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Departamento de Economía
Universidad Carlos III de Madrid
Calle Madrid, 126
28903 Getafe (Spain)
Fax (34-91) 6249875

LIBERAL DEMOCRACY AS THE RESULT OF AN "ABORTED" COMMUNIST REVOLUTION*

Antonio Cabrales†, Antoni Calvó-Armengol‡ and Léonard Wantchekon §

Abstract

We propose a model of the transition from a "big man" authoritarian 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. We extend the model to show that other internal organization aspects are key for the existence and welfare properties of this equilibrium. Finally we also show when is the process likely to end up in either democracy (and its "quality") or a full communist regime.

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† Departamento de Economía, Universidad Carlos III de Madrid, Madrid 126, 28903 Getafe, Spain. Email: antonio.cabrales@uc3m.es

‡ ICREA, Universitat Autònoma de Barcelona and Université de Toulouse. Address: UAB, Department of Economics, Edifici B, 08193 Bellaterra (Barcelona), Spain. Email: antoni.calvo@uab.es. http://selene.uab.es/acalvo

§ New York University. Departments of Politics and Economics, 726 Broadway, # 764, New York, NY 10003;E-mail: leonard.wantchekon@nyu.edu

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 crucial role played by communist opposition parties. Nearly all African or Latin American country labelled as "free" by Freedom house in 2005, that has a successful democratic transition and has strong liberal credentials such as freedom of the press, has experienced communist party activism. In other words, a good predicator of liberal democracy in a third world country is its "communist legacy", i.e. whether it has sometimes in the past a communist party and whether this party has been able to survive political repression and has been politically influential. The best examples are South Africa, Benin, Senegal in Africa, Venezuela and Chile in Latin America.

Is there a "Communist" blessing in transitions to democracy? It depends on the type of the party. While "Leninist" opposition parties, such the South African Communist Party tend to facilitate democratic transition, "Maoist" parties such as the "Shining Path" in Peru that tend to hinder it. This could be due to the fact that Leninist parties recruit mostly from urban working class, trade unions and students organizations, while Maoist parties are generated by rural peasant guerilla movements. Obviously, communist dictatorships has replaced other forms of oppressive regimes in Russia, China, Vietnam, 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 resulted in short term and sometimes long terms democratic experiments. The question is: 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 CP 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, 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 the working classes between moderate socialist groups and communist groups can push socialists to become more active resistants to autocratic regimes. This indirect and strategic effect would lead to an increased pressure on the government and facilitate the emergence of democracies. Third, following the Leninist "blue print" for communist 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, etc.... In this paper, we focus, on the third story. We study conditions for a successful democratic revolution initiated by an underground political party. We stress the role internal democracy in CP 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. We show that internal democracy in the underground organization solves the coordination problem: the Equilibrium involving successful coordination (where all who vote "yes" participate) is the only one involving undominated strategies. Voting "yes" and not participating is strictly dominated by voting "no" and not participating. The former strategy makes the protest more likely to fail and non-participants suffer the negative externality of state repression. 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 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.

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 institutions that implement those policies. For instance, citizens might prefer a bad policy under democracy than a good policy under autocracy. Citizens don't vote. Instead, they do or do not participate in the revolution. 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 Lenine for support from citizens and derive Lenine's revolutionary ideology and Czar'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 it occurrence might come as surprise for political actors. His arguments focuses on the fact citizens under autocratic regimes tend to misrepresent their preferences for political change out of fear for 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) presents a model in which a threat of revolution that will redistribute income from the rich to the poor induces the rich elite 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, 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.

The paper is organized as follows. Section 2 presents the structure of the model focussing on the collective choice and the mass protest stage. Section describes and discuss the equilibrium outcome of the overall democratic transition game, Section 3 studies one extension of the model in which some members of the clandestine organization are schielded from the mass protest and derive how this would affect the outcome of the protest as well as democratic transitions. Section 4 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 crossroads. 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.[1] The expected discounted payoffs for the winner (resp. loser) of the contest are w, (resp. $-l$), with $w > 0, l > 0, w - l > 0$.[2] 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, which we denote by $z = p_C w - (1 - p_C)l$. The payoffs for a member of the elite, which we denote by $\xi = (1 - p_C)w - p_C l$. Notice that the sum of $\xi + z$ is a constant, which we denote by B, which corresponds to the net social surplus of war. Thus we can write $z = \lambda B$ and $\xi = (1 - \lambda)B$, for an adequate $\lambda \in [0, 1]$, which is a linearly increasing function

[1] Endogenizing 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.

