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# Regime spoiler or regime pawn: The military and distributional conflict in non-democracies <sup>☆</sup>

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## ABSTRACT

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I consider a model in which an autocrat can be removed from power either through a military coup or a revolution by the citizens. In the event of a revolt by the citizens, the military may choose to support the autocrat to crush the revolt or play a passive role. The autocrat determines the distribution of the country's wealth among himself, the military, and the citizens. I find that, under certain conditions, there exists a unique Markov perfect equilibrium in which there are no coups, the citizens revolt in each period, and the military fights on behalf of the autocrat. Under a different set of conditions, there is another equilibrium in which there are no coups, the citizens always revolt, but the military does not fight the revolt. However, peace (no revolts) is also an equilibrium of the model. The model is consistent with the persistence of social unrest or civil wars in certain countries and the different roles played by the military in different countries. Surprisingly, I find that if the citizens' outside option (i.e., payoff in a democracy) improves, this is likely to make them worse off. Furthermore, an increase in natural resources is likely to make the citizens worse off because it reduces the probability of a transition to democracy or the prospect of good governance in autocracy. I discuss other implications of the model and relate it to real-world events. *Journal of Comparative Economics* xxx (xx) (2014) xxx–xxx. Department of Economics and Finance, University of Guelph, Guelph, Ontario N1G 2W1, Canada. © 2014 Association for Comparative Economic Studies Published by Elsevier Inc. All rights reserved.

## 1. Introduction

In a recent article, [Besley and Robinson \(2010, p. 656\)](#) observed that “[T]he influence of the military has been greatly ignored by economists. Most work on democracy and dictatorship ... has abstracted from the role of the military.” In contrast, the study of the military in the affairs of the state has a long tradition in political science (e.g., [Finer, 1976](#); [Luckman, 1974](#); [Nordlinger, 1977](#); [Rouquié, 1987](#); [Stepan, 1971](#)).

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History is, of course, replete with examples of the role of the military or the army in supporting autocrats like Robert Mugabe of Zimbabwe, Mobutu Sese Seko of Zaire, Kim Jun-il of North Korea, Bashar al-Assad of Syria, and Gnassingbe Eyadema of Togo. While there are several instances of military coups, there are also instances in which the military had no interest in removing autocrats from power. This may be due to the fact that the military's payoff crucially depends or depended on these autocrats being in power. For example, removing the autocrat may lead to a chaotic and unpredictable succession process.<sup>1</sup> Also, the military may extract a surplus from the autocrat which may be impossible if the autocrat is not in power.

It may also be the case that because the citizens can revolt, the military has no incentive to remove the autocrat from power because if it did, it will simply accelerate the transition to democracy by energizing the citizens to revolt. This may be the case if the autocrat and his heirs (family), perhaps because of tradition or a long period of indoctrination, have an aura around them which carries a relatively bigger weight than the aura around the military.<sup>2</sup> Hence, the probability that the citizens will revolt is lower when the autocrat is in power than when the military is in power. Or it may be pointless to remove the autocrat from power because the citizens will agitate for democracy regardless of who is in power.<sup>3</sup> In this case, it is in the interest of the military and the autocrat to present a united front in order to fight the citizens. Hence, the military and the autocrat are the ruling class facing a common enemy.

Of course, the military may be secured enough to feel that it can get rid of an autocrat, hold on to power, and be better off. For example, Acemoglu et al. (2010a) correctly argue that this is a risk to a ruling class of building a strong military and refer to this risk as *political moral hazard*. Acemoglu et al. (2010a,b) and Besley and Robinson (2010) note that while a strong military can entrench an autocrat in power, the political moral hazard mentioned above implies that this is only possible if the autocrat compensates the military appropriately through the payment of an efficiency wage. Therefore, a stronger military can extract a bigger surplus than a weaker military.<sup>4</sup>

In this paper, I consider a model in which an autocrat can be removed from power either through a military coup or through a revolution by the citizens. In equilibrium, the military rationally chooses to keep the autocrat in power because it is given enough transfer to satisfy the *no-coup constraint*. There is also a *loyalty constraint* which is associated with the military's decision to support the autocrat in the event of a revolt by the citizens of the country. This support is costly to the military.

