political power or influence here comes from a group's ease or technology of mobilization
  - Capacity for unrest causes an "excessive" amount of redistribution

- Feels a bit overfit to European protests
- Layers in many different "nonstandard" assumptions that interact
- An important step, but one might like to see a collection of models that consider a menu of these and similar "nonstandard" elements and illustrates how equilibrium changes with different combinations

Are there applications to conflict?

A possible avenue for exploration

- There is potentially a distribution of "fair" and "selfish" types in society
  - Many subjects behave quite selfishly even when they are given a chance to affect other people's well-being at a relatively small cost
- The interaction between fair and selfish individuals could be key to understanding the observed behavior in strategic settings
  - Especially if there is imperfect information about fairness and incentives to misrepresent
  - This could explain why wars break out (risky gamble when fair types are uncertain in magnitude) and why it would persist (because skirmishes lead to intrinsic preferences for violence)
  - But war should be less likely to break out because each party can backwards induct this costly outcome

Contents

So far there has been nothing inherently irrational in our explanation of conflict

- We are still talking about consistent, calculating actors who are maximizing their self-interest broadly defined

- There are a number of other explanations posed, often non-formally, that fall into a couple of categories:
  1. Heuristics and biases lead people to form erroneous beliefs
     - Failure to incorporate all information — Jha & Shayo 2018?
     - Overconfidence
     - Overprecision
     - Failure to predict your/others behavior in a state of arousal
  2. People are not maximizing utility
     - Decision-making under states of stress or arousal

Behavioral attention

- Some economists characterize these as special cases of inattention (e.g. Gabaix 2017, Rabin 2013)
  - Rational economics assumes we process all the information available
  - But in an infinitely complex world, decision- makers need cognitive short-cuts
- Could this be helpful in understanding status competition among German WWII pilots?
  - Very short-lived reactions to an arguably sustained public status loss
- What about expressive preferences and injustice?
  - Could autocrats underestimate the mass emotional reaction to repression?
  - Are humans bad at putting ourselves in other people's shoes and understanding what they see as unjust?

Contents

Jha & Shayo 2018: Valuing peace

Updating and internalizing beliefs

- People have different personal exposure to risks and returns from conflict and peace, and may not internalize the gains from peace
  - Hypothesis: Jewish Israelis not internalizing costs of conflict
- Can exposure to financial markets help individuals internalize the economic costs of conflict?
- Can this exposure change individual attitudes towards war and peace, or even their votes?

- Frames as overcoming fixed cost of barriers to learning about financial markets, largely based on persistence of results

The experiment

- An internet marketing panel of 60,000 Jewish Israelis invited to participate in a study of investor behavior
- 1345 likely voters "win" lottery to get a stock portfolio, oversampling centrists
- Randomly assign to low stakes financial asset conditions worth \$50–100:
  - Israeli stocks
  - Palestinian stocks
  - Voucher (tradable for stocks)
  - Control
- Encourage them to trade on specific online platform over 4–7 weeks
- Sample useful because **they will not know that later social surveys are linked to the experiment**
- Outcomes: attitudes and votes
  - Main measure: vote in the March 2015 Israeli general elections
  - Other measures: self-reported attitudes towards peace deal

•Here is a list of all the assets participating…
• Both company stocks and index funds (explained).

• Note the asset you won and the # of shares you own.
• If the price of your asset increases, the value of your assets will increase accordingly. If the price goes down…

בטבלה הבאה מופיעה הרשימה המלאה של הנכסים הפיננסיים שישתתפו במחקר. הרשימה כוללת גם מניות של חברות מסויימות וגם מדדים (index funds).

- המניות כוללות בנקים וחברות תקשורת.
- המדדים עוקבים אחר הערך של כמה מהחברות הציבוריות הגדולות בכל מדינה (בדרך כלל מדד מסוים כולל בין 20 ל-30 חברות).

שימי לב במיוחד לנכס שבו זכית ולמספר המניות שברשותך. אותו מספר המניות יעמוד לרשותך גם בשבוע הבא. לפיכך, אם המחיר של הנכס יעלה - ערך הנכסים שלך יעלה בהתאם. אם המחיר של הנכס יירד - ערך הנכסים שלך יירד בהתאם.

הרשימה מסודרת בסדר אלפביתי לפי סימול המניה או המדד באנגלית.

שם	שם באנגלית	סימול	מטבע	מחיר הנכס היום (במטבע מקומי)	מספר המניות שברשותי	ערך הנכסים שלי (במטבע מקומי)	ערך הנכסים שלי (בש"ח)
בנק אקבנק, טורקיה	Akbank Turkey	AKBNK	TRY	8.55			
מדד של בורסת רבת עמון בירדן	Amman SE General Index Fund	AMGNRLX	JOD	2,186.18			
בזק (חברת תקשורת ישראלית)	Bezeq	BEZQ	ILS	663.10			
בנק ירדן	Bank Of Jordan	BOJX	JOD	2.80			
בנק פלסטין	Bank Of Palestine	BOP	JOD	2.78			
מדד של 20 המניות הגדולות בקפריסין	Cyprus/FTSE Top 20 Index Fund	CYFT	EURO	44.44			
מדד של 30 המניות הגדולות בבורסת קהיר במצרים	Egypt EGX 30 Index Fund	EGX30	EGP				
מצרים טלקום	Telecom Egypt	ETEL	EGP				
ירדן טלקום	Jordan Telecom	JTEL	JOD				
בנק לאומי לישראל	Bank Leumi	LUMI	ILS	1,288.00			
פלסטין טלקומיוניקיישן (חברת תקשורת פלסטינית)	Palestine Telecommunications	PALTEL	JOD	5.94	6.122	36.36	200
מדד של הבורסה הפלסטינית בשכם	Palestine Stock Exchange Index Fund	PLE	JOD	504.76			
מדד תל-אביב 25	Tel Aviv TA-25 Index Fund	TA25	ILS	1,452.46			
טורקסל (חברת תקשורת טורקית)	Turkcell	TCELL	TRY	14.80			
בנק יוניון הלאומי של מצרים	Union National Bank of Egypt	UNBE	EGP	5.90			
מדד של 30 המניות הגדולות בבורסת איסטנבול בטורקיה	Borsa Istanbul 30 Index Fund	XU030	TRY	106,359.21			
כסף מזומן		CASH	ILS	1.00			

current price in JOD

shares

total value in JOD

total value in NIS

Low risk of experimenter demand

Post experiment survey question: "What do you think the researchers will learn from this study?"