[2] It would be simple to generalize the model so that payoffs for winning and losing were asymmetric between the players.

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 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.

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 $(v_1, ..., v_n)$.

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:[3]

$$\mathcal{O}(v_1, ..., v_n) = \begin{cases} \text{“urban mass protest”, if } v_1 + ... + v_n > 0 \\ \text{“Red March”, if } v_1 + ... + v_n \leq 0 \end{cases}$$

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 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 $(a_1, ..., a_n)$.[4]

[3]The 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.

[4]We will see later, in the extensions, that organizational efficiency may dictate that some members do not par-

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 $0 \leq p \leq 1$, and fails with complementary probability $1-p$. The success probability depends non-negatively on the participation decisions of the clandestine oppositors, $p(a_1, ..., a_n)$.

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 endogeneized 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, and thus a payoff $z' = \lambda' B < \lambda B$. 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, thus the lower expected payoff (recall that λ and λ' are a function of the success probability).

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

$$u_i(a_i, a_{-i}; \text{mass protest}) = \begin{cases} p(a_i, a_{-i})\, d - (1 - p(a_i, a_{-i}))\, r, \text{ if } a_i = 1 \\ (1 - p(a_i, a_{-i}))\left[(1-q)\, z' - qr\right], \text{ if } a_i = 0 \end{cases}. \tag{1}$$

In particular, given a participation decision a_{-i} for all but one members, 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:

$$p(1, a_{-i})\, d - (1 - p(1, a_{-i}))\, r > (1 - p(0, a_{-i}))\left[(1-q)\, z' - qr\right]. \tag{2}$$

In what follows, we take $p(\cdot)$ to be a non-decreasing function of the total number of clandestine participants $a = a_1 + ... + a_n$, that is, $p(a_i, a_{-i}) = p(a_i + \Sigma_{j \neq i} a_j)$. In particular, $p(1, a_{-i}) = p(1 + \Sigma_{j \neq i} a_j) \geq p(\Sigma_{j \neq i} a_j) = p(0, a_{-i})$. Then, a sufficient condition for (2) is obtained when we

ticipate in the mass protest even if they are in favor 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 urderground 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.

replace $p(1, a_{-i})$ by $p(0, a_{-i})$ in the left-hand side of (2). This leads to:[5]

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

The lower bound for participation $\underline{p}(\cdot)$ 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 $p(a) > \underline{p}(d)$ 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.

Proposition 1 *Suppose that $p(n-1) > \underline{p}(d)$. 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 constitution fixes the average policy under democracy π as well as the latitude left to the ruling party in establishing its preferred policies, 2Δ. The implemented policies are 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 democracy payoffs are higher than their stand-alone values. This stand alone value from failed negotiations lead to a Red March confrontation. The payoffs to a Red March at this stage are respectively ξ'' and z''. 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 $z'' = \lambda'' B < \lambda B$. 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''. likely to be lower than at stage 1 since by coming into the open their leaders make themselves an easy target, but possibly higher than at 2, as they have not been defeated

[5] Note that $\underline{p} < 1$ when $d > 0$.

in a repression to the mass movement). Recall that z'' is the outcome after a failed negotiation. A 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.

The first democratic elections 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, the country undergoes a regime consolidation phase. We model this as a 2×2 subgame 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 accept 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. $c_1 = 0$ or $c_2 = 0$), 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 a Markov chain. We denote by $w \geq 1/2$ the conditional probability that the incumbent stays in office.

Parties discount future payoffs by a factor $0 < \delta < 1$.

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 collective choice 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 decide to negotiate a democratic constitution with each other to try to set up a transition to the new regime. If they both join the

negotiation table, 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 may decide 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 The main result

We characterize the undominated subgame perfect equilibria of the four-stage democracy transition game. We first introduce some notations.

