

Pathway from Communist Revolution to Liberal Democracy*

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Abstract

We propose a model of the transition from an autocratic regime to either a liberal democracy or a communist regime. An underground organization votes on whether to summon a mass event. If it is summoned, the organization members decide whether to put effort into the event. Higher effort makes regime change more likely, but it is individually risky. This creates the possibility, in principle, of high and low effort equilibria. But we show, using weak dominance arguments, that only the high effort equilibrium is "credible." Thus, internal party democracy is shown to be an efficiency enhancing element for political transitions. Finally we also show when is the process likely to end up in either democracy (and its "quality") or a full communist regime. When revolution succeeds, it leads to a constitution design phase where revolutionaries and reformists of the old regime negotiate the constitutional rules of the democratic game and a democratic consolidation phase where the two sides choose to abide or not by the result of the elections. Conditions for successful transition to (and consolidation of) democracy incorporate both ex-ante and ex-post assessments of electoral prospects by the parties who participate in the process.

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1 Introduction

One of the most striking and paradoxical features of transitions from repressive authoritarian regimes to liberal democracies in Latin America and Africa is the central role played by communist opposition parties. Nearly every African or Latin American country labeled as “free” by Freedom House in 2005, that underwent a successful democratic transition and currently has strong liberal credentials (such as freedom of the press), has experienced communist party activism. In other words, a good predictor of the strength of liberal democracy in an African or Latin American country is “communist legacy”, i.e. whether the country has had a communist opposition party, that survived political repression and has been politically influential. The best examples are South Africa, Benin, Senegal in Africa, Chile and El Salvador in Central and South America.

Is there a “Communist” blessing in transitions to democracy? In fact, it depends on whether the party is “Leninist” or “Maoist”. While “Leninist” opposition parties, such the South African Communist Party tend to facilitate democratic transition, “Maoist” parties such as the “Shining Path” in Peru tend to hinder it. This could be due to the fact that Leninist parties recruit mostly from urban working classes, trade unions and students organizations, while Maoist parties are generated by rural peasant guerrilla movements. Obviously, communist dictatorships have replaced other forms of oppressive regimes in Russia, China, Cambodia and Cuba. But those are rather “successful” cases of communist revolutions. What we have in mind are the cases of “aborted” communist revolutions that almost invariably result in short term and sometimes long term democratic experiments. Our central research question is the following: when does communist party activism have a democratizing affect?

We can think of three reasons: First, those organizations emerge only in countries with very active labor unions, students organizations and strong civil society organizations. In other words, the presence of a Communist Party in a country may be an indication of the strength of social movements and interest groups, which according to Rueschemeyer, Huber and Stephens (1992) facilitate democratic change. Second, following the Leninist “blue print” for revolutions, i.e. the creation of an underground network by professional revolutionaries, the organization of bold mass actions, communist organizations are quite effective in generating political changes under repressive governments. This was the case in Russia in 1917, South Africa in 1990, Benin in 1990, and so on. Third, even small communist cells can be politically effective by forcing moderate and less ideologically committed leftist parties to be more politically active and become ardent proponents of democratic change. In particular, the competition for political support from working classes between moderate socialist groups and communist groups can push socialists to become more active resitants to autocratic regimes. This indirect and strategic effect would lead to an increased pressure on the government and facilitate the emergence of democracies.

In this paper, we focus, on the second story. We study conditions for a successful democratic revolution initiated by an underground political party. We stress the role internal democracy in the

party and its organization capacity in making revolution possible and show when is the process likely to end up in either democracy (and its quality) or a full communist regime. More specifically, we study a multistage game in which members of an underground communist organization who want to bring down an autocratic government have to take to the streets and lead the revolution. The regime falls and democracy may arise only if enough of them participate. However, participation is a coordination game and has multiple equilibria. This a classical collective action problem that is pervasive (and only partially resolved) in most modern analyses of democratic transitions.¹ We show that internal democracy in the underground organization solves the coordination problem: the equilibrium where revolutionaries undertake collectively the urban mass protest in the only one involving undominated strategies. That is, organizing a vote over the option of an urban mass protest among clandestine activists changes dramatically the strategic structure of the collective action problem. The reason is that voting in favor of the collective action and then not joining the mass protest, if approved, is (weakly) worse than simply voting against the mass protest. In a sense, a “yes” vote on the mass-protest acts as a strategic commitment device, or as a behavioral signal on the willingness to cooperate which solves the coordination problem of the organizers. In essence, internal organization features of clandestine parties and their collective decision making procedures (here, internal democracy) are the key to solve the pervasive collective action problems in revolutions.²

When revolution succeeds, it leads to a constitution design phase where revolutionaries and reformists of the old regime negotiate the rules of the democratic game and a democratic consolidation phase where the two sides choose to abide or not by the result of the elections. We characterize conditions where there is successful transition to democracy. The constitutional negotiation establishes the degree of freedom left to ruling parties under democracy. Ex-ante assessment of electoral prospects are a key determinant of the negotiated terms of the constitution. In substance, the faction with a higher long-term likelihood of being in office prefers a higher constitutional level of discretion, which conflicts with the objectives of the other negotiating party. The negotiation balances these conflicting views taking also into account the threat of reverting to social unrest and even civil war if negotiation fails. Additionally, we also consider the conditions under which democracy lasts. These require basically that the agreed upon constitutional terms are also incentive compatible ex-post, when the two parties re-evaluate the relative long-term likelihood to be in office based on the outcome of the first electoral contest of democracy. This brings explicitly into light a dynamic perspective into our model of creation and consolidation of democracy.³

¹Acemoglu and Robinson (2006) discuss at length the potential collective action problems in organizing a revolution (p. 123 onwards). An exhaustive survey by Moore (1995) discusses how the free rider problem affects rebellions.

²As an anecdote, a well-known scene in “La Battaglia di Algeri” (Gillo Pontecorvo [1966]), shows a scene of FLN revolutionaries voting on unrest activities.

³De Tocqueville ([1839] p.200) was already aware of this problem: “When elections recur only at long intervals, the state is exposed to violent agitation every time they take place. Parties then exert themselves to the utmost in order to gain a prize which is so rarely within their reach; and as the evil is almost irremediable for the candidates

Thus, we propose a model which embraces three important phases in transitions from dictatorship to democracy. First, the collective action problem of the revolution by the members of a clandestine group, whose solution relies on internal organizational features of the underground world. Second, the constitution results from an explicit bargaining between old regime autocrats and successful revolutionaries, under the shadow of the mutual threat of civil war. Finally, we study explicitly the consolidation of democracy, by distinguishing explicitly between ex-ante (at the constitutional negotiation stage) and ex-post (after the first elections) perspectives of participating actors.

Our analysis identifies two sets of necessary and sufficient conditions under which democracy emerges from a revolution and lasts. The first condition, which we call *constitutional safeguard*, highlights the relative value (at different stages and for different actors) of democracy and autocracy. Instead, the second condition which we call *revolution by consensus* is more strategic in nature.

Our model captures key features of the revolutionary strategy developed by Lenin in his 1902 pamphlet, entitled “What Is To Be Done?”. Lenin argues that the basic prerequisite for a revolution is the creation of a “vanguard” party that would relentlessly work to educate, lead, and guide the working classes in their struggle against the Tsar and his authoritarian government. By vanguard party, he meant a centralized political group, organized around a small nucleus of professional revolutionaries with proved experience in underground political activism, who would be elected by the party congress. The internal structure of the party would be a network of underground cells, which are impenetrable by the police and can provide effective leadership and organizational capacity to trade-unions and other opposition groups.

It is quite clear that Lenin’s revolutionary strategy is not intrinsically communist or leftist. That is why it has been adopted by religious opposition groups in Iran in the 1970s, even by anti-communist revolutionaries in Poland in the 1980s. (For details, see Parsa [1989] for the case of the Iranian Revolution and Ash [2002] for the Polish Revolution). Thus, our argument can be interpreted as a theory of transition to democracy, whether it is from right wing dictatorships (South Africa, Iran) or left-wing dictatorships (Benin, Poland). The crucial test for the argument is whether the revolutionary party, regardless its ideology (communist, anticommunist, religious or else), followed the organizational strategy outlined by Lenin and the Bolsheviks in early twentieth century Russia. Again, our focus is entirely on Lenin the revolutionary strategist, not on the communist ideologue, let alone the dictator.

Scope of the argument and literature review The paper contributes to the formalization of political competition under dictatorships, which is radically different from a downsian political competition under democracy. First and foremost, it is unregulated, e.g. opposition parties are illegal and are treated like criminal organizations. Citizens care both about policy outcomes and

who fail, everything is to be feared from their disappointed ambition. If, on the other hand, the legal struggle is soon to be repeated, the defeated parties take patience.”

institutions that implement those policies. For instance, citizens might prefer a bad policy under democracy than a good policy under dictatorship. Citizens don't vote. Instead, they do or do not participate in revolutionary actions (e.g. uprising). They do not, if they support the government or do if they prefer the clandestine opposition party. Political parties have preferences over both institutions and policies but also have to choose organization structures that will enable them achieve their political objectives. In other words, the strategy space of the political parties is composed of institutions and organization structure to make a revolution possible or to prevent revolution from taking place.

