A Theory of Elite-Initiated Democratization: Illustrated with the Case of Myanmar

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Democratization: a central topic, a massive literature (Surveys: Geddes 1999, Haggard and Kaufman 2016, Ziblatt 2006)

- Autocracies often have inherent inefficiencies
    - Costly repression, threats of value reducing conflct, international sanctions, inefficient policies (Acemoglu 2003)
- Can be mutually improving to democratize
- Then natural question: Why no Coasian Bargains?
    - General classes of explanation:
        - indivisibility, Wintrobe (1990)
        - information asymmetries,
        - commitment problems, Sutter (1995), Acemoglu (2003), Acemoglu and Robinson (2005)
    - And there are Coasian bargains in reality

Explanation within the commitment class

- Focus on "military or autocrat's" commitment problem
- Military, M, in power
- The "opposition", O, is powerful and poses a threat to M
  - the masses are taking to the street
  - perhaps factions in O become coordinated
- This power is (potentially at least) temporary
  - so M can placate O by policy today
  - But O knows that any promise made today is worthless tomorrow if O's power falls
- M has a commitment problem
- Problem solved by enshrining "permanent" changes
- Democratization, elections
  - policy follows to favour O

Explanation within the commitment class

- Focus on "opposition" commitment problem
- M's rule is bad/inefficient/costly
  - both for M and O
- M would love the following sort of deal
  - M hands power to O
  - Inefficiency disappears and pie expands
  - O promises to share some of the increased pie with M
- O has commitment problem
- M solves this by democratizing with an "autocrat's constitution"
  - governs what will happen after elections
  - policy designed to protect M
- Illustrate with case of Myanmar

Democratizing elites fear expropriation when out of power

- Opposition forces might "promise" a path of rents to outgoing elites – possibly including immunity from prosecution – to gain a transition
    - But commitment problem
        - Once they control executive/legislature will want to renege.
- References to this commitment problem appear often
    - But no developed formalization of nature and details of democratic-transition commitment problem.
- Sutter (1995) closest
    - Threat of military coup solves it
        - Unnatural restriction on strategy space plays key role
    - When restriction removed coup threats do not work

Zero Ex post Rents

Former autocrat gains nothing if offer space is continuous

- Threat of force by old regime constrains Opposition
- But threat is simply reversion back to autocracy
- Opposition drives old regime down to post-transition value for using force
  - Does so by calibrating offers
  - Whittle away old regime's rents, as military's coup capability diminishes.
- Anticipating this, why start down road to oblivion?

Constitutions

Consitutional engineering is standard way autocrats (and oppositions) try to solve it

- Autocrat protects himself and supporters post-transition by putting constitution in place – somehow ties hands of subsequent governments.
- "Somehow"? Not clear how a piece of paper accomplishes trick.
    - New regime controls executive, has considerable popular/international support
    - Why can't it just declare previous constitution illegitimate?
    - Why can't it change what it likes unilaterally? ▸ Myanmar's Puzzle
- Autocrat's threat of force is not an answer (see above)

Our Argument

In case of Myanmar

- Myanmar: Starts opening around 2010 – massive inflow of ODA
- Earlier 2008 constitution codifies sharing powers in bureaucracy/administration
    - Military controls parts of country affected by armed conflict,
    - Military controls (3) key ministries and staffing (GAD)
- All other elements of state controlled by party with majority in parliament
    - NLD won parliament and hence controls parts codified in constitution
    - NLD can pass laws, but can not *implement* a law or decree in spheres controlled by military.
    - NLD can reject and/or can propose different policies (divisions), can quit government and delegitimize
    - But cannot force policy in Military's realms

Table: Autocratic constitutions in democratic transitions, 1946-2004

	Transitions from autocracy
	all
# Democratic transition	77
# Autocratic constitution	37
% Autocratic constitution	48.1

From Albertus and Menaldo (2013)

- Elite over-representation: Argentina's 1957 constitution.
- Direct or indirect restrictions on franchise, e.g. literacy-based requirements: – Brazil, Peru and Ecuador (held until the 1980s)
- Stacked senatorial appointments: e.g. Chile, limit power of post-transition political parties.
- Special constitutional powers for military: e.g. Honduras 1957 "military would select the chief of the armed forces, retain control over military command and selectively deny executive budgetary oversight"

Our Argument

Effectively: democratization increases pie and constitution/power-sharing agreement does 2 things

1. Defines a portion of state pie (rents) where previous elite control policy directly (sometimes de jure)
   - Essentially grants proposer power (TILI) to military over well defined part of state

2. Specifies policies/rent-divisions over that part that would NOT de-legitimize democratic transition
   - Namely: any part of that portion proposed by the military *and accepted* by opposition

Three types of power

- De facto power
  - Post transition military has all of that
  - Can always achieve any policy outcome desired by force
- "Control"
  - The agreement specifies which party controls policy in all realms
  - Opposition's "control" is always contingent
    - i.e., if military doesn't like its policies can always use de facto power to change them
- De jure power
  - Codifies control
  - A constitution or rules put in place delineating control power