Denote by $p^* = \min\{p(m); n/2 < m \leq n\}$ 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 function of the participating crowd size, we have

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

We also define the following payoff values:

$$k = \frac{2\Delta}{1-\delta(2w-1)} \qquad \text{and} \qquad v = \frac{\pi}{1-\delta} - \frac{k}{2}$$

The term $\pi/(1-\delta)$ corresponds to the expected discounted payoff of the average policy that accrues to every party in a a long-lasting democracy. Besides, parties can get an extra positive or negative payoff depending on whether they are in office or not. It turns out that v (resp. $v+k$) is the value to democracy to the party losing (resp. winning) the first elections. In particular, when $w = 1/2$ and the odds of winning are equal for the incumbent and the challenger at every election, the value to democracy of the first-elections loser (resp. winner) is $\pi/(1-\delta) - \Delta$ (resp. $\pi/(1-\delta) + \Delta$), the difference 2Δ being equal to the contemporaneous benefit of being in office after these first elections.

More generally, $v + k$ increases with the inertia w with which the incumbent stays in office at the next elections while v decreases with w.

Theorem 2 *If* $\frac{v}{B} > \max\{\lambda'', (1-\lambda'')\}$ *and* $[v + p_R k + r]\, p^* > z + r$*, then all outcomes of subgame perfect equilibria in iteratively undominated strategies are such that:*

(*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 designed,*

(*iv*) *the first elections are organized, and democracy lasts.*

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

The first condition, which we label *the constitutional safeguard*, is $\frac{v}{B} > \max\{\lambda'', (1-\lambda'')\}$. The left hand side of this inequality involved the value of democracy for the parties not in office v, and the net social surplus from a Red March, which is tantamount to the value of a dictatorship. The ratio v/B then 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, this condition is trivially satisfied. Otherwise, it may not hold, when one of the contenders can expect to get a big enough share of the social value of dictatorship B. The 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.

This constitutional safeguard guarantees that the old regime leaders and the revolutionaries negotiate together a democratic constitution which 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, $0 < \mu < 1$). A high Δ, a high w and a low π go against this condition. In words, the more interventionist the constitution and the less history-dependent the electoral process to-follow, the easier it is to switch from the old regime to the democracy. To understand this, one should interpret a low Δ as a higher level of mutual concessions, and a low w as temporal expected limits on the successive legislatures in office for the same party. Notice that *both* parties have to be happy with post-electoral results, if involution is to be avoided. This is more likely when the electoral system is not *winner-take-all*, either because there is not too much latitude in policies (low Δ) or low permanence of the winner's policies (low w).

The second condition, which we label *revolution-by-consensus*, is $[v + p_R k + r]\, p^* > z + r$. This 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. A low π goes against this condition. When

$p_R \leq 1/2$ (resp. $p_R > 1/2$), a high Δ and a high w go against (resp. favor) this condition. This is intuitive. A high π is always good news for the post-revolution scenario, thus making effort more likely. On the other hand, a high w of Δ are good only if the revolutionaries are likely to win the elections which take place in case of successful mass action (a high p_R). When the constitutional safeguard condition holds, a high repression cost r works against this condition as well.[6]

We now analyze what happens when either of the conditions of Theorem 2 fails.

Corollary 3 *If either* $\frac{v}{B} < \max\{\lambda'', (1-\lambda'')\}$ *or* $[v + p_R k + r]\, p^* < z + r$, *the clandestine organization rejects the alternative of a urban mass protest, and organizes a Red March.*

To summarize, it is only when both conditions hold that democracy can emerge. The first 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 consensu. We can call this an inefficient political regime trap, reflecting a pure problem a collective action.

Proof. We solve the game backwards.

In stage four, to solve for the democracy consolidation game, we first need to compute the game payoffs. Let $x_0 = 1$ if R wins the first democratic elections, and $x_0 = 0$ otherwise. Denote by $0 \leq x_t \leq 1$, $t \geq 1$ the ensuing probability that R wins the tth democratic election. Electoral outcomes follow a Markov chain where $w \geq 1/2$ is the conditional probability that the incumbent stays in office. Therefore,

$$x_t = w x_{t-1} + (1-w)(1-x_{t-1}) = (2w-1)\, x_{t-1} + 1 - w, \text{ for all } t \geq 1.$$