There is large literature on revolutions as collective action problem. Roemer (1985) studies political competition between the Tsar and Lenin for support from citizens and derive Lenin's revolutionary ideology and Tsar's tyrannical strategies are derived as equilibrium behavior. Kuran (1989) seeks to explain revolutionary surprises: revolutions may appear unavoidable given the severity of the economic crisis in a country and yet its occurrence might come as surprise for political actors. His arguments focus on the fact citizens under autocratic regimes tend to misrepresent their preferences for political change out of fear of repression. Revolutions become possible only when leaders succeed in exposing the vulnerability of the regime and propose a credible alternative to the status-quo. In sharp contrast with Roemer and Kuran, our focus is (1) on the actions of the underground (communist) party members, not on the strategy of a revolutionary leader or the determinants of citizens's decisions to support or oppose the autocratic government and (2) the conditions of democratic change

Acemoglu and Robinson ([2000], [2005]) presents a model in which a threat of revolution that will redistribute income from the rich to the poor induces the rich elite to extend voting rights to the poor, i.e. democratize. This is because democracy helps elite to commit to future redistribution, since the poor have been granted the power to set the tax rate. In our model, which focuses on the power game, rather than on distributive issues, a threat of communist revolutions induce democrats to become more militant and politically active. As a result, ruling autocratic rulers decide to concede democratic reforms. In other words, democracy helps prevent a communist revolution.

However, an important point missing in Acemoglu and Robinson (2005) is a deeper understanding of revolutions, which, in their model is off the equilibrium path. Furthermore, the authors ignore the possibility of post-revolutionary dictatorships as well as the role of communist parties and regimes. According to Spolaore (2007), this limits the ability of their model to capture "a number of political mechanisms and conflicts at work during the twentieth century". (p. 177). As Acemoglu and Robinson themselves acknowledge, developing a more thorough understanding of what happens in revolutions and how postrevolutionary institutions subsequently evolve is a fascinating area of research that may generate new predictions about the creation and the consolidation of democracy" (p. 357). Our paper is an attempt to fill this gap in the literature.

The paper is organized as follows. Section 2 presents the structure of the model focusing on the collective choice and the mass protest stage. Section 3 describes and discuss the equilibrium outcome of the overall democratic transition game, Section 4 studies one extension of the model in which some members of the clandestine organization are shielded from the mass protest and derive how this would affect the outcome of the protest as well as democratic transitions. Section 5 presents some illustrative examples and section 5 concludes.

2 The Model

We consider a country governed by an autocratic regime. Its organized clandestine opposition is at a crossroad. They must decide whether to organize an urban mass protest type of rebellion (in the style of the French revolution), or a rural kind civil war (in the style of Mao's red march). We would like to understand the conditions under which urban mass protest takes place and sets the stage for a democratic transition. For this reason, we model the Red March kind of revolution in a relatively reduced form way.

The countryside uprising: A Red March revolution We consider a contest between a clandestine organization C , and a ruling elite E .

Suppose this clandestine organization decides to organize the revolution via a countryside uprising (possibly in the form of guerrilla wars, initially). In this case, the winner of this contest is determined randomly.⁴ The expected discounted payoffs for the winner (resp. loser) of the contest are w , (resp. $-l$), with $w > 0, l > 0, w - l > 0$.⁵ The probability of C winning at this stage is p_C . Thus, payoffs for the member of C if the decision is to undertake a countryside uprising are $z = p_C w - (1 - p_C)l$. The corresponding payoffs for a member of the elite are $\xi = (1 - p_C)w - p_C l$. Notice that the sum $\xi + z$ is a constant, denoted by $b = \xi + z$, that measure the net social surplus of war.

We write $z = \lambda b$ and $\xi = (1 - \lambda)b$, for an adequate $\lambda \in [0, 1]$, which is a linearly increasing function of p_C .

The city mass protest and the collective choice problem The members of the clandestine organization consider, as an alternative to a countryside uprising, the possibility to organize a mass protest in the city. If successful, the mass protest can destabilize the current autocratic political regime and, eventually, lead to new political order (possibly a democracy, but not excluding a renewal of dictatorship). An unsuccessful mass protest, instead, triggers a wave of intensified

⁴Endogenizing the payoffs from this contest, for example along the lines of Skaperdas (1992) or Fearon (2005) would be a simple extension of our model. See also Chassang and Padró-i-Miquel (2005) for an alternative model of civil conflict.

⁵A simple generalization of the model allows for asymmetric payoffs for winning and losing between the players.

repression by the current autocratic regime on the clandestine underworld. The partially dismantled clandestine organization that remains after this failed mass protest, if still operative enough, will try to organize the Red March as the now only remaining alternative to the failed urban movement.

We assume that all members of the clandestine organization participate in the final decision about whether to organize a mass protest. Such collective decision-making rules are in fact characteristic of communist clandestine organizations.⁶

Formally, a vote on the issue is organized. There are n members of the clandestine organization C . Each member $i \in C$ casts a vote v_i for or against the mass protest. A positive vote in favor of the mass protest is $v_i = 1$, a negative vote is $v_i = -1$. The collection of all votes is (v_1, \dots, v_n) .

The outcome of this voting round is either to organize the mass protest, or to go forward with the Red March. The final decision is taken by majority voting. The outcome \mathcal{O} of this voting stage is thus:⁷

$$\mathcal{O}(v_1, \dots, v_n) = \begin{cases} \text{“Urban Mass Protest”,} & \text{if } v_1 + \dots + v_n > 0 \\ \text{“Red March”,} & \text{if } v_1 + \dots + v_n \leq 0 \end{cases}$$

The mass protest A successful mass protest is a revolution that creates a schism in the autocratic regime and opens the possibility of a negotiation round between the reformists within the old regime and the revolutionaries to set up a democratic constitution. The success of a mass protest depends on the level of involvement and participation of the clandestine opposition members in the action. Indeed, a clandestine opposition member who quits the underworld and takes an active part in a public event signals to the rest of the population the willingness to bring to an end the civil unrest, as otherwise he will be facing a very high repression cost. This signal acts as a magnet that gathers a bigger crowd into the mass protest, and the more so the bigger the number of clandestine opposition members that join the streets.

For simplicity, there are only two actions available to each clandestine organization member, $a_i \in \{0, 1\}$. When member i contributes actively in the mass protest, and quits the clandestine underworld to take part in this event, we set $a_i = 1$. Instead, if member i is passive and chooses not to show up at the mass protest, we set $a_i = 0$. The collection of participation decisions is (a_1, \dots, a_n) .⁸

⁶In communist tradition, the vote could be limited to members of the central committee of the party, themselves elected to that position by the party’s congress.

⁷The assumption of majority approval is not crucial for our analysis, which carries over to general k -majority approval. Qualitatively, our results are also immune to the details of the tie-breaking rule in the voting stage.

⁸We will see later, in the extensions, that organizational efficiency may dictate that some members do not participate in the mass protest even if they are in favor of it. This includes some of the top leaders or those in charge in charge of internal security of the clandestine organization or informants. In case the first mass protest fails, they need to prepare another one by keeping part of the network secret.

In that extension we also keep in mind that mass protest would not have been possible without internal organization capacity. Non communists choose to join the underground party: labor unions, student organizations and other civic figures accept the leadership of the party because of its superior organizational capacity. In fact, those organizations become less vulnerable and more active as a result of their interaction with the underground party.

The outcome of the mass protest is either a successful revolution, or a failure which may then lead to a Red March type of unrest. We model this as a Bernoulli random variable, where the revolution succeeds with some probability $0 \leq \theta \leq 1$, and fails with complementary probability $1 - \theta$. The success probability depends non-negatively on the participation decisions of the clandestine oppositors, $\theta(a_1, \dots, a_n)$.

When the mass protest succeeds, and the current political regime is jeopardized, each clandestine oppositor i who has joined the public event at a personal risk, $a_i = 1$, receives a return $d > 0$, which is endogenized below. This value d reflects the payoffs for the activists of the political regime that will ensue, depending on the outcomes of the post-mass protest stage. We set to 0 the payoff to the passive clandestine activists who don't take part into the mass protest, $a_i = 0$.

When the mass protest fails, clandestine oppositors that are identified by the police face a repression cost $-r < 0$. We assume that active clandestine oppositors in the mass protest ($a_i = 1$) are always identified and face this cost. Passive clandestine oppositors ($a_i = 0$) are caught with some probability $0 \leq q \leq 1$ that reflects the possibility for them to navigate inside the underworld (that they never quit) to escape police repression. Oppositors that escape the police repression will organize a Red March. Payoffs to the Red March are, respectively z' and ξ' for the revolutionaries and autocrats, with $z' + \xi' = b$, $z' = \lambda'b < z = \lambda b$ and $\xi' = (1 - \lambda')b > \xi$. Since the failed mass movement would likely have entailed the loss of some worthy activists, there will be a lower probability of success p'_C in the Red March for revolutionaries thus the lower expected payoff for them, $\lambda > \lambda'$ (recall that λ and λ' are a function of the success probability).

Under a mass protest event, individual payoffs are thus the following:

$$u_i(a_i, a_{-i}; \text{mass protest}) = \begin{cases} \theta(a_i, a_{-i})d - (1 - \theta(a_i, a_{-i}))r, & \text{if } a_i = 1 \\ (1 - \theta(a_i, a_{-i}))[(1 - q)z' - qr], & \text{if } a_i = 0 \end{cases} \quad (1)$$

In particular, given a participation decision a_{-i} for all but one member, activist i decides to participate to the mass protest if and only if $u_i(1, a_{-i}; \text{mass protest}) > u_i(0, a_{-i}; \text{mass protest})$, which is equivalent to:

$$\theta(1, a_{-i})d - (1 - \theta(1, a_{-i}))r > (1 - \theta(0, a_{-i}))[(1 - q)z' - qr]. \quad (2)$$

In what follows, we take $\theta(\cdot)$ to be a non-decreasing function of the total number of clandestine participants $a = a_1 + \dots + a_n$, that is, $\theta(a_i, a_{-i}) = \theta(a_i + \sum_{j \neq i} a_j)$. In particular, $\theta(1, a_{-i}) = \theta(1 + \sum_{j \neq i} a_j) \geq \theta(\sum_{j \neq i} a_j) = \theta(0, a_{-i})$. Then, a sufficient condition for (2) is obtained when we replace $\theta(1, a_{-i})$ by $\theta(0, a_{-i})$ in the left-hand side of (2). This leads to:⁹

$$\theta(\sum_{j \neq i} a_j) > \underline{\theta}(d) = \frac{(1 - q)(z' + r)}{d + (1 - q)(z' + r)}. \quad (3)$$

⁹Note that $p < 1$ when $d > 0$.