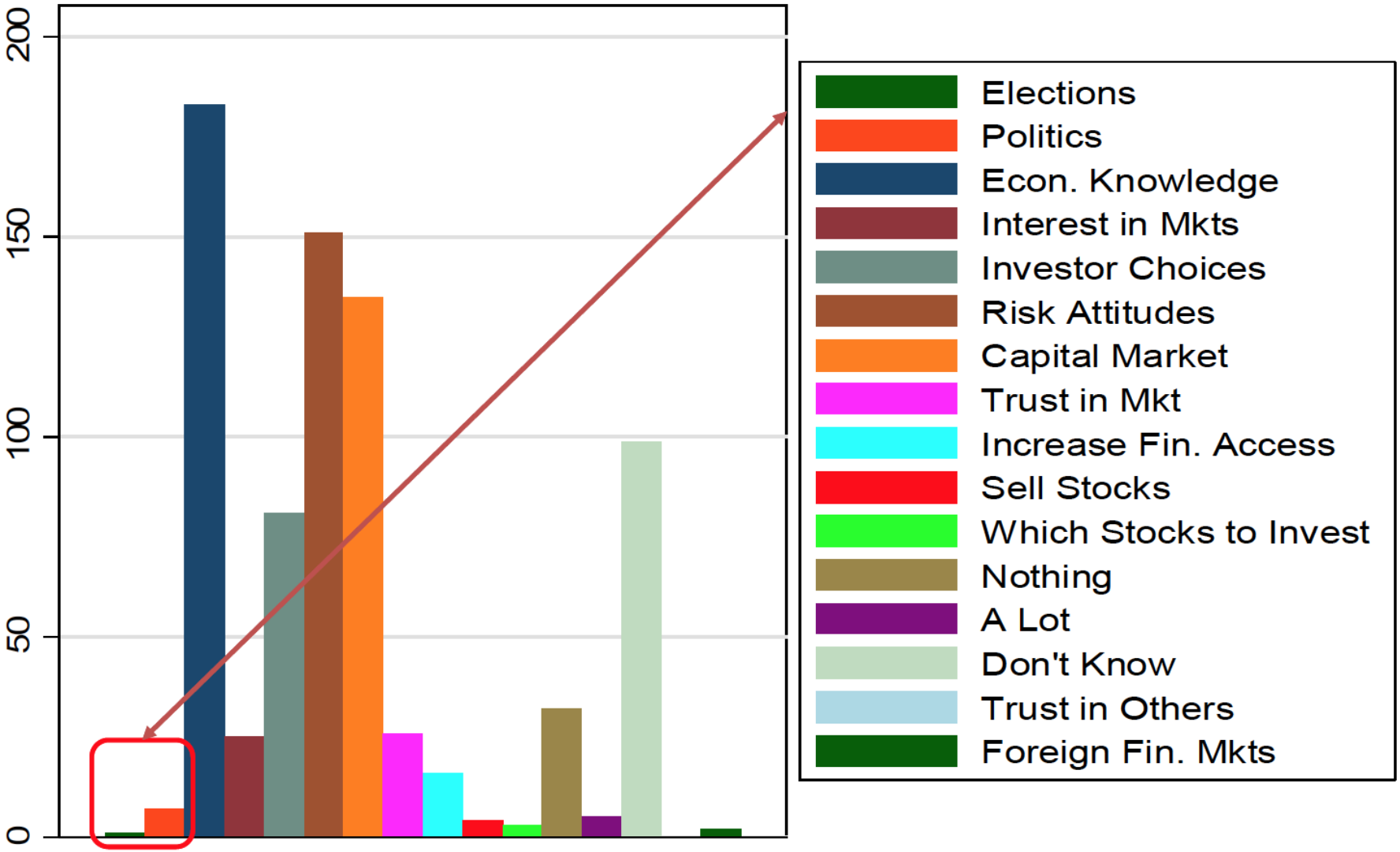
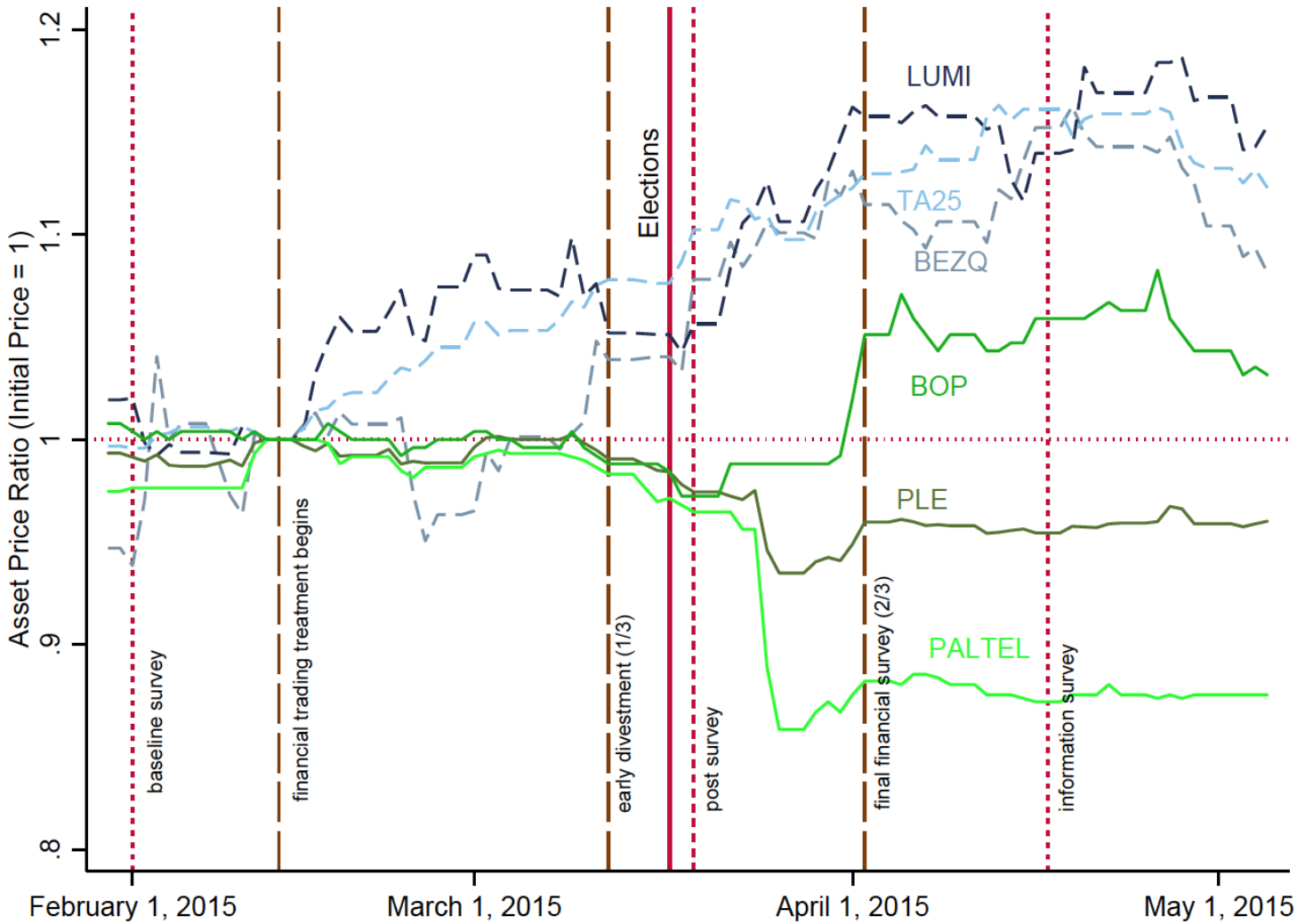