Suppose, first, that $w = 1/2$. Then, $x_t = 1/2$, for all $t \geq 1$. Suppose, next, that $w > 1/2$. Then,

$$x_t = (2w-1)^t \left(x_0 - \frac{1}{2}\right) + \frac{1}{2}, \text{ for all } t \geq 0.$$

The contemporaneous payoff is $\pi + \Delta$ for the electoral winner and $\pi - \Delta$ for the electoral loser. The expected discounted stream of payoffs to party R is thus, for all $w \geq 1/2$:

$$\sum_{t=0}^{+\infty} \delta^t \left[x_t (\pi + \Delta) + (1 - x_t)(\pi - \Delta)\right] = \frac{\pi}{1-\delta} + \frac{\Delta}{1 - \delta(2w-1)} (2x_0 - 1).$$

[6] Indeed, the revolution-by-consensus condition can be written as:

$$p^* > \frac{z + r}{v + p_R k + r},$$

and the right-hand side of this inequality is an increasing function of r if and only if $v + p_R k > z$.

More generally, the expected discounted stream of payoffs for the first-election winner (resp. loser) is $v+k$ (resp. v), where:

$$v=\frac{\pi}{1-\delta}-\frac{\Delta}{1-\delta\left(2w-1\right)}\qquad\text{and}\qquad k=\frac{2\Delta}{1-\delta\left(2w-1\right)}.$$

Note that $1\geq w\geq 1/2$ implies that $2w-1\leq 1$, and it follows from $0<\delta<1$ that $0<1-\delta\left(2w-1\right)<1$. The democracy consolidation payoffs are then the following. Row (resp. column) payoffs correspond to party R (resp. party O):

R,O	0	1
0	$(1-\mu)(v+k)+\mu\xi'',(1-\mu)v+\mu z''$	$(1-\mu)(v+k)+\mu\xi,(1-\mu)v+\mu z''$
1	$(1-\mu)(v+k)+\mu\xi'',(1-\mu)v+\mu z''$	$v+k,v$

R is first-election winner

R,O	0	1
0	$(1-\mu)v+\mu\xi'',(1-\mu)(v+k)+\mu z''$	$(1-\mu)v+\mu\xi'',(1-\mu)(v+k)+\mu z''$
1	$(1-\mu)v+\mu\xi'',(1-\mu)(v+k)+\mu z''$	$v,v+k$

O is first-election winner

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 $v>B\max\{\lambda'',(1-\lambda'')\}$.

Consider now stage three. Suppose that $v>B\max\{\lambda'',(1-\lambda'')\}$. Then, the expected democracy payoffs (computed with the undominated equilibrium payoffs of the consolidation game) accruing to party R (resp. O) before organizing the first elections are $p_R\left(v+k\right)+\left(1-p_R\right)v=v+p_Rk$ (resp. $v+\left(1-p_R\right)k=v+k\left(1-p_R\right)$). Party R and party O decide to negotiate a constitution together if it is incentive compatible for them to do so, namely, if the expected democracy payoffs are higher than their respective stand-alone values. Formally, the constitution is negotiated when:

$$v+p_Rk\geq z''\qquad\text{and}\qquad v+\left(1-p_R\right)k\geq\xi''.$$

Both individual rationality conditions hold when $v>B\max\{\lambda'',(1-\lambda'')\}$.

We now move to stage two. As above, suppose that $v>B\max\{\lambda'',(1-\lambda'')\}$. The ex ante democracy payoffs are then $d=v+p_Rk$ for the revolutionaries, party R.

We now move to the first and second stage game. We have:

$$Eu_i\left(0,a_{-i};\text{statu quo}\right)=z,\text{ for all }a_{-i},$$

whereas

$$Eu_i\left(0,a_{-i};\text{mass protest}\right)=\left(1-p\left(0,a_{-i}\right)\right)\left[\left(1-q\right)z'-qr\right]<z,\text{ for all }a_{-i}.$$

For all members of the clandestine organization, approving the elimination and then choosing $a_i = 0$ is thus dominated by not approving the elimination and then choosing $a_i = 0$. Therefore, any player who votes in favor of the mass protest will play $a_i = 1$. Formally, $v_i = 1$ implies $a_i = 1$. Consider some collection of votes $(v_1, ..., v_n)$. Under majority approval, the mass protest is adopted if and only if $v_1 + ... + v_n > 0$. Given that $p^* > \underline{p}(v + p_R k)$, a majority of activists participating 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 $a_i = 1$, a lower bound for the expected payoff in case of mass protest approval is $p^*[v + p_R k + r] - r$, where $p^* = \min\{p(R); n/2 < R \leq n\}$. The condition:

$$p^*[v + p_R k + r] > z + r$$

guarantees that all members of the organization prefer the situation where the mass protest is adopted. 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 $a_i = 1$).