Results

- Democratic transitions can occur only if accompanied by a constitution (or something like it) codifying proposer powers post transition
  - legitimizing military's rents and resistance to encroachment thereof
- Larger increase in international pie coming from transition, easier it is to solve commitment problem
- If military's coup threat degrades over time, eventually formal constitutional arrangement "walling off" of military rents declines
  - Democracy eventually consolidates
- International community not only third party that could play role in transition from military rule to democratic government.
- Personalist autocracies are less likely to go down this path than institutionalized ones
  - Evidence in support of this finding

- Baseline Model
  - Popular Democracy, No Autocratic Constitution, No International Community
  - Elite-engineered democracy, Autocratic Constitution
- Extended Model
  - Adding International Community
- Extended Model 2 (Sketch of)
  - Unpacking autocratic rule
  - Padro-i-Miquel (2006), Besley and Kudamatsu (2008): personalists v. institutional autocracy
- Empirical record of autocratic constitutions

Baseline model (No International Community)

- Military M, begins game holding power,
- Opposition group O,
- Time discrete $t = 0, 1, \ldots$, both players discount future payoffs by $\delta \in [0, 1)$ per period beginning in period 1.
    - Period 0 is institutional choice by autocratic regime (M).
- State generates revenues/policy/benefits each period – the "pie" – normalize to 1.
    - Player who controls executive in period determines allocation of pie between M and O in period

Model

- At $t = 0$, M chooses whether to allow democratic transition, or not
- If no transition, $1 - S \in [0, 1)$ probability that popular revolution deposes military
    - Puts opposition in power, eliminates military (in politics) then on
    - Revolutions costly; displacing military by revolution reduces pie to size $\beta < 1$ thereafter
- No problem to assume $S = 1$ when we add International Community ▶ Extension

Autocracy Payoffs

- Under autocracy military keeps all pie
  - can't influence rebellion by assumption
- Payoffs for no-transition path:

$$V^M = S(1 + \delta V^M) + (1 - S)0 = \frac{S}{1 - \delta S}, \text{ and}$$
$$V^O = S(0 + \delta V^O) + \frac{(1 - S)\beta}{1 - \delta} = \frac{(1 - S)\beta}{(1 - \delta)(1 - \delta S)}.$$

Efficiency gain to democratization

- A costly ($\beta < 1$) but successful ($S < 1$) revolution may occur so: $V_M + V_O < 1/(1 - \delta)$.
- If democratic transition eliminates risk of revolution, both sides better off
    - provided opposition transfers at least $(1 - \delta)V^M$ to military every period

Assumption:

Democratic transition eliminates risk of revolution, as long as democracy "holds".

- Essentially, rebel group agrees to suspend possibility of rebellion provided:
    - Military does not re-take power by force
    - Opposition does not quit government
    - Mechanical player ▶ Microfoundation

A la Sutter (1995)

- Extreme version of an un-engineered by elite transition.
- Army is relegated to barracks
- But, unlike consolidated democracies:
  - persists with full autonomy
  - ready to stand in defence of its own (or its old regime patrons') previous priveliges.
- Full de facto power with army
  - Nothing can be implemented by incoming government without army acquiescence,
  - Upon transition, army unchallenged in ability to obtain outcomes by force
- Rebel group agrees to suspend possibility of rebellion provided:
  - Military does not re-take power by force
  - Opposition does not quit government

Popular Democracy

- If at $t = 0$ military allows democratic transition
    - Pays one-time transition cost $C \geq 0$ (could be very small)
- At $t = 1$, opposition takes power and both play following stage game thereon

1. Opposition offers $x_t \in [0, 1]$ to military.
2. Military observes x_t and decides whether to accept, or take what it wants via force
    - Tantamount to a coup – reintroduces rebellion threat (below)
    - No coup: payoffs in t are x_t for military and $1 - x_t$ for opposition.
        - Military survives with probability 1.
        - Play continues to next period.

Coup Path

Coup:

- Military survives with probability $p_t S$
    - I.e., military retaking power re-introduces rebellion threat; $1 - p_t S$ (which is potentially more potent; $p_t \leq 1$)
- If coup "success"
    - M gets dictatorship payoff; V^M, henceforth
    - i.e., value computed under "no democratization" in future
- If coup "fail"
   - M under civilian control thereafter, (payoffs $\Pi \equiv \beta/(1-\delta)$ for opposition, 0 for M)

Sequence for p_t

- Coup capacity (weakly) declines
- For simplicity, eventually military's coup prospects disappear,
  - limit of p_t as t gets large is zero.
- Also a monotonic path
  - so $p_{t+1} \leq p_t$ for all $t \geq 0$
  - path doesn't matter too much

Proposition 1:

The military will not choose to democratize. Expected military payoffs under democratic transition are (weakly) dominated by autocracy. Moreover, if either $C > 0$ or $p_1 < 1$, military payoffs are strictly lower under a democratic transition.