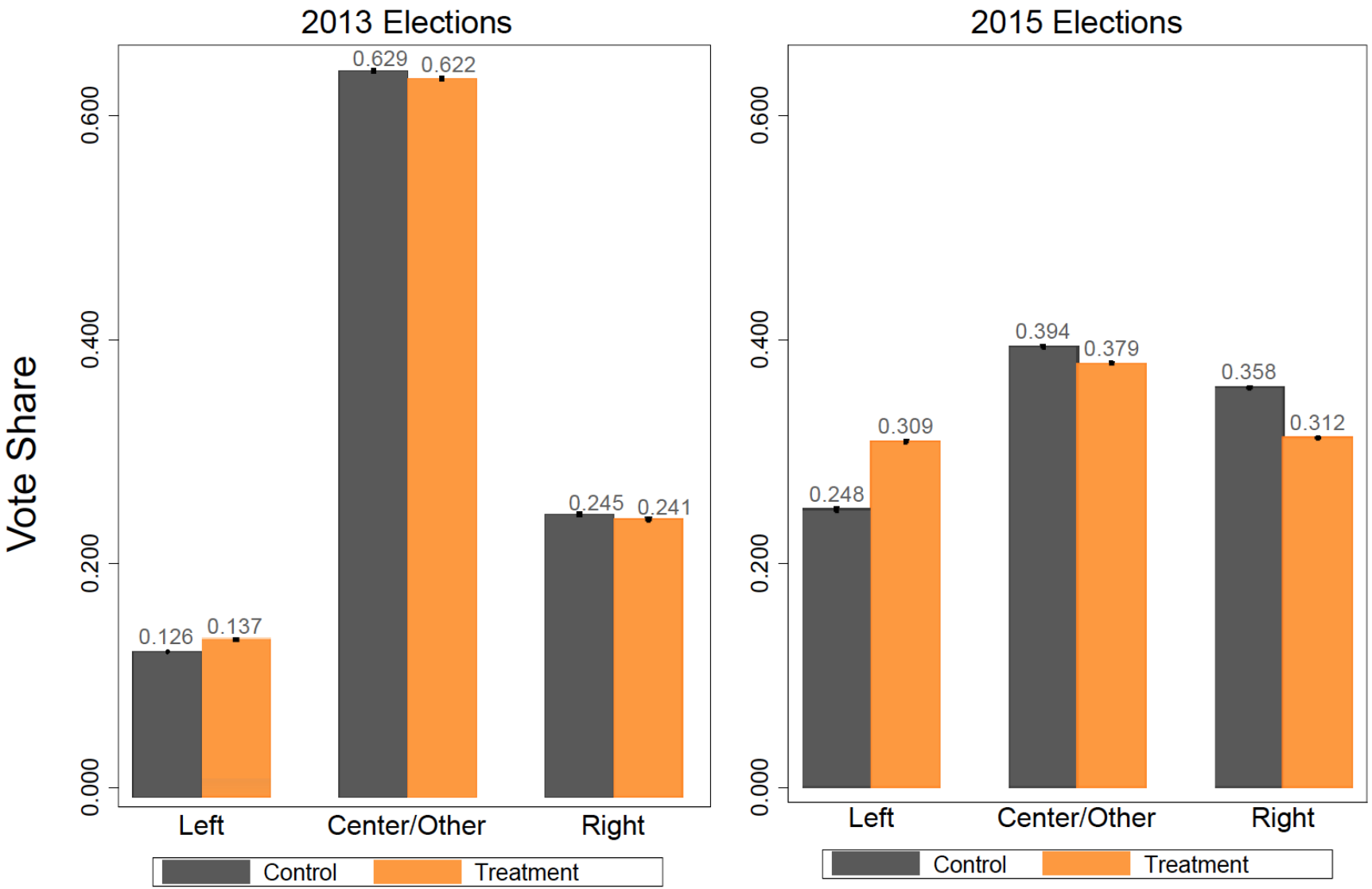