I find that, under certain conditions, there exists a unique Markov perfect equilibrium in which there are no coups, the citizens revolt in each period,<sup>5</sup> and the military fights on behalf of the autocrat (the loyalty constraint is satisfied). Under a different set of conditions, there is another equilibrium in which the autocrat satisfies the no-coup constraint, the citizens always revolt, but the military does not fight the revolt (the autocrat rationally violates the loyalty constraint). Under certain conditions, there is no equilibrium in which the autocrat is willing to give the citizens enough transfers to prevent a revolt. Therefore, the citizens revolt so long as the autocrat is in power. This may explain the persistence of social unrest and civil wars in certain countries. The result that the loyalty constraint is satisfied in some equilibria but is violated in others is consistent with fact that the military plays different roles in different societies.

I also find that an increase in natural resources is likely to make the citizens worse off because it makes it more likely that the equilibrium in which the military supports the autocrat to fight revolts by the citizens will be the outcome of the game. Therefore, natural resources reduce the probability of a transition to democracy. Surprisingly, an increase in the value of the citizens' outside option (i.e., payoff in a democracy) is likely to make the citizens worse off. This is because an increase in the value of the citizens' outside option worsens the military's outside option (i.e., payoff in a democracy). This makes it relatively cheaper to buy the military's loyalty.

In contrast to the aforementioned result in Acemoglu et al. (2010a,b) and Besley and Robinson (2010), I also find that there exists an equilibrium in which the autocrat *increases (decreases)* transfers to the military when the military is *weaker (stronger)* although the military has become *less (more)* important to the autocrat's political survival. If the autocrat can choose the strength of military, he chooses a strong military. I also argue that the composition of military spending may be as important as aggregate military spending.

Regarding the result that a weaker (stronger) military can extract a bigger (smaller) surplus from an autocrat, a key assumption is the presence of a *rebellious citizenry* or a *high threat of rebellion*,<sup>6</sup> and the need to incentivize the military to

<sup>1</sup> In a related context, a recent article in the New York Times reported that "As Zimbabwe hurtles into another violent political season, President Robert Mugabe's party is fiercely pushing for a quick election this year because of fears that the president's health and vigor are rapidly ebbing, senior party officials said. With no credible successor to unite the quarrelsome factions that threaten to splinter the party, its officials say they need Mr. Mugabe, who at 87 has been in power for 31 years, to campaign for yet another five-year term while he still has the strength for a rematch against his established rival, Prime Minister Morgan Tsvangirai, 59. . . Mr. Tsvangirai said of his still dominant partner, "He left the succession way too late, and now there is a scramble between the two main factions of ZANU-PF." (The New York Times, April 11, 2011).

<sup>2</sup> For example, this aura may be the reason why the North Korean military allowed twenty-eight year old, Kim Jun-on, to be the head of state and commander of the armed forces after his father, Kim Jun-il, passed away.

<sup>3</sup> This is consistent with Gallego and Pitchik (2004) who found that an increase in the probability that a coup-maker loses access to power after a coup implies a decrease in the equilibrium probability of a coup.

<sup>4</sup> In Acemoglu et al. (2010b), the autocrat builds a small army and thereby allows a "citizens" rebellion to persist. In Besley and Robinson's (2010) two-period model, the autocrat pays an efficiency wage if he can commit to such a wage in period 2. If he cannot commit to such a wage, then he builds a small military in order to prevent a coup.

<sup>5</sup> As in, for example, Acemoglu et al. (2010b), this may be understood as a persistent civil war, although there is a positive (exogenous) probability in each period that the civil war may end. This occurs when the citizens overthrow the autocrat.

<sup>6</sup> In the equilibria of this paper, the citizens rebel in every period until they successfully overthrow the autocrat.

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