Figure: Projected Path of Military Rents
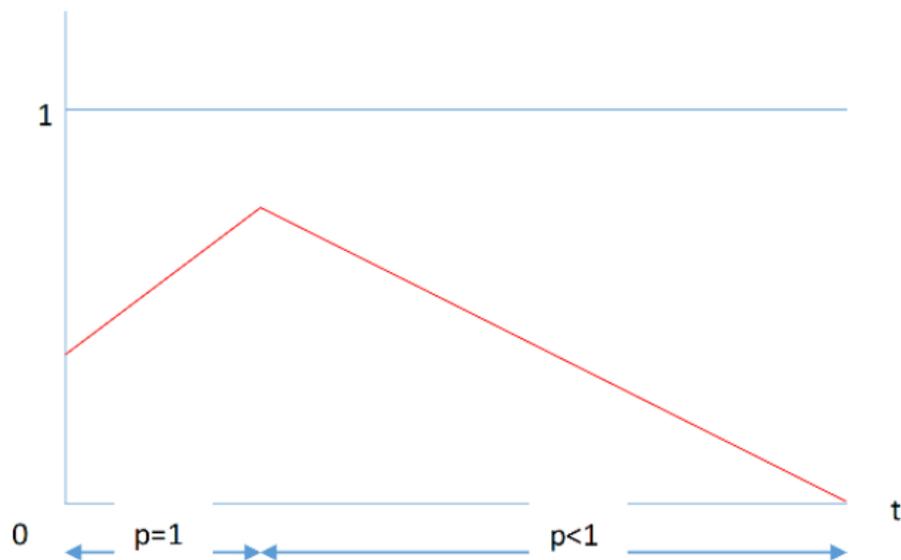
- Some autocrats thus persist with inefficiencies of dictatorship
- Opposition's inability to commit NOT to exploit military's growing weakness
- Inability to commit to future transfers from bigger pie
    - Means military would not head down democratization path,
    - Even though dictatorship inefficient and costly for everyone, (including military leaders)

A Constitution or Power Sharing

- Military's attempt to address opposition commitment problem by writing down rules that opposition agrees to as condition for democratization
    - Can, but need not be, a constitution
    - Recently: South Africa, Myanmar,
        - Myanmar, military reserved 25% of seats in both houses, appointed by head of military;
        - Require 75% in legislatures for constitutional change,
        - Reserved control over three core ministries

From Albertus and Menaldo (2013)

- Elite over-representation: Argentina's 1957 constitution.
- Direct or indirect restrictions on franchise, e.g. literacy-based requirements: – Brazil, Peru and Ecuador (held until the 1980s)
- Stacked senatorial appointments: e.g. Chile, limit power of post-transition political parties.
- Special constitutional powers for military: e.g. Honduras 1957 "military would select the chief of the armed forces, retain control over military command and selectively deny executive budgetary oversight"
- A & M (2018): Almost 70 percent of countries that transitioned to democracy after WWII have done so under authoritarian constitutions

- Elite engineered control over key aspects of policy
    - Lucrative parts of economy, key sectors of policy making space
- Control negotiated under auspices of transition
    - perhaps enshrined in constitution
    - Third party (IC or Rebels) expanding pie does so conditionally

Democratic transition is really power-sharing

- Military still has effective monopoly of force upon transition – full de facto power
- Agreement defines portion of state pie that M controls
  - i.e., Military has capacity (and perhaps de jure) power to set policy over this portion
- Agreement includes acknowledgement by third party, rebels (or IC), on type of divisions by military that are NOT sufficient to end democratic transition
  - I.e., any proposed division of state's pie in M's control *that is accepted by O* not quitting

- At time $t = 0$, military specifies $\alpha \in [0, 1]$ – share of state pie it will control after transition.
  - Codified in autocrat's constitution or power-sharing agreement,
  - Has "control" over α share of total rents/policy benefits
    - Can decide how much of α to offer to O each period
- To be a recognizable "democratic transition", and rule out rebellion risk, two conditions:

Democratic Transition:

1. Confers executive power on opposition (or at least allows possibility via competitive elections)
   - Putting offices under electoral control but not allowing possibility of opposition control of executive branch via elections, not a democratic transition. ("Electoral autocracy")
   - Not substantive in model

2. Requires α cannot be too large
   - E.g. conceding 1% of offices to democratic selection; not a democratic transition.

- Assume α must be less than or equal to an upper bound $\bar{\alpha} < 1$
  - Clearly, military has no incentive to choose $\alpha \in (\bar{\alpha}, 1)$

Each period after transition

1. M and O simultaneously choose how much of controlled rents to offer other.
   - M offers $m_t \in [0, \bar{\alpha}]$ and O offers $o_t \in [0, 1 - \bar{\alpha}]$.

2. Observing offers, M and O decide in sequence whether to reject or not (sequentiality?)
   - Military: decide whether to accept or reject O's offer (use force to get preferred division $\equiv$ coup),
   - Opposition: decide whether to accept or "walk out" (can also make counter-proposal but M decides on actual division)
     - Walk out means opposition quits power-sharing arrangement, declaring it illegitimate.
     - Equivalent to a coup or military force (assume odds of military successfully returning to autocratic rule is likewise $p_t S$)

- If no coup/walkout:
  - $x_t = \bar{\alpha} - m_t + o_t$ for military, and
  - $1 - x_t = 1 - \bar{\alpha} - o_t + m_t$ for opposition
- If coup/walk out, then continuation payoffs are, as before:
  - computed using p_t.