Figure 2: Asset Prices during the Experiment and 2015 Elections.



Israeli stocks (Bezeq Telecoms (BEZQ), Bank Leumi (LUMI) and the Tel Aviv 25 (TA25)) are dashed and blue, Palestinian stocks (Palestine Telecoms (PALTEL), Bank of Palestine (BOP) and the Palestinian General Market Index (PLE)) are solid and green.

Shift leftward: Treatment increases likelihood of voting for left parties (pro-peace initiatives) by 4–6 pp



N=1311. The center bars include 71 and 20 individuals who voted for for 'other' parties in 2013 and 2015, respectively, as well as 1 and 27 individuals who did not vote in 2013 and 2015, respectively.

- Not driven by material incentives, as little evidence of a wealth effect and ATE similar in those who divested before the election
- Holding out-group assets were not essential to the ATE

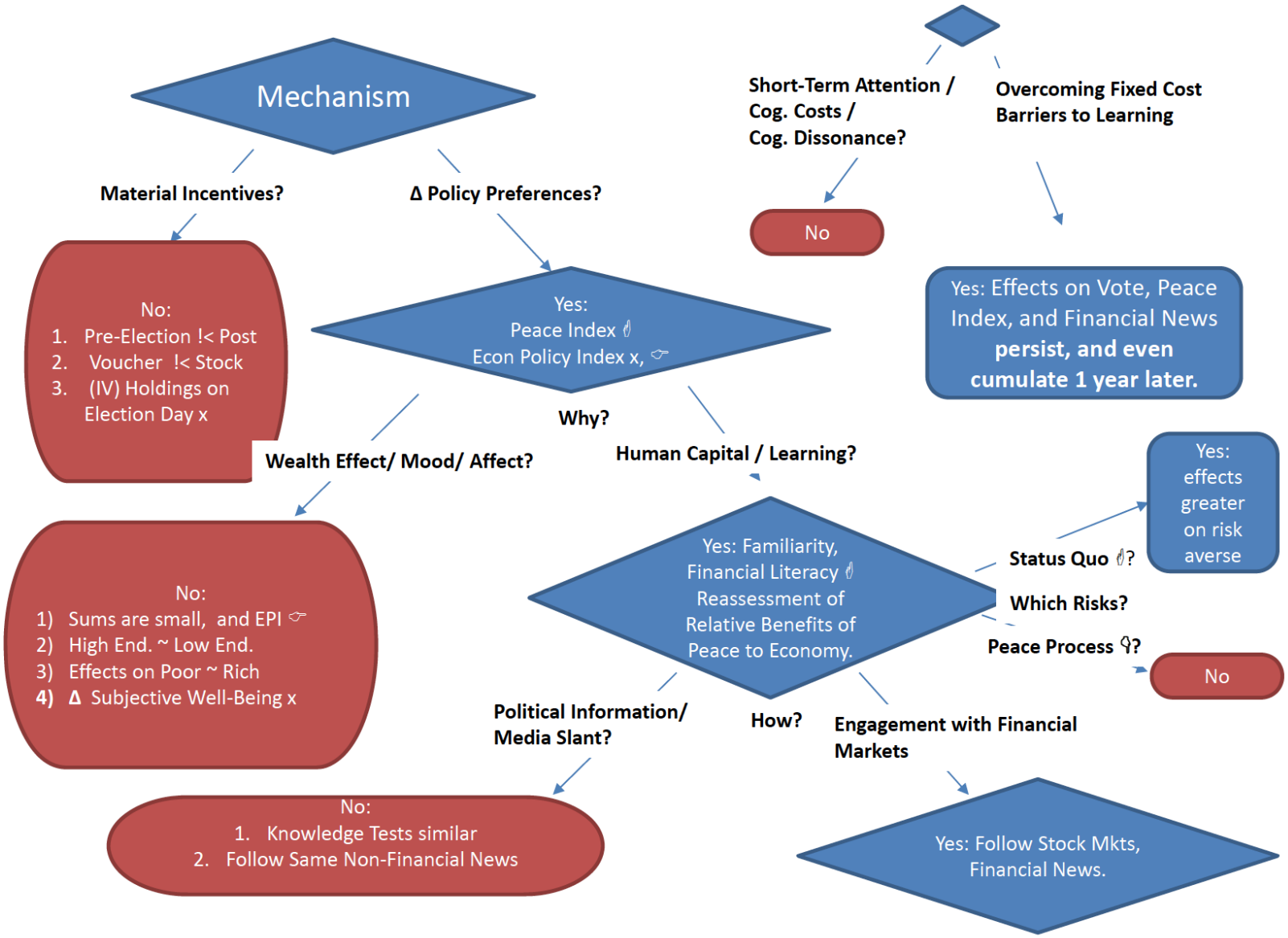
Table 13: **Effects of In-Group vs Out-Group Financial Assets**

	ITT	TOT	ITT	TOT	ITT	TOT
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Ordered Vote Choice						
Palestinian Assets	0.032	0.042			0.042	0.055
	(0.022)	(0.026)			(0.024)	(0.030)
Non-Palestinian Assets	0.065	0.078			0.038	0.043
	(0.020)	(0.023)			(0.036)	(0.040)
Treatment			0.041	0.051		
			(0.020)	(0.023)		
Price change of asset by elections (basis points)			0.454	0.517	0.507	0.660
			(0.222)	(0.258)	(0.557)	(0.616)
F(excluded instruments)		1454		1504		958.7
Observations	1,311	1,311	1,311	1,311	1,311	1,311
R-squared	0.550	0.547	0.550	0.548	0.550	0.548