The lower bound for participation $\underline{\theta}(\cdot)$ depends on the payoffs from attending the mass protest and, in particular, on the returns d from successful mass protest. Under (3), $a_i = 1$ is a best-response to a_{-i} .

Suppose that there exists some $\underline{a} \leq n - 1$ such that $\theta(a) > \underline{\theta}(d)$ for all $a \geq \underline{a}$. Then, it is a best-response to participate in the mass protest for any clandestine organization member when at least \underline{a} other players participate. The mass protest participation decisions define a coordination game similar to the collective action models with threshold participation levels in Granovetter (1978) and, more recently, Chwe (1999). We obtain the following result.

Remark 1 *Suppose that $\theta(n - 1) > \underline{\theta}(d)$. Then, the mass protest participation game has exactly two pure strategy Nash equilibria. In one of those equilibria, all clandestine members participate; in the other equilibrium, no clandestine member participates.*

The old regime schism and constitutional design In case of a successful mass protest, member of the elite E and of the clandestine organization C seat together to negotiate the terms of a democratic constitution.

The democratic regime has an associated average policy of value π to all contenders. The constitution fixes the latitude $\pm\Delta$ left to the ruling party in establishing its preferred policies above or below this average value π . The constitutional level of discretion Δ is the outcome of a negotiation between the parties. Under the constitutional democracy, the implemented policies are thus in $[\pi - \Delta, \pi + \Delta]$. We assume that the ruling party obtains a payoff of $\pi + \Delta$ while in office. This payoff reflects the discretion left to the ruling party to decide upon the policies applied within the constitutional limits. In democracy, the opposition party obtains a payoff of $\pi - \Delta$ that reflects the political guarantees warranted by the constitution to everyone, including supporters of parties not in office. Holding π constant, a high Δ corresponds to a generic constitution that leaves a high level of discretion to the rulers, while a low Δ corresponds to a more interventionist constitution.

The old regime leaders and the revolutionaries undertake the democratic transition and the constitutional negotiations if the anticipated joint democracy payoffs (described in the next section) are higher than their joint stand-alone values. Failed negotiations lead to a Red March confrontation, which defines these stand-alone values. The payoffs to a Red March at this stage are respectively ξ'' and z'' with $z'' + \xi'' = b$. Since by coming into the open the revolutionary leaders may make themselves an easy target, the success probability of a Red March now is lower than without a mass protest. We thus set $z'' = \lambda''b < \lambda b$.¹⁰ Clearly, then $\xi'' = (1 - \lambda'')b > \xi = (1 - \lambda)b$. How expected payoff of a revolutionary for a Red March after a mass protest vary with or without repression is less clear. We thus do not impose an ordering between z' and z'' .

¹⁰A negotiation only takes place when the mass protest is successful, thus most members of the clandestine organization will have come into the open. However, because the negotiation round need not involve them all, even if their identity is now known, they can still, and in parallel to the negotiation, set up the conditions for a Red March in case the negotiations fail.

We use the asymmetric Nash bargaining solution to characterize the negotiation outcome that fixes the value of constitutional government discretion Δ . The threat points of Nash bargaining are given by the stand-alone values. Bargaining powers are respectively β and $1 - \beta$ for the revolutionaries and the autocrats, with $\beta \in (0, 1)$. Payoffs from democracy are described below.

The first democratic elections and democracy consolidation Once a constitution is designed, an election takes place. The two candidate parties are emanations of the elite E and the revolutionaries C , but the actual formation of both parties does not rule out cross overs. We denote by O the party amalgamating mostly old regime members and some moderate revolutionaries, and by R the party constituted by revolutionaries and perhaps some sympathizing elite members.

The outcome of the first election is a Bernoulli process where R wins with probability p_R , and thus O wins with complementary probability $1 - p_R$.

After the first election, and once the winning party is determined, the country undergoes a regime consolidation phase. We model this as a two-by-two game where the players are the two parties, O and R , and the actions are $c_i \in \{0, 1\}$, $i \in \{O, R\}$. When party i accepts to abide by the constitutional contract of the democracy and accepts the electoral results, we set $c_i = 1$. Otherwise, $c_i = 0$. This is a once-and-for-all decision taken after the first elections, and only then. If at least one party breaches the constitutional contract (i.e. $c_1 c_2 = 0$), a regime involution ensues with some probability $0 < \mu < 1$. With complementary probability $1 - \mu$, democracy stabilizes forever. If, instead, both parties approve the consolidation of democracy (i.e. $c_1 = c_2 = 1$), this new political regime lasts.

If the democracy consolidates after this first election, the winner of every consecutive election is determined via some stochastic dynamic process from which the parties can compute their associated net present values (parties discount future payoffs by a factor $0 < \delta < 1$). The dynamic stochastic process for electoral runs is as follows.

Time is discrete $t = 1, 2, \dots$ and each time period corresponds to an election. At the beginning of each period, an election takes place whose result is known at the end of the period. The outcome of date t th election is a random variable W_t with values in $\{0, 1\}$. The case $W_t = 1$ (resp. $W_t = 0$) corresponds to party R (resp. party O) winning date t th election. We follow the convention of representing random variables by capital letters and realizations by small letters. Thus, $h_t = (w_1, \dots, w_t)$ is a realization of electoral outputs –an electoral history– up to (and included) the t th election, with values in $\{0, 1\}^t$. Given an electoral history $h_t \in \{0, 1\}^t$, the outcome of the $t + 1$ th election W_{t+1} is a Bernoulli process where R wins the election with (conditional) probability

$$\Pr\{W_{t+1} = 1 \mid h_t\} = 1 - \Pr\{W_{t+1} = 0 \mid h_t\}. \quad (4)$$

The first election Bernoulli process together with the conditional Bernoulli processes (4) at every date t unambiguously define a probability distribution over the set of histories $\{H_t\}_{t=1}^{+\infty}$. We

compute from this probability distribution the marginal (unconditional) probability $\Pr\{W_t = 1\}$ of party R winning the t th election. We denote $p_t = \Pr\{W_t = 1\}$ the winning probability for the t th election Bernoulli process.¹¹

The sequence of Bernoulli random variables $\{W_1, W_2, \dots\}$ comprise the stochastic process of electoral outcomes.

Let $\bar{p} = (1 - \delta) \sum_{t=1}^{+\infty} \delta^{t-1} p_t$ be the discounted time average winning probability for party R evaluated at the beginning of period one. Thus, $1 - \bar{p}$ is the time average winning probability for party O .

Recall that the ruling party in office obtains a contemporaneous payoff of $\pi + \Delta$, while the democratic opposition gets $\pi - \Delta$. The contemporaneous expected value of democracy at the beginning of period t (and before the t th election takes place) is thus:

$$\mathbb{E}_t [d_R] = p_t (\pi + \Delta) + (1 - p_t) (\pi - \Delta) = \pi + \Delta (2p_t - 1), \quad (5)$$

for party R , and

$$\mathbb{E}_t [d_O] = (1 - p_t) (\pi + \Delta) + p_t (\pi - \Delta) = 2\pi - \mathbb{E}_t [d_R], \quad (6)$$

for party O .

The expected discounted stream of payoffs from democracy for party R are then:

$$\mathbb{E} [d_R] = (1 - \delta) \sum_{t=1}^{+\infty} \delta^{t-1} \mathbb{E}_t [d_R] = \pi + (2\bar{p} - 1) \Delta = 2\pi - \mathbb{E} [d_O]. \quad (7)$$

The term π corresponds to the expected discounted payoff of the average policy that accrues to every party in a long-lasting democracy. Besides, parties can get an extra positive or negative payoff depending on whether $2\bar{p}$ is higher or lower than $1/2$. Finally, the joint democracy gain flows are $\mathbb{E} [d_R] + \mathbb{E} [d_O] = 2\pi$.

Example 2 *Suppose that the winner of every consecutive election is determined via a Markov chain. Let $m > 1/2$ be the conditional probability that the incumbent stays in office, that is, $\Pr\{W_{t+1} = 1 \mid w_t = 1\} = m$, for all $t \geq 1$. Then*

$$p_t = \frac{1}{2} + (2m - 1)^{t-1} \left(p_R - \frac{1}{2} \right), \text{ for all } t \geq 1,$$

and thus:

$$\bar{p} = \frac{1}{2} + \left(p_R - \frac{1}{2} \right) \frac{1 - \delta}{1 - \delta(2m - 1)}, \quad (8)$$

and increasing function of the incumbent advantage m , and of the winning probability p_R at the first elections.

¹¹The probability distribution ν over $\{H_t\}_{t=0}^{+\infty}$ is defined recursively by simple Bayesian updating: $\nu((h_t, w_{t+1})) = \Pr\{w_{t+1} \mid h_t\} \nu(h_t)$, with $w_{t+1} \in \{0, 1\}$ and $\nu(\emptyset) = p_R$. The unconditional winning probability for party R at the t th election is then:

$$p_t = \sum_{h_t \in H_t} \nu((h_t, 1)).$$

The democracy transition game The game consists of four stages.

In the first stage, all clandestine organization members participate in the collective choice procedure. If the mass protest has not been approved in the first stage, a Red March ensues and the game ends. If, instead, the mass protest has been approved, we go into the second stage of the game. We call this first stage *the voting stage*.