Proposition 2:
Under power-sharing defined by $\bar{\alpha}$, there may exist a path of democratic transition under which the military obtains strictly higher net present value discounted payoffs than under autocracy. When such a path exists, there is a critical period (defined in appendix), $T_h > 0$, such that the military receives payoff at least equal to $\bar{\alpha}$ for all $t \leq T_h$, and payoff strictly less than $\bar{\alpha}$ for $t > T_h$. Let

$$NPV(t) \equiv \frac{\bar{\alpha}}{1-\delta} + \delta^{T_h+1-t}\left(p_{T_h}S\frac{\beta}{1-S\delta} + \frac{1-\bar{\alpha}-\beta}{1-\delta}\right).$$
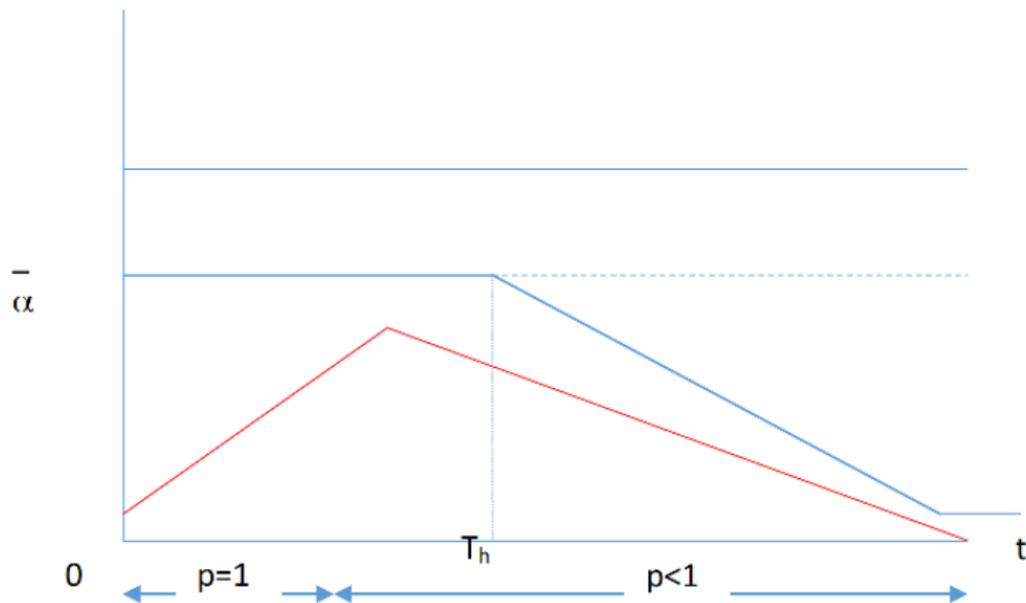
Sufficient conditions for the existence of such a payoff improving democratic transition path are:

$$NPV(0) - C \geq V^M \text{ and}$$

$$NPV(t) \geq p_t V^M \; \forall t > 0.$$

Neither condition is necessary.

Figure: Projected Democratization Path

Upto three phases in transition

- A final phase of democratic consolidation: T_h onwards
    - Point where military's value for coup has fallen so far that civilian government would prefer to precipitate a crisis rather than accept $1 - \bar{\alpha}$.
    - Military transfers enough in rents or policies from share it controls so civilian rulers prefer not to precipitate coup by tearing up formal arrangements.
    - Democracy finally "consolidates," – equilibrium share going to military gradually declines from $x_{T_h} \approx \bar{\alpha} \rightarrow$ lower bound.

Along Consolidation Phase: $1 - \bar{\alpha} + m_t + \delta F_{t+1}^O = F_t^O$, and

$$F_t^O = p_t S \delta V^O + (1 - p_t S)\Pi.$$

So:

$$m_t = F_t^O - \delta F_{t+1}^O - (1 - \bar{\alpha}),$$

and

$$\delta m_{t+1} = \delta F_{t+1}^O - \delta^2 F_{t+2}^O - \delta(1 - \bar{\alpha}).$$
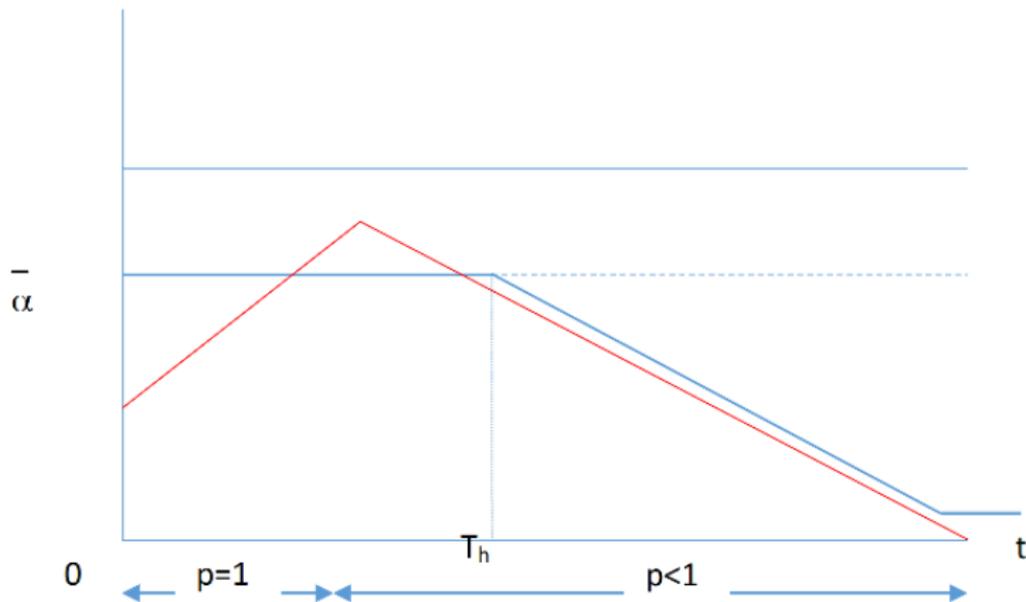
- A "constitutional" phase, runs for some interval(s) $t = 0$ to $t = T_h - 1$,
  - Zero offer/compromise to other side: each obtains rents (or preferred policies) over own domain as determined by autocrat's constitution,
    - $\bar{\alpha}$ (at least) for the military and $1 - \bar{\alpha}$ for the opposition.
    - Both sides generally receive strictly more than expected value of coup lottery.