Sustained change in policy preferences

DO POLICY PREFS CHANGE?: PEACE CONCESSIONS [March 17] vs ECON POLICY [Jul 15]	Full Sample				Inexperienced		
	Mean [SD]	Treatment Effect	Obs.	R^2 / Pseudo R^2	Treatment Effect	Obs.	R^2 / Pseudo R^2
	(1)	(2	(3)	(4)	(5)	(6)	(7)
Indices (OLS)							
Peace Index	0.066 [0.833]	0.110 (0.044)	1,277	0.455	0.157 (0.054)	819	0.479
Economic Policy Index	-0.019 [0.598]	-0.026 (0.041)	1,111	0.210	-0.104 (0.054)	697	0.209
Specific Outcomes (ordered probits): Extent that you agree / disagree with following criteria for solving the conflict between Israelis and Palestinians [1- Disagree, 4- Agree]							
Two states for two peoples	2.522 [1.140]	0.101 (0.079)	1,277	0.231	0.230 (0.102)	819	0.265
1967 borders with a possibility of land exchanges	2.164 [1.083]	0.164 (0.079)	1,277	0.213	0.278 (0.102)	819	0.238
Jerusalem will be split into two separate cities - Arab and Jewish	1.822 [1.039]	0.189 (0.086)	1,277	0.206	0.213 (0.110)	819	0.238
Palestinian refugees will get compensation & allowed to return to Palestine only	2.135 [1.075]	0.194 (0.077)	1,277	0.079	0.262 (0.099)	819	0.084
Incomes in Israel should be made more equal (vs. need larger diffs as incentives).[1-10]	4.249 [2.302]	-0.009 (0.076)	1,110	0.044	-0.057 (0.102)	697	0.050
Services and industries should be owned by the Government (vs. privatized). [1-10]	4.530 [2.429]	0.033 (0.073)	1,111	0.052	-0.037 (0.097)	697	0.070
Government responsible for helping the poor (vs. people should take care of themselves). [1-10]	3.299 [2.087]	-0.162 (0.077)	1,110	0.052	-0.291 (0.101)	696	0.062
Oppose reducing capital gains tax on investments in the stock market (vs. Support). [1-10]	2.652 [0.999]	0.053 (0.080)	1,104	0.073	-0.029 (0.107)	692	0.076

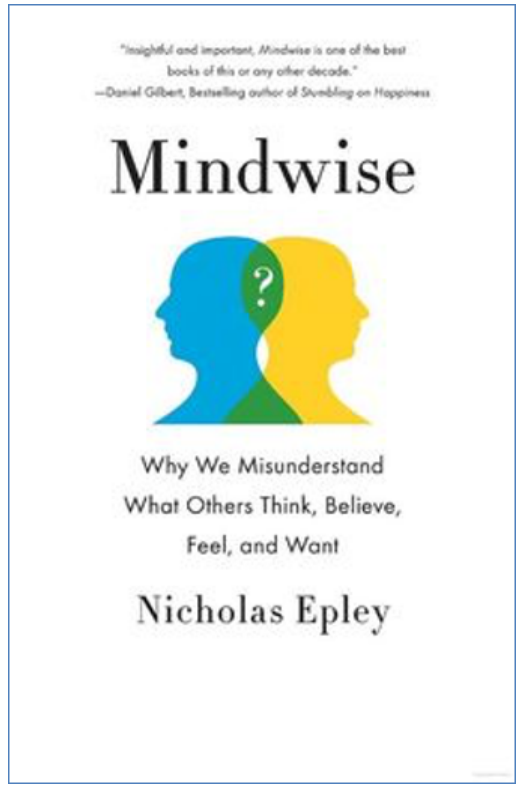
Sustained change in policy preferences



Contents

1. Overconfidence:An example from everyday life:

The (not so) Newlywed game



Are humans predictably overconfident?

- There are some trivial examples
  - Most drivers think they are above average (Svenson 1981)
  - Marathoners underestimate their time to completion (Krawczyk & Wilamowski 1984)
  - Almost all US high school students rated themselves as at least average at getting along with others" and a quarter put themselves in the top 1% (Camerer 2003)
- Economic forecasters are often far too confident in their precision (Alpert & Raiffa 1982)
- Most entrepreneurs think that their startup is more likely to succeed than their peers' startups (Cooper et al 1988)
- Overconfident CEOs believe their company is undervalued and are less willing to raise capital by issuing new shares and more likely to attempt mergers (Malmendier & Tate 2005, 2008)

2. Projection bias (relatively unexplored)

- Survey after survey finds that people tend to exaggerate the extent to which others think, feel, and act as they do
  - Conservatives tend to think other people are more conservative than they are
  - Voters think that non voters were more likely to vote like themselves
- People mispredict their future selves
  - Underappreciate taste changes (Loewenstein, O'Donoghue, and Rabin 2003)
- Might we systematically mispredict:
  - What is perceived as an unjust act?
  - How a competitor will respond to aggression?
  - Costs of conflict to our future selves and others?
- Some evidence that perspective-taking and empathy exercises reduce projection bias and errors

Contents

Decision-making under arousal

e.g. See Pearlman 2013 reading on Arab Uprisings

- Generally understudied: the role of affect or emotion on decision-making
- Some theory and evidence suggest that high levels of arousal can reduce the quality of decisions and provoke more rash and punitive responses
  - Specific biases may be tied to particular emotional states
  - Fearful emotional states increases risk aversion
  - Anger increases confidence, feelings of power, and reduces risk aversion (Lerner & Tiedens, 2006)
- Some evidence comes from the efficacy of interventions, such as cognitive behavioral therapy (CBT), at changing behavior
  - We will revisit this later when we discuss remedies
- Open question: do these emotional states also affect high-stakes and deliberated decisions by groups and leaders?

Blattman et al 2017: Why does CBT help to reduce aggression and violence and criminality?

- One answer is rational: Changing identity changes relevant social prescriptions
- One is not: emotional regulation "slows down" thinking in emotionally charged situations and reduces the automatic and harmful use of violence