In the second stage, all the clandestine organization members chose their participation decision. If the mass protest is not successful, repression takes place, a Red March ensues and the game ends. Otherwise, we go into the third stage of the game. We call the second stage *the mass protest participation stage*.

In the third stage, the old regime leaders and the revolutionaries negotiate a democratic constitution with each other to try to set up a transition to the new regime. If negotiation ends in agreement, we go to the fourth stage. Otherwise, a Red March ensues and the game ends. We call the third stage *the old regime schism and constitutional agreement stage*.

The fourth stage starts with the first democratic elections taking place. Then, after the proclamation of the electoral results, the two parties decide whether to abide by the democratic constitution, or to breach unilaterally the constitutional contract. If both show allegiance to the constitution, the democracy is consolidated, it lasts forever and the regime goes through a succession of democratic elections. If, instead, some party opposes the election results, a Red March ensues with some probability, while the democracy is stabilized anyway otherwise. We call this last stage *the first elections and democracy consolidation stage*.

3 Equilibrium analysis

We solve the revolution and democracy transition game backwards.

3.1 The democracy consolidation stage

The democracy consolidation stage is a two-by-two game that takes place at the end of the first democratic election, once the winner of this first electoral contest is known. The result of the first democratic election is $w_1 \in \{0, 1\}$, where $w_1 = 1$ (resp. $w = 0$) stands for party R (resp. party O) winning this first election.

Let $p_t^w = \Pr\{W_t = 1 \mid w_1 = w\}$, for all t and $w \in \{0, 1\}$. This is the conditional probability of party R winning the t th election conditional on the first electoral outcome being w . Then, $1 - p_t^w$ is the conditional probability that party O is, instead, the t th election winner. From period $t \geq 2$ onwards, the contemporaneous expected value of democracy before the t th election takes place is:

$$\mathbb{E}_t [d_R \mid w_1 = 1] = (\pi + \Delta) p_t^1 + (\pi - \Delta) (1 - p_t^1),$$

for party R , and

$$\mathbb{E}_t [d_O \mid w_1 = 1] = (\pi + \Delta) (1 - p_t^1) + (\pi - \Delta) p_t^1,$$

for party O .

Define:

$$\bar{p}^w = (1 - \delta) \sum_{t=2}^{+\infty} \delta^{t-1} p_t^w, \text{ with } w \in \{0, 1\}.$$

This is the party R 's discounted time average winning probability conditional on the electoral outcome of the first election being $w \in \{0, 1\}$. By definition, $0 \leq \bar{p}^w \leq \delta$, for all $w \in \{0, 1\}$. The conditional time average winning probability for party O is then simply $\delta - \bar{p}^w$.¹²

Consider first the case where party R is the first election winner, that is, $w_1 = 1$ (an event with ex ante probability p_R). The ruling party R gets a contemporaneous democracy payoff equal to $\pi + \Delta$, while the opposition party O enjoys a contemporaneous payoff $\pi - \Delta$. Using (5) and (6), the net present value from consolidating democracy from period 1 onwards is:

$$v_R^1 = \pi + (1 - 2\delta) \Delta + 2\Delta \bar{p}^1 \quad (9)$$

$$v_O^1 = \pi - (1 - 2\delta) \Delta - 2\Delta \bar{p}^1, \quad (10)$$

respectively for party R and O .

Consider now the case where party O is the first election winner, that is, $w_1 = 0$ (an event with ex ante probability $1 - p_R$). Then, using (5) and (6), the net present value from consolidating democracy from period 1 onwards is:

$$v_O^0 = \pi + \Delta - 2\Delta \bar{p}^0 \quad (11)$$

$$v_R^0 = \pi - \Delta + 2\Delta \bar{p}^0. \quad (12)$$

It is clear from the previous expressions that $v_R^1 > v_O^1$ and $v_O^0 > v_R^0$, that is, the winner of the first election attaches a higher value to consolidating democracy than does the losing party.

The consolidation game after R wins the first election is thus (row payoffs correspond to party R and column payoffs to party O):

R,O	0	1
0	$(1 - \mu) v_R^w + \mu z'', (1 - \mu) v_O^w + \mu \xi''$	$(1 - \mu) v_R^w + \mu z'', (1 - \mu) v_O^w + \mu \xi''$
1	$(1 - \mu) v_R^w + \mu z'', (1 - \mu) v_O^w + \mu \xi''$	v_R^w, v_O^w

where $w = 1$ if party R is the first election winner, and $w = 0$ otherwise. The consolidation game after O wins the first election is constructed similarly.

With these payoffs, it is clear that the strategy profile $(c_1, c_2) = (1, 1)$ where both parties chose to consolidate the democracy is a Nash equilibrium in undominated strategies irrespective of the winner's identity (be it R or O) if and only if $\min\{v_R^1, v_R^0\} > z'' = \lambda'' b$ and $\min\{v_O^1, v_O^0\} > \xi'' = (1 - \lambda'') b$. In words, democratic consolidation requires that both parties attach a higher net

¹²Noticing that $p_t = \Pr\{w_1 = 0, W_t = 1\} + \Pr\{w_1 = 1, W_t = 1\} = (1 - p_R) p_t^0 + p_R p_t^1$, for all $t \geq 2$, and summing across across all $t \geq 1$ we have $\bar{p} = (1 - \delta) p_R + (1 - p_R) \bar{p}^0 + p_R \bar{p}^1$.

present value to democracy than to Red March, irrespective of whether they win or they lose the first electoral contest.

Straight calculation shows that, $v_R^1 \geq v_R^0$ if and only if $1 - \delta \geq (\bar{p}^0 - \bar{p}^1)$, itself equivalent to $\bar{p} \geq \bar{p}^0$. Similarly, that $v_O^0 \geq v_O^1$ if and only if $\bar{p} \geq \bar{p}^0$.¹³

Suppose that the time average winning probability for party R is lower when they lose the first electoral contest. Then, democracy consolidation requires that both parties attach a higher net present value to long-lasting democracy than to Red March when they have lost the first electoral contest. Suppose, instead, that the winning probability for party R increases after a first election loss. Then, consolidation requires that winning parties prefer democracy to Red March unrest.

Example 3 *Suppose that the winner of every consecutive election is determined via a Markov chain. Let $m > 1/2$ be the conditional probability that the incumbent stays in office, that is, $\Pr\{W_{t+1} = 1 \mid w_t = 1\} = m$, for all $t \geq 1$. In this case the unconditional discounted time average for party R is given in 8. The conditional winning probabilities are:*

$$\bar{p}^1 = \frac{\delta}{2} + \frac{\delta(1-\delta)(2m-1)}{2(1-\delta(2m-1))} \quad \text{and} \quad \bar{p}^0 = \frac{\delta}{2} - \frac{\delta(1-\delta)(2m-1)}{2(1-\delta(2m-1))}$$

One can readily check that $\bar{p}^1 > \bar{p}^0$, that is, winning the first election increases the time average winning probability. In this case, the first election winner gets a payoff $v_R^1 = v_O^0 = v + k$, while the first election loser gets a payoff $v_O^1 = v_R^0 = v$, where:

$$v = \pi - \frac{1-\delta}{1-\delta(2m-1)} \quad \text{and} \quad k = \frac{2(1-\delta)}{1-\delta(2m-1)}.$$

Since $\bar{p} > \bar{p}^0$ when $m > 1/2$, the conditions for consolidation to be a Nash equilibrium in undominated strategies then boil down to $v > b \max\{\lambda'', 1 - \lambda''\}$, that is, the party losing the first election must value more democracy than the option of a Red March..

3.2 The constitutional agreement stage

We know from (7) that the net present value of democracy for the two negotiating parties at the constitution agreement stage are $\mathbb{E}[d_R] = \pi + (2\bar{p} - 1)\Delta$ for the revolutionaries, and $\mathbb{E}[d_O] = \pi - (2\bar{p} - 1)\Delta$ for the autocrats. As long as $\bar{p} \neq 1/2$, the two parties thus have conflicting views on the outcome of the process. In particular, when the expected discounted winning probability for the revolutionaries is high, $\bar{p} > 1/2$, these ones prefer a constitution leaving high discretion to the party in office (high Δ), while the old regime party prefers a constitution that narrows the degree of freedom of the government in place. The preferences of the two parties over constitutional discretion switch when $\bar{p} < 1/2$.

In what follows, we assume that $\bar{p} \neq 1/2$.

¹³A sufficient condition for which is $\bar{p}^1 \geq \bar{p}^0$.