- A "shadow of autocracy" phase from $t \geq 0$ to $t < T_h$
    - Opposition voluntarily transfers to military some rents or policies that it controls.
        - Here military's threat to coup if it does not get more than $\bar{\alpha}$ is credible, so the opposition gives just enough to prevent a coup.

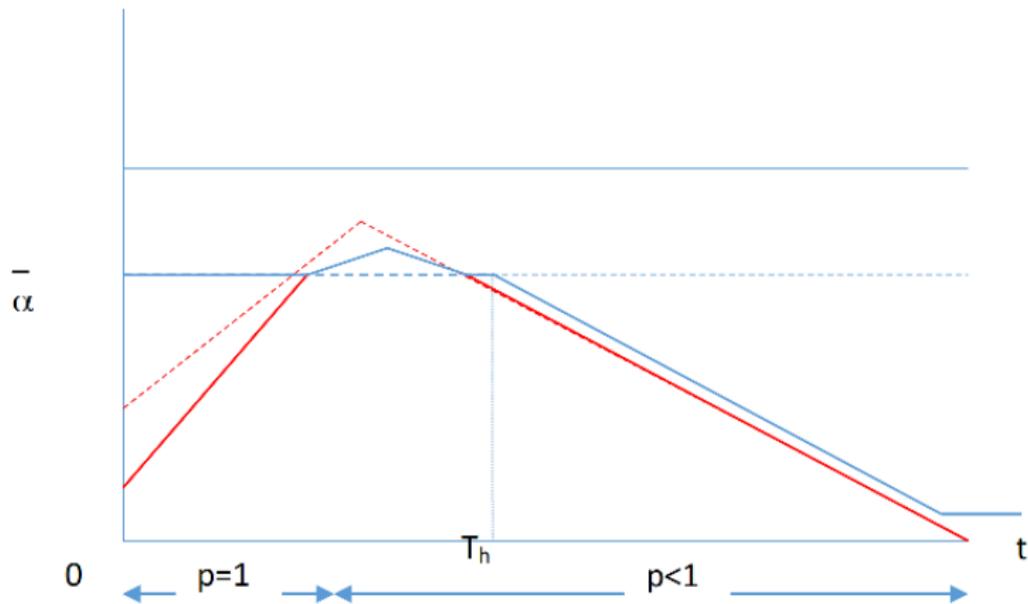**Result: Never start with such a phase, but can happen for $t > 0$.**

Figure: Projected Democratization Path

Shadow of Autocracy Path

Figure: Projected Democratization Path

Insufficient transfers

- No case for allowing opposition to borrow
- Saving?

ASSK crushes November 2015 elections

- ASSK should have been barred from executive power;
  - military includes provisions in constitution expressly to exclude her
- ASSK's advisor on constitutional law, Ko Ni devises work around – inventing position of "State Counsellor"
  - Tatmadaw not happy about, but accepted it

Previously sworn enemy most powerful politician in country

- Ko Ni subsequently working on more broad-ranging way to subvert key provisions in military's 2008 constitution.
- January 29, 2017: Ko Ni assassinated at Yangon's airport
  - Many believe his assassination was a message saying "back off".
  - Legitimacy of transition completely unaffected

If Tatmadaw uses force to depose ASSK, the transition is over

- If ASSK quits, saying the Tatmadaw is violating agreement, the transition is over
- But killing a civilian working around constitution does not illegitimize it?
    - A dangerous grey area, Tatmadaw could have reasonably worried about IC reaction
- Turned out not to matter – but:
    - Constitution, de jure rules, are attempt to delineate grey areas, avoid such scenarios

- Another third party: the international community (IC).
- IC controls a flow of benefits it can condition on democratic transition.
- If the military chooses the transition path, then IC increases the size of "pie" that military and opposition have available to $\gamma > 1$.
  - Can allow $S = 1$ now
- As before, assume $\exists\ t : p_t < 1$ and $p_t \to 0$ monotonically, and eventually $p_T = 0$.
- IC committed to provide benefits as long as
  - military does not retake executive power by force,
  - use force to obtain preferred policy in O's realm
  - civilian government does not quit power-sharing deal,
- If military is deposed, regardless of "who started it," the IC continues to allow γ to a civilian-ruled state.