TABLE 5—PROGRAM IMPACTS ON TIME PREFERENCES, SELF CONTROL SKILLS, AND IDENTITY/VALUES

		ITT regression: ($N = 947$)											
		Therapy only				Cash only				Both			
				p-value				*p*-value				*p*-value	
Outcome (*z*-score)	Control mean (1)	ITT (2)	SE (3)	Unadj. (4)	Adj. (5)	ITT (6)	SE (7)	Unadj. (8)	Adj. (9)	ITT (10)	SE (11)	Unadj. (12)	Adj. (13)
Panel A. 2–5 weeks													
Forward-looking time preferences	−0.202	0.179	[0.098]	0.068	0.419	0.071	[0.099]	0.476	0.833	0.318	[0.099]	**0.001**	**0.019**
Patience	−0.093	0.187	[0.073]	**0.010**	**0.046**	0.116	[0.073]	0.114	0.280	0.267	[0.074]	<**0.001**	**0.002**
Time inconsistency	0.008	−0.063	[0.074]	0.393	0.596	−0.009	[0.076]	0.903	0.902	−0.138	[0.075]	0.067	0.209
Self-control skills	−0.037	0.085	[0.098]	0.383	0.833	−0.147	[0.104]	0.159	0.595	0.037	[0.096]	0.696	0.833
Impulsiveness	−0.010	−0.011	[0.101]	0.915	0.995	0.180	[0.108]	0.094	0.619	0.104	[0.095]	0.275	0.919
Conscientiousness	−0.077	0.109	[0.105]	0.301	0.919	0.046	[0.106]	0.664	0.995	0.163	[0.105]	0.120	0.684
Perseverance/GRIT	−0.035	0.027	[0.099]	0.785	0.995	−0.130	[0.105]	0.217	0.873	0.042	[0.104]	0.686	0.995
Reward responsiveness	−0.010	−0.071	[0.106]	0.503	0.980	0.107	[0.107]	0.321	0.919	0.013	[0.105]	0.901	0.995
Identity and values	−0.169	0.192	[0.095]	**0.043**	0.319	0.199	[0.092]	**0.031**	0.259	0.268	[0.097]	**0.006**	0.067
Attitudes toward use of violence	0.100	−0.206	[0.094]	**0.028**	0.123	−0.187	[0.096]	**0.051**	0.176	−0.180	[0.097]	0.065	0.176
Index of appearance	−0.118	0.085	[0.081]	0.295	0.298	0.131	[0.081]	0.105	0.189	0.203	[0.080]	**0.011**	0.062
Panel B. 12–13 months													
Forward-looking time preferences	−0.149	0.149	[0.102]	0.144	0.826	0.105	[0.102]	0.303	0.952	0.209	[0.105]	**0.047**	0.464
Patience	−0.240	0.170	[0.103]	0.097	0.350	0.145	[0.096]	0.132	0.386	0.258	[0.099]	**0.009**	**0.048**
Time inconsistency	0.129	−0.072	[0.083]	0.386	0.712	0.018	[0.087]	0.833	0.836	−0.059	[0.084]	0.480	0.712
Self-control skills	−0.070	0.159	[0.090]	0.080	0.631	−0.025	[0.095]	0.794	0.992	0.244	[0.095]	**0.011**	0.154
Impulsiveness	0.082	−0.178	[0.096]	0.064	0.431	0.006	[0.098]	0.951	0.961	−0.212	[0.099]	**0.032**	0.265
Conscientiousness	0.018	−0.065	[0.097]	0.506	0.961	−0.028	[0.100]	0.779	0.961	0.044	[0.097]	0.648	0.961
Perseverance/GRIT	−0.037	0.116	[0.099]	0.241	0.851	0.057	[0.099]	0.565	0.961	0.105	[0.103]	0.311	0.903
Reward responsiveness	0.072	−0.165	[0.102]	0.106	0.580	0.084	[0.100]	0.397	0.938	−0.242	[0.102]	**0.018**	0.177
Identity and values	−0.021	0.013	[0.089]	0.882	0.992	−0.101	[0.089]	0.255	0.962	0.034	[0.090]	0.704	0.904
Anticriminal/ antiviolent values	0.070	−0.076	[0.088]	0.386	0.880	0.026	[0.088]	0.768	0.948	−0.177	[0.086]	**0.040**	0.279
Index of appearance	0.016	−0.102	[0.078]	0.191	0.750	−0.085	[0.077]	0.269	0.813	−0.109	[0.082]	0.182	0.750
Prosocial behavior	0.018	0.041	[0.088]	0.636	0.948	−0.075	[0.085]	0.378	0.880	−0.017	[0.090]	0.850	0.948

Objections to "irrationality" as an explanation for war
(and to behavioral game theory in general)

1. Hard for game theory to handle
2. A worry that it over-fits cases
   - ▷ Rather than having a small number of tractable models and assumptions
3. Too little falsifiability
   - ▷ Worries that opening up the utility function and talking about preferences, or a grab bag of irrational explanations, allows us to explain anything
4. When stakes are high, people should become more like rational calculators
5. Individuals are prone to biases, but nations and governments should not
   - ▷ Especially in more decentralized, inclusive organizations?

Contents

Most early states were coercive, self-serving entrepreneurs

Charles Tilly (1985) "War making and state making as organized crime":

> *Banditry, piracy, gangland rivalry, policing, and war making all belong on the same continuum*

- Much like an organized crime racket, states are in the business of selling protection
  - A state supplies reliable, low-priced shielding both from local racketeers and from outside marauders and roving bandits
  - They secure the rights of the powerful in return for a degree of extraction
  - Such protection rents are the major basis of revenue for most states until the modern period
- But there is an agency problem that leads to predation, fighting and warfare

Mancur Olson (1993): The stationary bandit is a solution to a common pool resource problem

...government for groups larger than tribes normally arises, not because of social contracts or voluntary transactions of any kind, but rather because of rational self-interest among those who can organize the greatest capacity for violence.

These violent entrepreneurs naturally do not call themselves bandits but, on the contrary, give themselves and their descendants exalted titles.

- Bandits can be plundering/roving or stationary — promoting order and development, investing in public goods such as order and justice, but extracting a share
- "Make us a King": Victims prefer stationary bandits to roving ones
- Gives bandit economic incentives against violence (a partial solution to the agency problem)

From history, we know that the encompassing interest of the tax-collecting autocrat permits a considerable development of civilization.

From not long after the first development of settled agriculture until, say, about the time of the French Revolution, the overwhelming majority of mankind was subject to autocracy and tax theft.