Recall that we analyze the constitutional agreement stage by means of the asymmetric Nash bargaining solution with threat points given by the Red March payoffs, and bargaining power equal to $0 < \beta < 1$ and $1 - \beta$ for the revolutionaries and the autocrats, respectively. The terms of the bargaining agreement are thus given by the solution to:

$$\max_{\Delta \geq 0} (\pi + (2\bar{p} - 1) \Delta - z'')^\beta (\pi - (2\bar{p} - 1) \Delta - \xi'')^{(1-\beta)}.$$

First-order conditions are:

$$\beta (\pi - (2\bar{p} - 1) \Delta^* - \xi'') = (1 - \beta) (\pi + (2\bar{p} - 1) \Delta^* - z'').$$

Noticing that $(1 - \beta) z'' - \beta \xi'' = (\lambda'' - \beta) b$, we obtain the following value for the agreed-upon constitutional terms:

$$\Delta^* = \max \left\{ \frac{(2\beta - 1) \pi + (\lambda'' - \beta) b}{2\bar{p} - 1}, 0 \right\}. \quad (13)$$

Let $\sigma = 2\pi - b$ denote the joint net surplus from democracy (relative to Red March). Clearly, for the bargaining game to be well-defined (in the sense of the threat point not being the trivial outcome), we require that $\sigma > 0$. Using (13), we can then conclude the following regarding agreed upon democracy payoffs for both parties. We distinguish two cases:

Suppose, first, that $\Delta^* > 0$. Then, agreed upon democracy payoffs can be written as follows:

$$\begin{aligned} \mathbb{E}^* [d_R] &= \beta \sigma + \lambda'' b \\ \mathbb{E}^* [d_O] &= (1 - \beta) \sigma + (1 - \lambda'') b, \end{aligned}$$

namely, the two bargaining parties obtain their stand-alone value plus a share of the net democracy surplus in proportion to their bargaining powers. Clearly, the agreement is efficient and payoffs add up to the joint democracy surplus, that is, $\mathbb{E}^* [d_R] + \mathbb{E}^* [d_O] = 2\pi$. Also, one can readily check that the party with the highest time average winning probability gets a higher democracy payoff. Indeed, notice first that the difference in bargaining payoffs is:

$$\mathbb{E}^* [d_R] - \mathbb{E}^* [d_O] = (2\beta - 1) \pi + (\lambda'' - \beta) b \quad (14)$$

Consider for instance the case where party R has the highest time average winning probability, that is, $\bar{p} > 1 - \bar{p}$. Then, using (13) and (14), it is plain that $\Delta^* > 0$ is equivalent to $\mathbb{E}^* [d_R] - \mathbb{E}^* [d_O] > 0$. Symmetrically, party O gets a higher bargaining share when its winning probability is higher, $1 - \bar{p} > \bar{p}$.

Suppose now that $\Delta^* = 0$. Then, bargaining outcomes are as follows:

$$\begin{aligned} \mathbb{E}^* [d_R] &= \mathbb{E}^* [d_O] = \pi, \text{ when } \pi \geq \max\{1 - \lambda'', \lambda''\} b \\ \mathbb{E}^* [d_O] &= \lambda'' b, \mathbb{E}^* [d_R] = (1 - \lambda'') b, \text{ otherwise.} \end{aligned}$$

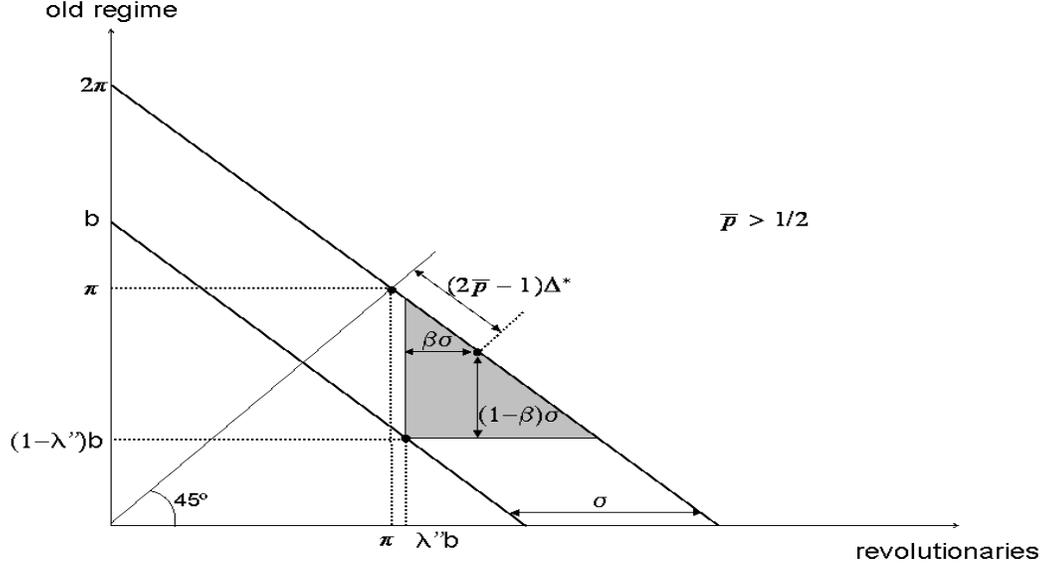


Figure 1: Nash bargaining

In words, the two parties agree on a half-half split of the democracy payoffs when this allocation Pareto dominates the threat point values. Otherwise, disagreement ensues and a Red March takes place. Notice that the condition $\pi \geq \max\{1 - \lambda'', \lambda''\}b$ is stronger than simply requiring that democracy net surplus be positive, $\sigma = 2\pi - b > 0$.¹⁴

As one would expect, the utility delivered by the agreement depends on the bargaining power and disagreement point of both parties, and on the joint available surplus. These utilities also depend on stochastic processes governing elections through the sign condition in (13), but the actual payoffs do not include parameters related to this stochastic process, which are internalized in the terms of the agreement.

3.3 The voting and mass protest participation stages

We now move to the first and second stage game.

Denote by θ^* the success probability of the mass protest when a minimal winning majority of the clandestine oppositors participate. Given that the revolution success probability is a non-decreasing

¹⁴ $\Delta^* = 0$ when β and λ'' are such that $\beta\sigma + \lambda''b = \pi$. In particular, having $\beta = 1 - \beta = 1/2$ and $\lambda'' = 1 - \lambda'' = 1/2$ implies that $\Delta^* = 0$, in which case the Pareto dominance condition $\pi \geq \max\{\lambda'', 1 - \lambda''\}b$ boils down to net democracy surplus being positive, $\sigma > 0$. However, for asymmetric solutions (β, λ'') to the equation $\Delta^* = 0$, the Pareto dominance condition is stronger than simply requiring positive net democracy surplus.

function of the participating crowd size, we have:

$$\theta^* = \begin{cases} \theta(n/2 + 1), & \text{if } n \text{ is even} \\ \theta((n+1)/2), & \text{if } n \text{ is odd} \end{cases},$$

where n is the number of activists.

Denote by $\mathbb{E}u_i(a_i, a_{-i}; \cdot)$ the expected payoff of revolutionary at the beginning of stage 2 conditional on the outcome of stage 1 being Red March or Mass Protest. We have

$$\mathbb{E}u_i(0, a_{-i}; \text{Red March}) = z, \text{ for all } a_{-i},$$

whereas

$$\mathbb{E}u_i(0, a_{-i}; \text{Mass Protest}) = (1 - p(0, a_{-i})) [(1 - q)z' - qr] < z, \text{ for all } a_{-i}.$$

For all members of the clandestine organization, approving the Mass Protest and then choosing $a_i = 0$ is thus dominated by not approving the Mass Protest and then choosing $a_i = 0$. Therefore, any player who votes in favor of the mass protest will play $a_i = 1$.

Consider some collection of votes (v_1, \dots, v_n) . Under majority approval, the mass protest is adopted if and only if $v_1 + \dots + v_n > 0$. Assume that $\theta^* > \underline{\theta}(\mathbb{E}^*[d_R])$,¹⁵ where $\underline{\theta}(\cdot)$ is the lower bound for participation in the success probability evaluated at the democracy payoffs and whose expression is given in 3. Under this condition, the participation of a majority of activists in the mass protest is a Nash equilibrium in pure strategies of the mass protest game. Using (1) and given that $v_i = 1$ imply $a_i = 1$ as established above, a lower bound for the expected payoff in case of mass protest approval is $\theta^*(\mathbb{E}^*[d_R]) - (1 - \theta^*)r$.

The condition:

$$\theta^*(\mathbb{E}^*[d_R]) - (1 - \theta^*)r > z \tag{15}$$

guarantees that all members of the organization prefer the situation where the Mass Protest is adopted to the alternative of a Red March. Since casting a yes vote in favor of the organization of the mass protest may be pivotal for this adoption, it is dominant to vote for this adoption (and then choose $a_i = 1$).

Thus, under conditions $\theta^* > \underline{\theta}(\mathbb{E}^*[d_R])$ and (16), two rounds of deletion of weakly dominated strategies guarantee that Mass Protest is approved by organization members and all take active part in this event.

It turns, however that (16) is redundant under (15), which reduces the undominated equilibrium argument to a single condition, namely, (15). The argument runs as follows. We show that (15) implies $\theta^* > \underline{\theta}(d)$. For a contradiction, we suppose that (15) and $\underline{\theta}(d) \geq \theta^*$ hold simultaneously. Multiplying both sides of the last inequality by $(d + r)$ gives $(d + r)\underline{\theta}(d) \geq (d + r)\theta^*$. Combined

¹⁵Notice that this inequality implies Remark 1, and thus the participation game has two pure strategy equilibria.

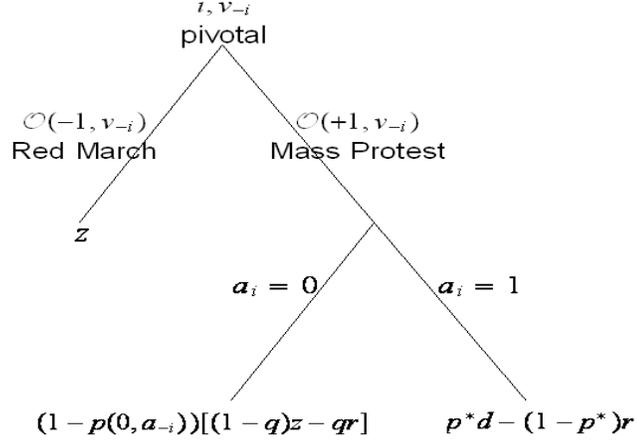


Figure 2: Game tree

with (15) we deduce that $(d+r)\underline{\theta}(d) > z+r$. Using the expression for (3), we then rewrite this last inequality as:

$$(d+r) \frac{(1-q)(z'+r)}{d+(1-q)(z'+r)} > z+r,$$

which is equivalent to:

$$d[(1-q)(z'+r) - (z+r)] > z(1-q)(z'+r).$$

The right hand side of this last inequality is positive. The sign of the left hand side is that of $(1-q)(z'+r) - (z+r) \leq z' - z \leq 0$, non-positive. We thus have a contradiction.