Table: Democracy and official development assistance per capita, 1960-2015

|	Avg democracy effect	Cluster s.e.	Pr($>|t|$)
World	24.5	7.1	0.001
Sub-Saharan Africa	18.3	7.0	0.009
Asia	7.5	11.4	0.512
Latin America	15.6	8.3	0.060
MENA	116.8	62.9	0.064
E. Europe/FSU	30.8	32.2	0.340

Note: "effect" is the coefficient on democracy (Polity > 5) when dep. var. is ODA per capita in country year, with country and year fixed effects. ODA per capita is in 2013 US\$. se's clustered on country.

Figure: Democracy and ODA in Myanmar, 1960-2015

Myanmar: Democracy and Official Development Assistance
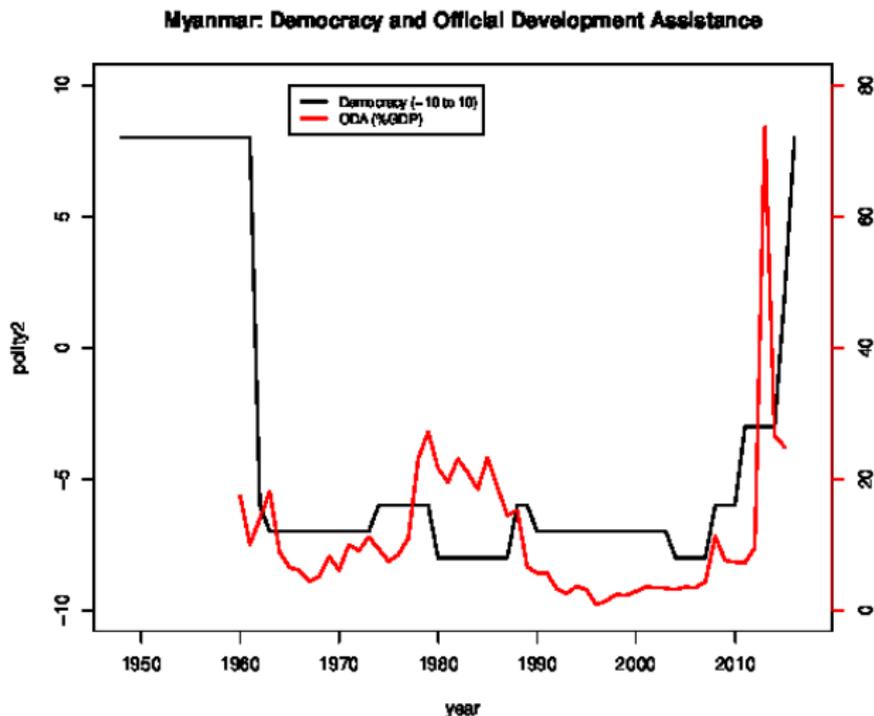
Figure: Democracy and Foreign Direct Investment in Myanmar, 2000-2015

Myanmar: Democracy and FDI
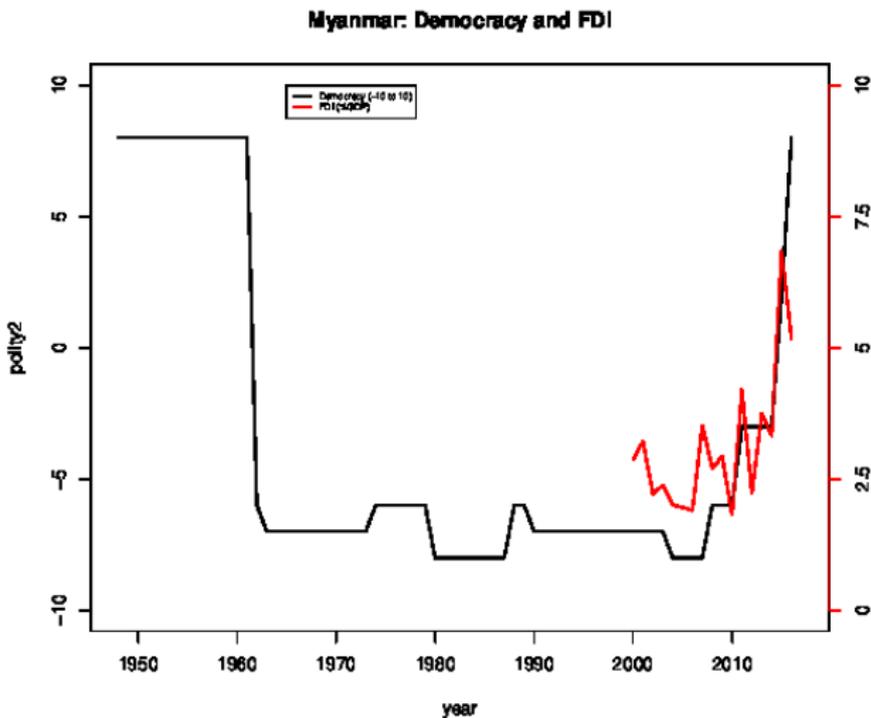
Proposition 3:
Added to the baseline model (no autocratic constitution), the international community's ability to condition benefits $\gamma - 1$ on democratization has NO effect on the military's decision to transition towards democracy.

BUT

Proposition 4:
The international community's conditional provision of $\gamma - 1$ in resources following a sufficiently democratic transition leads some autocracies to prefer transition under an autocratic constitution when they would have preferred continued dictatorship otherwise.