Suppose now that $p^*[v + p_R k + r] > z + r$. We now show that $p^* > \underline{p}(v + p_R k)$ holds. Suppose, for a contradiction. Then $\underline{p}(v + p_R k) \geq p^*$. Then, necessarily, $\underline{p}(v + p_R k)[v + p_R k + r] > z + r$. Using the expression for (3) we have

$$\frac{(1-q)(z'+r)}{v + p_R k + (1-q)(z'+r)}[v + p_R k + r] > z + r$$

This is equivalent to:

$$(v + p_R k)\big((1-q)(z'+r) - (z+r)\big) - z(1-q)(z'+r) < 0$$

thus we have a contradiction. ■

4 Extensions

4.1 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 $p(a)$, 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:

$$u_i(a_i, a_{-i}; \text{mass protest}) = \begin{cases} p(a)\, d + (1 - p(a))\left[\alpha\left(1 - q(\mathcal{I})\right) z' - r\right], \text{ if } a_i = 1 \\ (1 - p(a))\left[\left(1 - q(\mathcal{I})\right) z' - q(\mathcal{I}) r\right], \text{ if } a_i = 0 \end{cases}. \tag{4}$$

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

We get the following result.

Corollary 4 *If* $\max\{z, \xi\}\frac{v}{B} > \max\{\lambda'', (1-\lambda'')\}$, $[v + p_R k + (1 - \alpha(1 - q(\mathcal{I})))\, z + r]\, p^{**} > (1 - \alpha(1 - q(\mathcal{I})))\, z + r$*, at all equilibrium outcomes with iteratively undominated strategies, the regime switches from dictatorship to a stable democracy.*

Proof. The proof follow *mutatis mutandis* from that of Theorem 2 with the new payoffs (4). Note, simply, that the new treshold (3) is:

$$\frac{\left(1 - q(\mathcal{I})\right)\left((1 - \alpha) z' + r\right)}{v + p_R k + \left(1 - q(\mathcal{I})\right)\left((1 - \alpha) z' + r\right)}, \tag{5}$$

which corresponds to $\underline{p}(v + p_R k)$ when $\alpha = 0$. Noting that (5) is a decreasing function of $0 \leq \alpha \leq 1$, we can conclude. ■

The new revolution-by-consensus condition can also be written as:

$$\frac{v + p_R k}{\left(1 - \alpha\left(1 - q(\mathcal{I})\right)\right) z' + r} > \frac{1}{p^{**}} - 1 \tag{6}$$

This condition involves p^{**} rather than p^* because only $q(\mathcal{I})n$ clandestine activists are now prone to participate, as the other $\left(1 - q(\mathcal{I})\right) n$ are excluded from action given the group internal organization characteristics. Condition (6) 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 (6) 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 p^{**} 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 $p(a)$ will determine which one dominates, and the designer has to take this into account.

4.2 Illustrative Examples

The theoretical results presented in this paper point to four conditions for a communist insurgent organization to facilitate democratic transition: (1) the group develops an underground network that is relatively invulnerable to repression; (2) the group also is internally democratic, cohesive and disciplined; (3) the group has ties with relatively moderate parties and civil society organizations, or recruit among urban intellectuals and working class; and (4) given its membership and/or its platform, the group in open to democratic compromise. e.g. consider electoral democracy has positive and necessary step towards socialism. Leninist parties tend to meet those four criteria. We provide illustrative examples contrasting Leninist and Maoist parties and their democratic effect.