4 The main result

Recall that $\sigma = 2\pi - b > 0$ is the joint net surplus of democracy relative to its breakdown. Recall also that \bar{p} (resp. $1 - \bar{p}$) is the time average winning probability for party R (resp. party O), while \bar{p}^w (resp. $\delta - \bar{p}^w$) is the time average winning probability for party R (resp. party O) conditional on the first election outcome being $w \in \{0, 1\}$.

We next define the two following sets of inequalities.

First, *revolution by consensus*:¹⁶

$$\theta^*(\beta\sigma + \lambda''b) - (1 - \theta^*)r > \lambda b. \quad (16)$$

Second, *constitutional safeguard*:

$$\pi + \max \left\{ \frac{\beta\sigma + \lambda''b - \pi}{2\bar{p} - 1}, 0 \right\} (2\bar{p}^0 - 1) > \lambda''b, \quad (17)$$

for party R , and:

$$\pi + \max \left\{ \frac{\beta\sigma + \lambda''b - \pi}{2\bar{p} - 1}, 0 \right\} (2(\delta - \bar{p}^1) - 1) > (1 - \lambda'')b, \quad (18)$$

for party O .

We are now ready to state our main result:

Theorem 4 *Suppose that $\bar{p} \geq \bar{p}^0$. If both revolution by consensus (16) and constitutional safeguard (17),(18) hold, then in all strategy profiles that survive two rounds of deletion of weakly dominated strategies:*

- (i) *the mass protest is approved,*
- (ii) *all the clandestine oppositors take part in this mass event,*
- (iii) *the old regime suffers a schism and a democratic constitution is negotiated,*
- (iv) *the first elections are organized, and democracy lasts.*

In other words, the regime switches from dictatorship to a stable democracy when two sets of conditions hold.

The first condition, *revolution by consensus*, guarantees that the clandestine activists vote in favor of organizing the mass protest and, following this yes vote, participate in this collective event. Importantly, this condition is both necessary and sufficient. Note that, under this condition, at all equilibria where no actor uses weakly dominated strategies, it is weakly dominant for all to vote for the organization of the mass protest, and to participate in it after the vote. Only two rounds of elimination of weakly dominated strategies are required for this to hold. Clearly, a high repression cost r goes against this condition. Instead, high agreed upon constitutional democracy

¹⁶The condition is:

$$\theta^* \left(\pi + \max \left\{ \frac{\beta\sigma + \lambda''b - \pi}{2\bar{p} - 1}, 0 \right\} (2\bar{p} - 1) \right) - (1 - \theta^*)r > \lambda b.$$

Suppose first that $\bar{p} > 1/2$. Then, this inequality becomes $\theta^* \max\{\beta\sigma + \lambda''b, \pi\} - (1 - \theta^*)r > \lambda b$. Instead, when $\bar{p} < 1/2$, this inequality is $\theta^* \min\{\beta\sigma + \lambda''b, \pi\} - (1 - \theta^*)r > \lambda b$. Recalling that $\beta\sigma + \lambda''b$ is the agreed upon democracy share for party R (when agreement is, indeed, obtained) and that this share is higher (resp. lower) than the half-half split π when $\bar{p} > 1/2$ (resp. $\bar{p} < 1/2$), we conclude that the first inequality can be simplified to (16).

proceeds $\beta\sigma + \lambda''b$ for the revolutionaries favor this condition. Increasing the bargaining power, the disagreement point or the surplus size relax (16).

As already mentioned, the valuation of democracy to revolutionaries (as well as to autocrats) is independent of parameters reflecting the electoral dynamics, whose impact is internalized in the terms of the agreement of the bargaining stage. Instead, the conditions for democracy to be consolidated (17) and (18) depend explicitly on the electoral dynamics, as we now discuss.

Consider now the second set of conditions, which we label the *constitutional safeguard*. When $\bar{p} \geq \bar{p}^0$, (17) and (18) require that the net present value of democracy to the loser of the first electoral contender be higher than its Red March valuation. Formally, $v_R^0 > \lambda''b$ and $v_O^1 > (1 - \lambda'')b$. The ratios v_R^0/b and v_O^1/b measures the relative value of not being in office in a democracy versus the value of dictatorship behind the veil of ignorance. When this ratio is bigger than one, the constitutional safeguard conditions are trivially satisfied. If one of the contenders can expect to get a big enough share of the social value of dictatorship b , democracy need not consolidate. This share depends of the success probability in a conflict, and thus reflects structural aspects, such as loyalty of the army, the roughness and knowledge of the terrain, the guerrilla power and so on.

The constitutional safeguard conditions guarantee that the old regime leaders and the revolutionaries negotiate together a democratic constitution which they both prefer to a civil conflict. It also implies that they revalidate this constitution after the first elections, independently of electoral results. This condition is both necessary and sufficient. Note that under the constitutional safeguard condition, showing allegiance to the constitution after the first elections is a Nash equilibrium in undominated strategies (while rejecting the electoral results is a weakly dominated strategy for all possible values of the probability of political regime involution, $0 < \mu < 1$).

The constitutional agreement stage sets the net present values of democracy to both negotiating parties, $\mathbb{E}^*[d_R]$ and $\mathbb{E}^*[d_O]$. These values split efficiently the democracy gains among the two parties, $\mathbb{E}^*[d_R] + \mathbb{E}^*[d_O] = 2\pi$. It turns out that the constitutional safeguard condition (17) for party R can be reformulated in terms of the relative democracy value, $\mathbb{E}^*[d_R] - \mathbb{E}^*[d_O]$, that depends on the asymmetry in the bargaining stands of both parties:

$$\pi + \frac{1}{2} (\mathbb{E}^*[d_R] - \mathbb{E}^*[d_O]) \frac{2\bar{p}^0 - 1}{2\bar{p} - 1} > \lambda''b.$$

Recall that we are working under the condition $\bar{p} \geq \bar{p}^0$. In the extreme case where $\bar{p} = \bar{p}^0$, the previous *constitutional safeguard condition* becomes simply $\mathbb{E}^*[d_R] > \lambda''b$ which coincides with the *revolution by consensus* (16). However, when $\bar{p} > \bar{p}^0$, this condition imposes further (and different) conditions on parameters, which we now analyze.

We start by relating discrepancy in democracy valuations to *constitutional safeguard* equilibrium conditions (here, for party R).

Suppose first that $\mathbb{E}^*[d_R] = \mathbb{E}^*[d_O]$. Then, under a constitutional agreement parties split equally the proceeds from democracy. They thus each obtain a value of π . The constitutional

safeguard conditions in this case boils down to

$$\pi \geq \max\{1 - \lambda'', \lambda''\}b$$

That is, equal democracy split Pareto dominates the disagreement point.

Assume, on the other hand that $\mathbb{E}^*[d_R] - \mathbb{E}^*[d_O] > 0$. Since $\Delta^* \geq 0$, this requires having $2\bar{p} - 1 > 0$. In other words, the party with higher ex-ante average discounted probability of winning has a bigger share of democracy proceeds (how much more depends on parameters, such as bargaining power and the disagreement values). Then, an increase in $\mathbb{E}^*[d_R] - \mathbb{E}^*[d_O]$ relaxes the constitutional safeguard condition (17) if and only if $\bar{p}^0 > 1/2$.

Now let us examine the effect of $(2\bar{p}^0 - 1) / (2\bar{p} - 1)$. When $(2\bar{p}^0 - 1) / (2\bar{p} - 1) = 1$, the condition (17) boils down to $\mathbb{E}^*[d_R] \geq \lambda''b$. Given that this condition is symmetric for (18), both conditions simply that bargaining shares must Pareto dominate disagreement values. Which requires $\mathbb{E}^*[d_R] - \mathbb{E}^*[d_O] > 0$. Thus in this case the constitutional safeguard conditions are trivially satisfied. Consider now the case where the $(2\bar{p}^0 - 1) / (2\bar{p} - 1) \neq 1$. Since we are working with $\bar{p} \geq \bar{p}^0$, this implies that $(2\bar{p}^0 - 1) / (2\bar{p} - 1) < 1$. Hence these constitutional safeguard conditions are more demanding than the requirements for non-trivial bargaining agreements. Indeed, after having lost the first election each party, in this case the revolutionaries they reassess the time average probability conditional on this loss. And when $\bar{p} \geq \bar{p}^0$ this reassessment leads to a lower conditional winning probability. The net proceeds from democracy are discounted accordingly. The constitutional safeguard condition guarantees that this reassessment does not lead to a rejection of democracy.

Example 5 *Suppose that the winner of every consecutive election is determined via a Markov chain. Let $m > 1/2$ be the conditional probability that the incumbent stays in office, that is, $\Pr\{W_{t+1} = 1 \mid w_t = 1\} = m$, for all $t \geq 1$. Suppose that $\mathbb{E}^*[d_R] - \mathbb{E}^*[d_O] > 0$. Then, (17) becomes more stringent when p_R increases in $(1/2, 1)$, while it is relaxed when p_R increases in $(0, 1/2)$. Also, (17) becomes more stringent when m increases in $(1/2, 1)$ and $p_R > 1/2$, and when m decreases in $(0, 1/2)$ and $p_R < 1/2$, and symmetrically.*

The previous result, Theorem 4, encompasses only the case where losing the first election decreases the time average winning probability, $\bar{p} \geq \bar{p}^0$. We now consider the polar case. Define a second set of *constitutional safeguard* conditions:

$$\pi - \max\left\{\frac{\beta\sigma + \lambda''b - \pi}{2\bar{p} - 1}, 0\right\} (2(\delta - \bar{p}^1) - 1) > \lambda''b \quad (19)$$

$$\pi - \max\left\{\frac{\beta\sigma + \lambda''b - \pi}{2\bar{p} - 1}, 0\right\} (2\bar{p}^0 - 1) > (1 - \lambda'')b \quad (20)$$

Theorem 6 *Suppose that $\bar{p} < \bar{p}^0$. If both revolution by consensus (16) and constitutional safeguard (19) and (20) hold, then in all strategy profiles that survive two rounds of deletion of weakly dominated strategies, the regime switches from dictatorship to stable democracy.*

We now analyze what happens when either of the conditions of Theorem 4 or 6 fails.