Casual Observation

- Institutionalized do: professional militaries, single-party dictatorships
    - Institutionalized autocrats: Many Communist regimes, PRI in Mexico, Conservative Party in 19th century Britain, Tatmadaw in Myanmar,
- Personalists don't: Mobutu, Saddam Hussein, Muammar Gaddafi, Hafez al Assad – rule by undermining political institutions and the military ("coup proofing")

Two Archetypes varying by regime security (Padro-i-miquel 2006, Besley and Kudamatsu 2008)

- Type 1. Institutionalized (non-personalist; military, single party rule)
  - Administrative structure robust to movement of individuals
  - Replacing office holders (and leader) does not severely undermine coherence
  - So important capacities relatively unaffected:
    - Capacity to rule
    - Capacity to threaten for power
    - Capacity to survive rebellions

- Type 2. Personalist
  - Structure dependent on leader
  - Extreme example: personality cult
  - Authority, rewards, power derive from proximity to leader
    - Often personalized reward structure
    - Sometimes administered by leader (close circle)
    - Patronage type arrangements
  - Effective capacity undermined when leader toppled
    - Command and control resides with leader (non-institutional)
    - Severely compromised when leader displaced/replaced
    - Lower ability to hold on to power
    - Lower ability to threaten for power

Leader Replacement

Assumption: *A personalist autocracy's capacity to survive a rebellion is reduced to factor $\mu < 1$ of its current period value if it replaces its personalist ruler. An institutionalized autocracy suffers no reduction in capacity.*
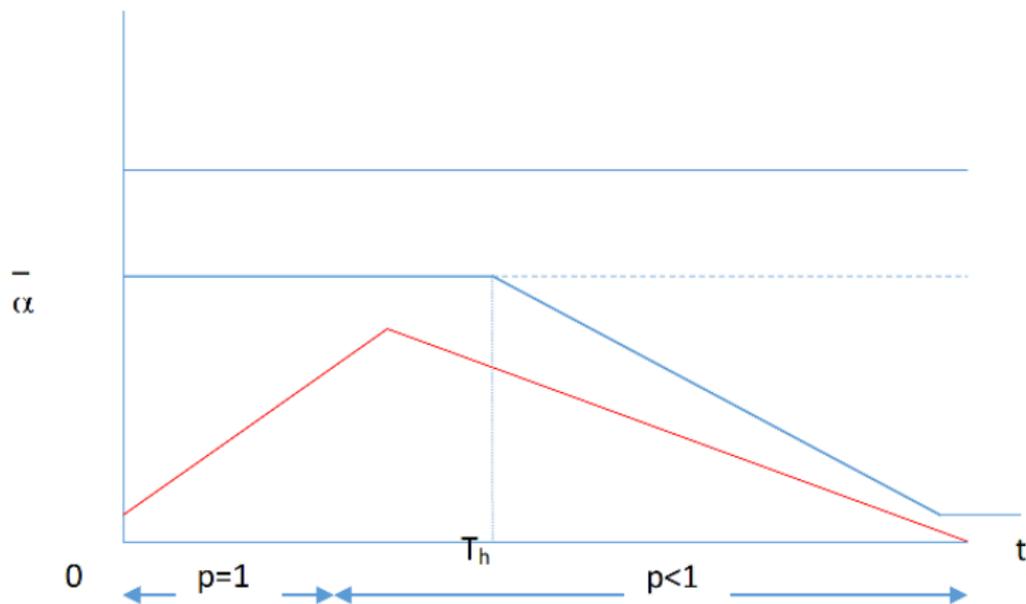
- Pre-democratization, personalist autocratic group's per-period survival probability falls from $S \to \mu S$.
- Post-democratization, personalist group's per-period survival probability falls from $p_t S \to \mu p_t S$.

- Within autocracies
  - A game played between leader and followers
  - Followers can (attempt to) depose and replace leader
  - Leader shares rents with followers to keep their support

- Personalist Regime: leader matters more
  - Autocratic hold on power falls when leader is deposed
  - In game played between leader and followers, leader extracts large share of rents

- Institutionalist Regime: leader matters less
  - Autocratic power institutionalized, leader deposed with less cost
  - In game played between leader and followers, leader extracts smaller share of rents ▶ Formal Details

Figure: Projected Democratization Path

Proposition 5: *Ceteris parabus, personalist autocratic rulers will choose democratization with an autocrat's constitution less frequently than non-personalist rulers.*

- Autocrat's constitution guarantees extra rents (for a while) to military under democratization – $\bar{\alpha}$
- But this removes (reduces) personalist leader's importance to M
- Share of M rents that accrues to personalist leader falls with democratization under $A's$ constitution

- For both types of autocracy, rent shares to M are $\bar{\alpha}$ per period some time before T_h and then pinned down by threat to opposition
- So under Autocrat's constitution M's threat to Opposition plays no role in determining rent share for some part up to T_h
- Recall, Personalist autocracy's threat falls when deposing leader
  - allows leader to grab a greater share
- But under Autocrat's constitution M is insulated from this fall
  - so leader less important (leader's rent share falls)

- Predict institutionalized autocracies more likely to democratize via autocrat's constitutions
    - Elites with relatively predictable means of coordinating to prevent personal rule (tyranny) by any one of them
- Albertus and Menaldo (2013, 2014) code, for 114 democratic transitions since 1885, whether the new democracy uses a constitution written by the immediately preceding autocratic regime.