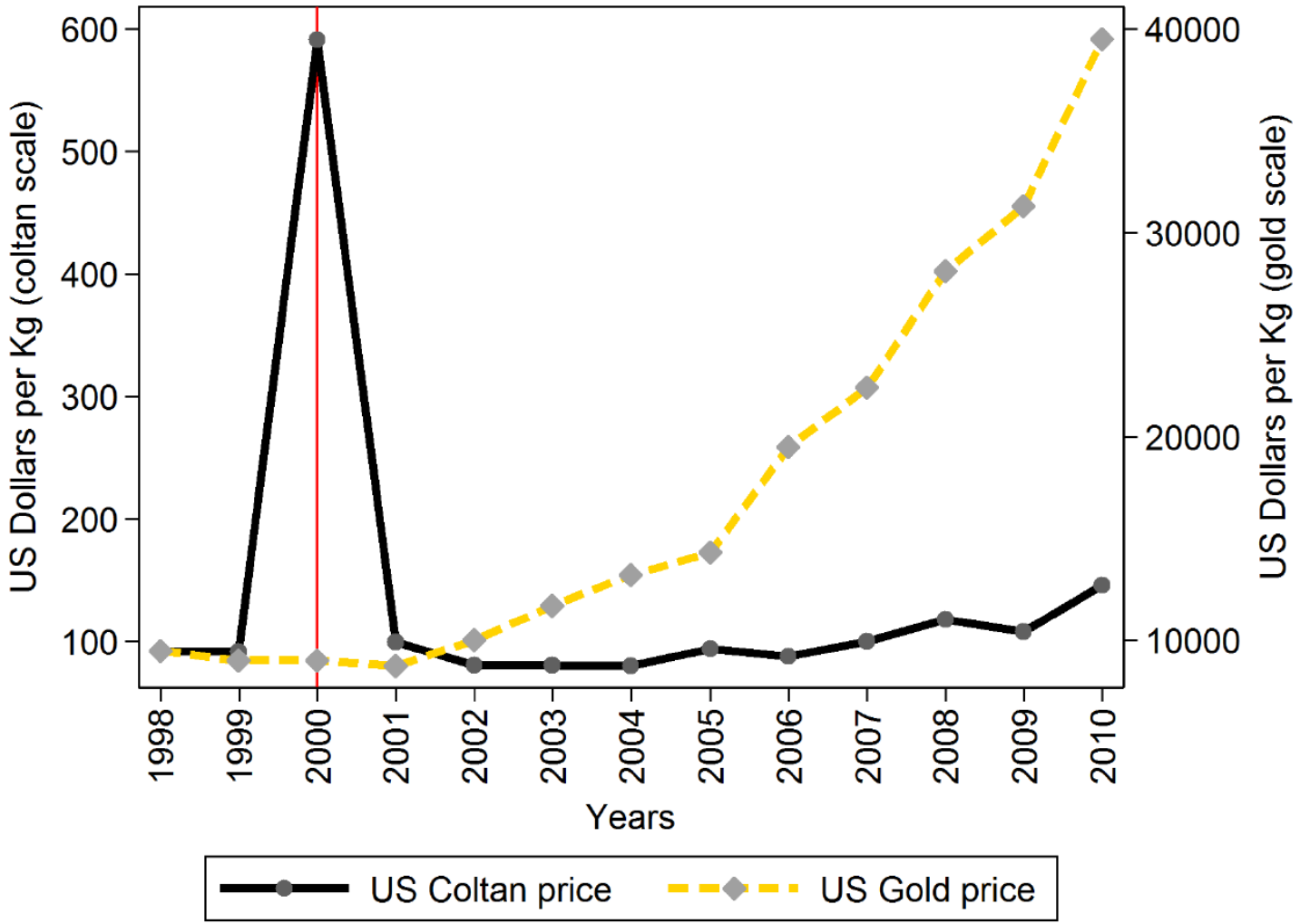
History until relatively recent times has been mostly a story of the gradual progress of civilization under stationary bandits interrupted by occasional episodes of roving banditry.

- Warlords/bandits compare the net present value of order to plunder
  - Anything that shortens time horizons or limits extraction or rents risks turning a reasonable ruler into a kleptocrat
  - Bates (2008) on Africa: After 1990, a plunge in foreign aid and a push for democratization led to a surge of kleptocracy and civil conflict