Corollary 7 *If either revolution by consensus or constitutional safeguard fail to hold, the clandestine organization rejects the alternative of an urban mass protest, and organizes a Red March.*

To summarize, it is only when the two conditions hold that democracy can emerge. The constitutional safeguard condition is basically structural in nature. It highlights the relative value of democracy and autocracy, as well as the balance of power of the two natural actors under a dictatorship, the ruling elite and the clandestine oppositors. The revolution by consensus condition, instead, is more strategic in nature and at the same time reflects that the mechanism for collective decisions, here internal democracy, plays a central role in attaining a regime switch. Notice that even when democracy is unambiguously better than the social value of a dictatorship, it may fail to arise only because of a failure of revolution by consensus. We can call this an inefficient political regime trap, reflecting a pure problem a collective action.

5 Discussion

5.1 An extension: Internal organization

The model we just presented highlights the importance of decision mechanisms to obtain “good” outcomes in collective action problems. It, however, abstracts from a crucial factor in the history of revolutions and democratic transitions; namely, the role of internal organization in the development of the process. There is one simple extension that would capture some of these issues.

Remember that the parameter $1 - q$ determines the probability of surviving repression if the mass movement fails. Call this parameter $(1 - q)$ the resilience of the organization. Suppose now that q depends on the internal organization of the revolutionary movement (we make this explicit by writing $q(\mathcal{I})$). For example, an organization could choose (in its written bylaws or internal unwritten rules of operation) that the secretary general and various logistically important affiliates (i.e. high officials infiltrated in the Ministries who provide intelligence on the regime) would choose action $a_i = 0$. This clearly reduces a and thus $\theta(a)$, but could increase the utility of agents in case the mass uprising fails (by raising the resilience $1 - q(\mathcal{I})$), with a slight adjustment of payoffs:

$$u_i(a_i, a_{-i}; \text{mass protest}) = \begin{cases} \theta(a) d + (1 - \theta(a)) [\alpha (1 - q(\mathcal{I})) z' - r], & \text{if } a_i = 1 \\ (1 - \theta(a)) [(1 - q(\mathcal{I})) z' - q(\mathcal{I})r], & \text{if } a_i = 0 \end{cases} \quad (21)$$

In this new version of payoffs, $q(\mathcal{I})$ affects the utility of the agents even if $a_i = 1$, albeit at a reduced rate from $a_i = 0$ (i.e. we assume $0 \leq \alpha \leq 1$). The reason is that repression hits

participants in the uprising hardest (one could even think that in the case of failure they are caught with probability 1) but they nevertheless care about a possible success of the Red March, which is made easier if $q(\mathcal{I})$ is low. The organization designer has several problems in her hands. On the one hand, she has to trade-off optimally the lower value of $\theta(a)$ with the lower $q(\mathcal{I})$. In other words, she has to balance a reduced odds of success with the higher chance of surviving repression in the case of failure. In addition, she has to take into account that her efforts in designing the organization have effects on the equilibrium condition.

Define now $\theta^{**} = \min\{\theta(m); nq(\mathcal{I})/2 < m \leq nq(\mathcal{I})\}$ the success probability of the mass protest when a minimal winning majority of the clandestine oppositors that are not excluded from the action participate. Then we can define:

$$\theta^{**}(\beta\sigma + \lambda''b) - (1 - \theta^{**}) [r - \alpha(1 - q(\mathcal{I}))\lambda'b] > \lambda b \quad (22)$$

We call this condition *revolution by consensus under internal organization*. Then we get the following result.

Corollary 8 *Suppose that $\bar{p} \geq \bar{p}^0$. If revolution by consensus under internal organization (22) constitutional safeguard (17),(18) hold, then in all strategy profiles that survive two rounds of deletion of weakly dominated strategies the regime switches from dictatorship to a stable democracy.*

Proof. The proof follow *mutatis mutandis* from that of Theorem 4 with the new payoffs (21). Note, simply, that the new threshold (3) is:

$$\frac{(1 - q(\mathcal{I}))((1 - \alpha)z' + r)}{\beta\sigma + \lambda''b + (1 - q(\mathcal{I}))((1 - \alpha)z' + r)}, \quad (23)$$

which corresponds to $\underline{\theta}(\beta\sigma + \lambda''b)$ when $\alpha = 0$. Noting that (23) is a decreasing function of $0 \leq \alpha \leq 1$, we can conclude. ■

Condition (22) involves θ^{**} rather than θ^* because only $q(\mathcal{I})n$ clandestine activists are now prone to participate, as the other $(1 - q(\mathcal{I}))n$ are excluded from action given the group internal organization characteristics. Condition (22) presumes that only potentially active oppositors vote for the organization to the mass protest prior to taking their participating decision (if the mass protest is approved). We could, instead, allow all members to vote, even the non-actives one. Notation would be a bit more cumbersome, but nothing would change qualitatively in the discussion that follows. Notice that the left hand side of (22) is increasing in the resilience of the organization $(1 - q(\mathcal{I}))$. So excluding some members of the organization from the mass movements has some potentially good effects on successful collective action. On the other hand, excluding people from the action has a similar effect on θ^{**} as the potential number of clandestine oppositors taking part in the mass protest decreases. So it is not clear what is the net effect of the reorganization on the equilibrium. In words, by taking some people away from the mass movement, the designer makes

the costs of repression lower, which is good for obtaining the “good” equilibrium, but it also makes success of the action more difficult, which is bad for that same purpose. The shape of the function $\theta(a)$ will determine which one dominates, and the designer has to take this into account.

5.2 Some illustrative historical examples

We argue that communist insurgency may facilitate democratic transition if the revolution-by-consensus and constitutional safeguard condition hold. The two conditions mean that (1) the party has internally democratic structure, is cohesive and disciplined and (2) the party is open to democratic compromise, which could be the case, if, for instance, it considers electoral democracy as positive and necessary step towards socialism¹⁷. As a result, the party could participate in democratic elections along side, say moderate right wing parties. The illustrative examples discussed below indicate that, Leninist parties such as the South African Communist Parties (SACP) tend to meet those criteria, as opposed to Maoist parties such as the Shinning Path. While the latter tend to be more peasant-based, to favor military guerrilla tactics over political mobilization and to be opposed to democratic compromise, the former tend to be more urban-based, to recruit among leftist intellectuals and to have strong ties with relatively moderate parties and civil society organizations.

A. The Revolution by Consensus Condition: South Africa and Peru

The history of the South African Communist Party (SACP) provides an interesting illustration to our theory. The party was formed in 1921 from a group of intellectuals previously aligned with the International Socialist League in Johannesburg and Cape Town. The SACP focused on mobilization of urban dwellers with a special focus on labor union activity. The party adopted a platform that presents democracy as a first step towards socialism. This “two staged process” was adopted in 1963 with their programme, *The Road to South African Freedom* (Maluka [2002], p.3). In line with this strategy, the SACP actively participated in pro-democracy movement under the leadership of the ANC. Despite the forced exile of many party leaders throughout the 1950s and 1960s, SACP also ensured its survival through underground networks of three person cells. Despite its deference to ANC with respect to movement leadership, SACP played a pivotal role in the armed uprisings of the 1980s. For instance, the SACP assumed a leading role in the 1984 Vaal uprisings that strived to “make South Africa ungovernable ” (Ellis and Sechaba [1992], p. 144). Internal democracy was secured through the principle democratic centralism (Ellis and Sechaba [1992], p. 200). Following the collapse of the Apartheid regime, the SACP and the ANC were both legalized in 1990. However, while the ANC abandoned its secrecy and became a large and inclusive political party, SACP stuck to its underground networks and failed to become integrated into the larger post apartheid political environment. Nevertheless, many SACP members have served in the national government including Joe Slovo, the national chairperson of SACP and Minister of

¹⁷This could be due to its membership and/or its platform.

Housing until his death in 1995.¹⁸

In sharp contrast with South Africa, Peru has experienced two fairly recent transitions to democracy both without the support of the Shining Path (Sendero Luminoso). a Maoist rural revolutionary group created in the 1980. The evidence suggests that the group lacked a democratic apparatus of internal decision making and have rejected any democratic compromise. Since its creation, Sendero has always rejected any political alliance with the other leftist parties, choosing violence over mass mobilization and political participation.(Palmer [1992], p. 36-37). Sendero lacked the internal cohesion of Leninist Communist Parties and treated different centers of activity as “separate movements.” (Palmer [1992], p. 36) The Sendero Luminoso also rejected the involvement of “grass roots organization” like the mass involvement of peasant groups or labor unions. Instead, the leader of a specific cell assumed the role of “traditional authoritarian ” (Palmer, [1992], p. 40) At the start of the People’s War in 1980, the Sendero Luminoso began to actively protesting democratic reforms through the sabotage of elections. For instance, the party engaged in violent protest of elections with the burning of ballot boxes for the 1980 Presidential election in the Rio Pampas Valley, carried out by four members of the Sendero cell based in Huamanga. This type of activities only expanded with the growth of the movement, leading to the assassination of fifty mayoral candidates and countless congressional candidates in the 1990 municipal elections (Strong [1992], p. 92). Beyond the protest against electoral democracy, Sendero engaged in systematic atrocities ranging from mass killings to targeted citizen beheadings. Beginning in 1980, the party entered isolated villages throughout the Andean region, assassinating any local leadership that refused subordination. The party had the initial support of peasants in many villages, but this support waned after disagreements on land reform, trade, and growing discontent with the seemingly indiscriminate “disappearances.” Responsible for 31,000 deaths since the 1980 armament, Sendero’s equally terrorized Peruvian urban centers through city wide blackouts in the capital city, Lima, and assassinations of Peruvian nationals and foreigners associated with the oil company. (BBC, website) .