Autocratic Constitutions

Table: Autocratic constitutions in democratic transitions, 1946-2004

	Type of autocracy			
	military	single party	personalist	monarchy
# Dem. transitions	42	17	17	1
# Autoc. constitutions	25	9	3	0
% Autoc. constitutions	59.5	52.9	17.6	0.0

Note: Geddes et al. regime codings and Albertus and Menaldo autoc. constitution codings.

Conclusion

- Even when democratic transitions are efficient
    - reduced conflict risk, increased resources from the IC
- May not be chosen
    - autocratic elites reasonably worry that they will not realize promised shares of democratic premium
- Continued threat of returning to power via a coup CANNOT solve this problem
- Power-sharing in the form of a constitution, or something else that reserves control for elites – together with a sufficiently persistent coup threat – does the trick
    - More likely in institutionalized (as opposed to personalist) autocracies
- The international community, by conditioning the flow of international benefits on respect for constitutional (even a bogus constitution's) rules helps make this possible.
- Personalist autocracies are less likely to go down this path

- END

In Myanmar

Accomplished mainly by autocrat's constitution

- Three critical ministries remain with military, (and General Administration Department)
- Military fighting wars against multiple non-state armed groups, in parts of country with large rents (jade and other resources)
    - Constitution codifies military control in areas of conflict.
- Military completely autonomous, appoints home and border affairs ministers
    - Formal right to veto decisions of executive, legislative and judicial branches
    - No civilian government oversight
- Majority party in legislature cannot affect control of (many) offices and revenue sources without Tatmadaw acquiescence
    - Even if it passes laws attempting to do so
- ASSK signed off on constitution (though she isn't, and wasn't, entirely happy about it) ▸ Back: Results

ASSK explicitly recognizes constitution as bogus

- Long spoken of goal of reforming constitution as part of true democratic transition:
- Army reserved 25% of seats, 75%+ required to amend constitution

ASSK: "The completion of our democratic transition must necessarily involve the completion of a truly democratic constitution,"

- Tabled bill removing army's veto in 2015
- Bill received a large majority of MPs' votes but not the 75% needed to pass
- Did not affect transition legitimacy ▸ Back

3rd Party Commitment

A la Fearon (2011), Coordination problem for Rebels

- Both actions are public signals
    - Military taking power by force
    - Opposition quiting government
- Either event enables credible threat of coordinated rebellion `▸ Back`

Similar Coordination Problem for IC

- Little use imposing sanctions unilaterally
- IC conditions sanction reintroduction on public signals
  - Military taking power by force
  - Opposition quiting government
- Either event enables credible threat of coordinated sanction ► Back

Under both regime types

- Two players within an autocracy
    - leader, l
    - supporting group (selectorate), f
    - M still denotes autocratic group as a whole
- Each period selectorate can "challenge" for leader's position
    - if challenged
        - probability $h \leq 1$ selectorate deposes/replaces leader
        - probability $1 - h$ leader remains
        - loser of challenge gets 0 from then on
- Each period l allocates $M's$ rents between l and f
    - θ denotes share given to f, remainder goes to l

- 1. M receives per period rents in game played with O
- 2. l decides on division, θ for f, keeping residual, $1 - \theta$
- 3. f observes θ and decides whether to challenge l or not
- 4.a. If l not deposed, remains leader next period
    - if this because challenge failed, l replaces f
    - if no challenge, l keeps f
- 4.b. If l deposed, f takes over l's position at start of next period

Institutionalized autocracy case

Lemma 1:

Under the rule of an institutionalized autocratic elite, the selectorate's share of per period rents is given by $\theta^* \equiv \frac{h}{1+h}$. After democratization, but without an autocrat's constitution, this share is the same.

- proportionate changes in autocratic rents do not affect division within
- l's decision to democratize determined by NPV of rents
  - demonstrated in claim 1 (without constitution) these fall with democratization

Personalized autocracy case

Lemma 2: *In a personalized autocracy, the selectorate's share of per period rents is given by $\theta^{**} \equiv \frac{h}{1+h} \frac{\mu(1-\delta S)}{1-\delta \mu S} < \theta^*$. This share is unaffected by democratization WITHOUT an autocrat's constitution.*

- Selectorate's share lower in personalized autocracy
    - Autocratic group's threat falls when deposing personalist leader
    - Allows leader to grab greater share of rents: *apres moi le deluge*
- Again, proportionate changes in total rents available to autocratic group do not affect shares
- *l*'s decision to democratize determined by NPV of rents
    - demonstrated in claim 1 these fall with democratization

- For both types of autocracy, rent shares to M are $\bar{\alpha}$ per period up to T_h and then pinned down by threat to opposition
- So under Autocrat's constitution M's threat to Opposition plays no role in determining rent share up to T_h
- Recall, Personalist autocracy's threat falls when deposing leader
  - allows leader to grab a greater share
- But under Autocrat's constitution M is insulated from this fall
  - so leader less important (leader's rent share falls) ▸ Back