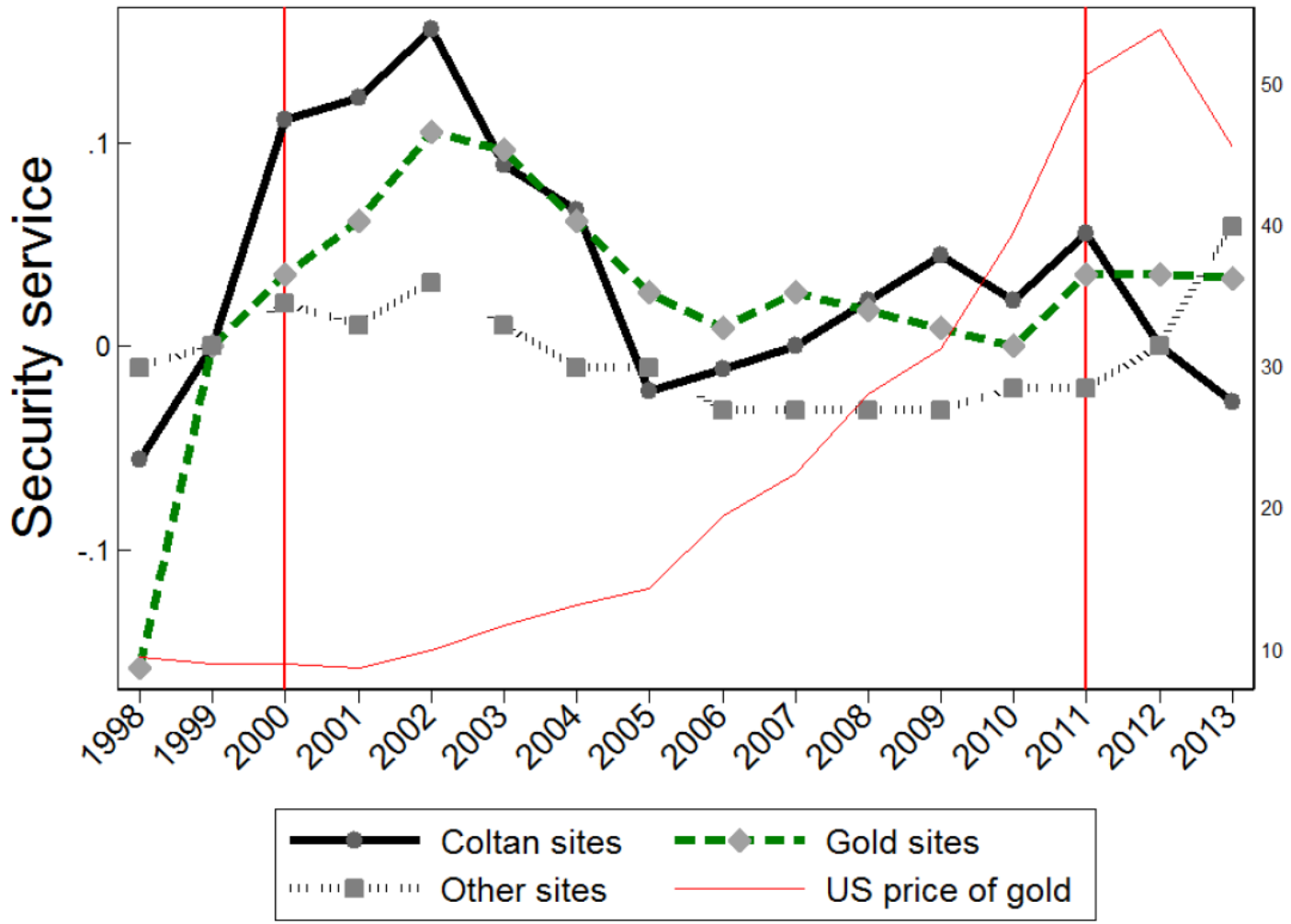
Example: Sanchez de la Sierra 2018

Roving and stationary bandits in Eastern Congo

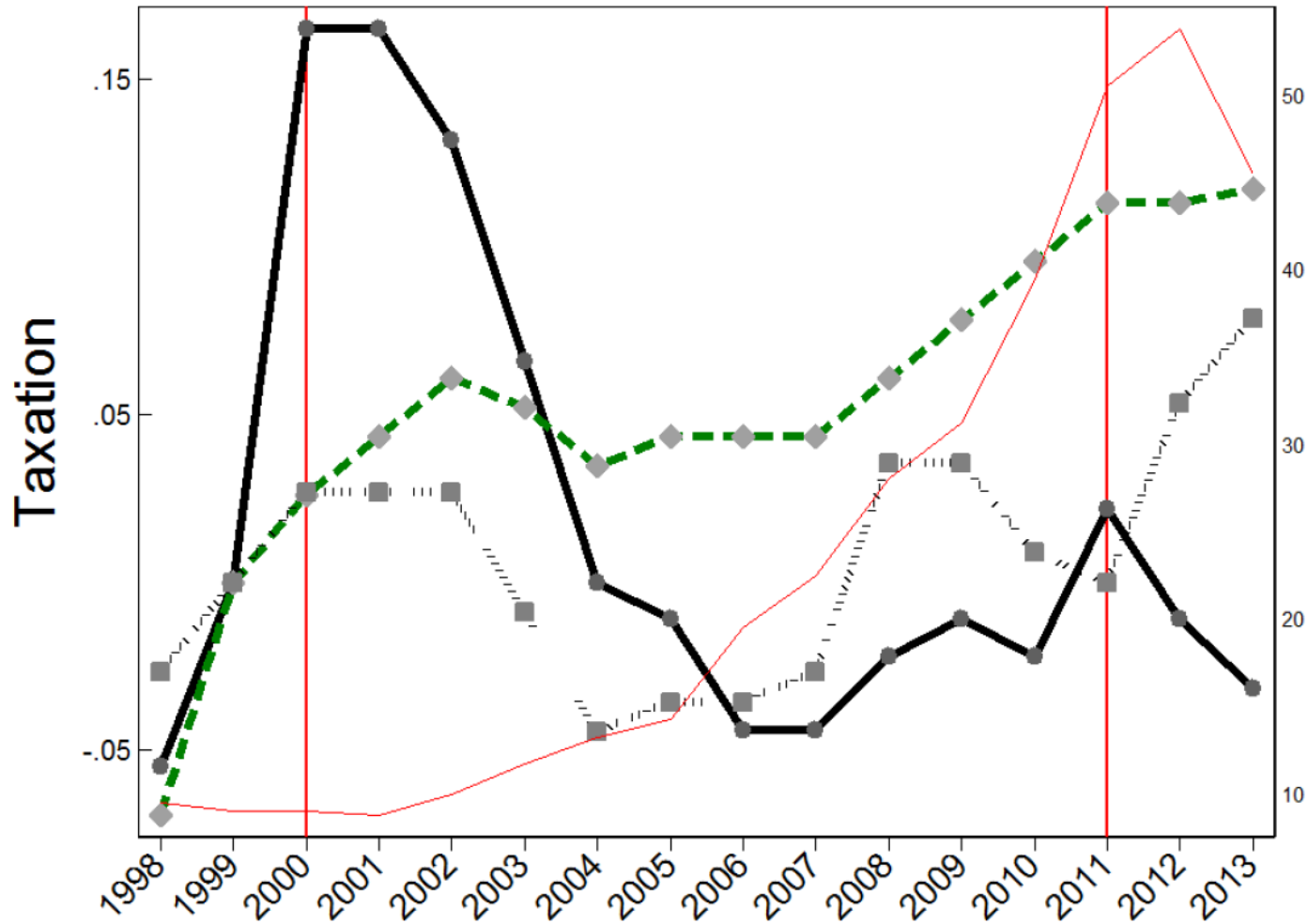
Examines response to two price shocks with different ease of rent-extraction



Impacts on public goods (security) by stationary bandits



Impacts on taxation by stationary bandits



Contents

Research frontiers

- In general (not just political economy) emotions and decision-making under emotions has not gotten much attention in economics
  - Matt Rabin (2004) wrote that psychology and economics has mostly focused on taking seriously (1) preference formation, (2) belief formation, and (3) non-optimizing
  - Emotions could operate through any or all of these, with (3) most unexplored (Pearlman 2013)
  - Psychology has begun to look at decision-making under emotion in the lab, but little link to actual behaviors
- Big challenges:
  - Status competition, intrinsic preferences for justice, or expressive preferences are very difficult to measure
  - Collective action (and collective violence in particular) is unusually difficult to study because it is hard and dangerous to measure, and any non-material motives are difficult to define and measure
- Experimental interventions to reduce limited attention, or to calm emotions and slow down thinking, are a powerful way to illustrate the effects of these