In our view, the Sendero Luminoso made no contribution democracy in Peru throughout the 1980s. Instead, it fostered the instability that opened the way for the autocratic rule of President

¹⁸Chile parallels with the case of South Africa, but unlike SACP, the Communist Party of Chile (PCCH) became extremely vulnerable to repression after the 1973 coup of Augusto Pinochet. The PCCH participated in the Popular Front government of Salvador Allende between 1970 and 1973. Today Chile is considered the most democratic country in Latin America and many former Communists and Socialists like former President Richard Lagos have played an integral role in this transition. Indonesia also bears some similarity with South Africa, but like the case of Chile, the Indonesian Communist Party (PCI) became extremely vulnerable to repression after the 1965 coup of General Suharto who killed over one million suspected communists. PCI played an integral role in the fall of the Dutch colonial government and the transition to democracy through the staging of multiple labor strikes (Ebon [1992],p. 5) . Like the Communist Parties of Chile and South Africa, PCI participated in democracy through a coalition government (the FDR coalition led by Sukarno between 1948 and 1965). During Suharto’s reign between 1965 and 1998, the party was depleted and failed to reemerge after the transitions to democracy.

Alberto Fujimori. The party did face a rapid decline under the Fujimori regime with the capture of the group's core leadership including the leader Abimael Gúzman, recently sentenced to life imprisonment for terrorism.. In other words, through its commitment to terrorism over involvement in political processes, the Shining Path was a major obstacle to the current emergence of democratic politics in Peru.¹⁹

B. The Constitutional Safeguard Condition: Indonesia, Chile, South Africa, and El Salvador

In Indonesia, Communist organizations played an integral role in transition to democracy following independence in 1945. After nearly twenty years of coalition with the People Democratic Coalition (FDR) led by Sukarno and the Communist party, the country witnessed a return to brutal dictatorial rule under Suharto. Similarly, Chile returned to dictatorial rule after the election of Salvador Allende and the Popular Front coalition, which included members of the Chilean Communist Party (PCCH). In both Indonesia and Chile, the coalition governments featured only leftist factions, and did not include moderate right wing parties in the years preceding the coups of Augusto Pinochet and Suharto. The initial democratizing effect of the Communist Parties in Indonesia and Chile proved short lived given the absence of constitutional safeguards for right wing political parties.

Przeworski [1993] describes successful democratization as dependent upon certain institutional arrangements that guarantee the security and continued political involvement of the outgoing leadership. The author argues that mere promises of security to former participants in the former regime do not constitute an effective guarantee. Only an assurance of continued political participation can ensure the cooperation of the former rulers in the post transition democratic regime. Przeworski explains that the outgoing leadership must “develop a significant political presence under democracy” under the auspices of a moderate right wing party that supports the premise of democratic governance (p. 71). Given that the previously autonomous right wing factions pose the greatest threat to the consolidation of democracy immediately following the transition, Przeworski argues that democratic faction of the right wing must mobilize sufficient popular support to establish a legitimate role in the first democratically elected government following the fall of dictatorship (pp. 72-73). The experiences of South Africa and El Salvador illustrates very well Przeworski's claim. In both cases, revolutionary leaders ensured future political involvement of democratic right wing factions through specific institutional arrangements.

¹⁹Uruguay mirrors the case of Peru, in which a Maoist guerrilla group, in this case the Tupamaros, made no identifiable contribution to democracy, but instead, contributed to the takeover of a repressive authoritarian regime. The Tupamaros, although more centralized than the Shining Path, centered its activities around bank robberies, invasions of police stations, and intimidation campaign of the armed forces through targeted assassinations of policemen. (LA Studies, [2006]) The Tupamaros did participate in democratic processes to the extent of their endorsement of the leftist coalition "Frente Amplio" in the 1971 national elections. Despite this, the urban warfare between the Tupamaros and the armed forces escalated, culminating in the military's 1973 takeover.

In contrast with Chile and Indonesia, the Communist parties of South Africa and El Salvador played a major role not only in transition to democracy, but in the consolidation of democracy as well. In South Africa, the leaders of the anti apartheid movement took specific steps to grant assurances to members of the outgoing regime and avoid potential return to non democratic rule. The African National Congress (ANC) supported main constitutional guarantees for the security and future political involvement of the National Party. Despite the presumption that the ANC would support a first past the post system that would theoretically grant them the largest share of seats in the new legislature, they, instead, supported a proportional representation that would allow for the representation of several different factions (Wood [2000], p. 185). Joe Slovo, a historic leader of the South African Communist Party, supported the creation of a “sunset clause” which guaranteed that all white civil service employees would retain their jobs and pensions after the democratic transition (Wood [2000], p.186). Thirdly, the ANC leadership created a power sharing agreement with the National Party, ensuring the involvement of the National Party in the five year transitional government. Additionally, the new constitution specified that a party must garner only five percent of the vote to have a cabinet seat, nearly ensuring the future role of the National Party in the Cabinet. These institutional arrangements guaranteed the future political involvement of the National Party, as well as its willingness to participate in democratic transition. Immediately following transition, the National Party continued to play a role in national politics until its eventual dissolution in 1997. Nevertheless, the guarantee for continued political involvement of the National Party proved crucial in securing an end to apartheid government and consolidating South African democracy.

Similarly in El Salvador, the negotiations between the FMLN and the ARENA set up institutions that ensured sustained political involvement of both parties in the post civil war transition to democracy. For instance, following concerns of the Left on the independence of the Supreme Court, the negotiating parties agreed to set up a national council on the judiciary that serves independently of the Supreme Court. The council took over the appointment of the lower court judges from the Supreme Court, as well as the nomination of half the Supreme Court candidates, with the other half to be nominated by the Salvadoran Bar Association. The legislative assembly elects Supreme Court justices by two-thirds majority instead of by simple majority, with each justice serving a single five-year term.”²⁰ On the issue of land redistribution, the Left coalition and the FMLN, conceded to a more moderate reform. For instance it was agreed that the conflicted zones, which included the profitable coffee regions, could only be voluntarily sold (Wood [2000], p. 88). The implementation of this political concession was secured by the victory of the ARENA in the first presidential election held in 1994.²¹

²⁰See Wantchekon and Jensen [2005], p. 180

²¹Note that the FLNM seemed to care much more about policy outcomes than winning the elections. This is highlighted in the following speech by one of the leaders of the FMLN, Joaquim Villalobos, reported by Bland [1993]: “Our political forces will be participating (in the election) with the aim of preventing the taking of land from the

5.3 Concluding Remarks

In this paper, we argue that communist uprising can lead to democracy if the communist party is internally democratic and invulnerable to repression so that it could effectively lead the revolution. However, the party should not be too powerful so that it could be forced into a democratic compromise with non-communist opposition groups and more moderate segments of the old regime. Such political compromise could involve substantive issues such as security guarantees for the members of the inner circle of the president, moderate land reform. However, for a substantive compromise to be credible, it has to be supported by constitutional or other institutional safeguards. As Przeworski wrote “the only effective guarantee that interests of the forces associated with dictatorship would be protected under democratic conditions is that those forces develop a significant political presence under democracy (p. 71).”²²

The key to the argument is obviously not the communist ideology adopted by the party, but instead organizational capacity and strategy as well as its willingness to accept a democratic compromise. In fact any underground organization, whether it is religious, anti-communist or else that have a pro-democratic faction, and adopts these political strategies would generate similar results. For instance, the theory could apply to democratization in Poland with the role of communist parties being played by the underground anticommunist organization led by Lech Walesa. The model could also be adapted to account for the successful role of communist insurgency in anti-nazi resistance movement during World War II

The willingness of the communist underground organization to seek and to secure a democratic compromise may crucially depend on the plurality of political interests and ideological attributes within the party. In particular, the historical evidence suggests that a significant segment of those parties such as moderate socialists, join the organization because of its leadership in the resistance against the autocratic government, not because they share the communist ideology (Ponomarev and Rothstein [1960]). In fact, those elements participate in the revolution with the hope that it will not lead to a communist take-over and that they (the moderate socialists) will control of the outcome. Under these conditions, the cost of the revolution is shared collectively across factions, but only moderate socialists would benefit from it.²³ Knowing this, those hard-line communists may try to eliminate these moderate socialists during or in the immediate aftermath of the revolution, thereby making its success less likely or paving the way of a return of the old regime or to civil

peasants, the reversal of judicial reforms and the politicization of the training of the new police force. ... The question of the majority of minority electoral support does not matter.” (see also Wantchekon [1999])

²²Drazen (2007) finds it a bit counter-intuitive a claim made in Acemoglu and Robinson (2005), that constitutional provision that protect the military in transition to democracy, may also help democratic consolidation. Our theory, especially our bargaining and consolidation conditions provide an explicit mechanism by which these provisions facilitate democratic consolidation.

²³This is because in the postrevolution democratic election, voters are more likely to prefer say moderate socialists to hard-line communists.

war. This was the case in Russia in February 1917, In future work, we intend to endogenize this internal factional conflict in the party and explain conditions under which it does not prevent the emergence of democracy.

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