A. The contribution of Leninist Parties to Democratic Transition and Consolidation: South Africa, Chile and Indonesia

The election of Nelson Mandela of the African National Congress in 1994 marked the end of the apartheid regime and ushered in a new era of democracy in South Africa. The case of South Africa mirrors the theoretical claims regarding the contribution of a Communist Party to democratic transition given the presence of four conditions: a party with underground networks; a centralized decision making apparatus with internal democracy; an "urban" intellectual leadership; and a party open to democratic compromise.

The Communist Party of South Africa formed in 1921 from a group of intellectuals previously aligned with the International Socialist League in Johannesburg and Cape Town. Throughout its activism, SACP focused on mobilization of urban dwellers with a special focus on labor union activity. SACP can serve as a model of a Communist Party that contributed to democratic transition through the adoption of a platform that advocated first democracy and then socialism. SACP adopted this "two staged process" in 1963 with their new programme, *The Road to South African Freedom* (Maluka [2002], p.3). This document described SACP's participation in the movement for democracy under the leadership of the ANC. Despite the forced exile of many party leaders throughout the 1950s and 1960s, SACP ensured its survival through underground networks of three

person cells. The maintenance of cells guaranteed the survival of the SACP itself regardless of its alliance with ANC and the Congress of South African Trade Unions. Despite its deference to ANC with respect to movement leadership, SACP played a pivotal role in the armed uprisings of the 1980s. 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 llis and Sechaba [1992], p. 200) . At the macro level of organization as well as the micro level of individual uprisings, SACP fully cooperated with ANC and significantly contributed to the fall of apartheid and the onset of democratic governance. SACP's dominance of the ANC ended with the legalization of the two parties in 1990. While 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. Today, South Africa has successfully consolidated its democracy with three national elections and the salience of a "democratic culture." Since 1994, many SACP members have served in the national government including Joe Slovo, the national chairperson of SACP and Minister of Housing until his death in 1995.

Chile 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. 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 similarly corresponds with the case of 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.

B. The anti-democratic effect of Maoist Insurgency: Peru and Uruguay

Peru, 1980 and 2001. Peru has experienced two fairly recent transitions to democracy both without the support of the Shining Path (Sendero Luminoso). Sendero, a Maoist group composed of revolutionaries hopeful of a peasant revolution. The group lacked a democratic apparatus of internal decision making and have rejected any democratic compromise. Beginning in the 1970s, Sendero refused participation with the labor associated left parties, choosing violence over political involvement (Palmer [1992], p. 36-37). Sendero lacked the internal cohesion of other Communist Parties, like South Africa's, treated different centers of activity as "separate movements." (Palmer

[1992, p. 36) Sendero 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 Sendero began to actively protest democracy through the sabotage of elections. Sendero first engaged in their violent protest of elections with the burning of ballot boxes for the 1980 Presidential election in the Rio Pampas Valley by four members of the Sendero cell based in Huamanga. This activity 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. 1992). Beyond the protest of democracy, Sendero engaged in systematic atrocities ranging from mass killings to targeted citizen beheadings. Beginning in 1980, Sendero entered isolated villages throughout the Andean region, assassinating any local leadership that refused subordination. Sendero 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) . Sendero made no contribution to democracy throughout the 1980s, but instead, fostered the instability that opened the way for the outsider dictatorial President Alberto Fujimori. Fujimori promised a return to stability and the destruction of the Shining path. Sendero 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. Since the most recent transition to democracy in 2001, largely attributed to hyperinflation and protest from opposition groups, no former Sendero leaders participate in Peru's fragile democracy. In other words, through its commitment to terrorism over involvement in political processes, the Shining Path made no identifiable contribution to Peruvian democracy.

Uruguay mirrors the case of Peru, in which a Maoist guerilla 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.

The El Salvadorian Exception

El Salvador, 1994. El Salvador represents a mixed scenario in which a Communist party, oriented towards guerilla activity, contributed to the transition to democracy. During the twelve year civil war between 1980 and 1992, the FMLN employed violent tactics like kidnappings and

assassinations, but also participated in bargaining talks that ended the brutal civil war and opened the way for democracy. Recognized as a political party, the FMLN has participated in elections since transition to democracy in 1994. In the most recent legislative elections held on March 12, 2006, FMLN garnered the largest percentage of votes cast (39.7), winning thirty two out of eighty four seats .

4.3 Conclusion

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