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LIBERAL DEMOCRACY AS AN “ABORTED” COMMUNIST REVOLUTION

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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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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 underground communist organizations. A good predictor of whether a country in Africa and Latin America will have a successful transitions to democracy or a consolidated democracy is 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. this paper provides an explanation of this empirical regularity by focusing on the decision making process within clandestine organizations and deriving conditions under which a revolution is possible under authoritarian rule and when it is likely to generate democratic change.

Generally, one can think of three reasons why communist party activism can have democratizing effect. First, it could well be the case that those organizations only emerge in countries with very active labor unions and students organizations and a strong civil society. In other words, the presence of a communist party in a country may be an indication of the existence of favorable conditions of democratic change in that country. Second, even small communist cells can be politically effective by forcing moderate and less ideologically committed members or parties to be more political active and become ardent proponents of democratic change. as it was the case in Chile in the late 1960s, competition for political support from the working classes between moderate socialist groups and hard-line communist groups can push socialists to become more active resitants to the authoritarian. This 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, Venezuela in 1936, Benin in 1990, etc.... While the first two stories are entirely plausible and capture the process of democracies in several Latin American countries. However, we choose to focus, on the latter, that is, democratization as a result of a failed attempt by an underground party to set up a communist regime.

The paper contributes to an ongoing effort by political economists to develop a version of the downsian model of political competition in the context of authoritarian regimes. Indeed, political competition under dictatorship is radically different from a downsian political competition under democracy. First and foremost, it is unregulated, opposition parties are illegal and are treated like criminal organizations and can survive only they set up an under-

ground network. Citizens care both about policy outcomes but also about 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.

To the best of our knowledge, the first systematic attempt at developing a game theoretical model of political competition under authoritarian rule has been by Roemer (1985). He studied revolution game between the Tsar and Lenine who are involved in a competition for support from citizens. He derive Lenine’s revolutionary ideology and Tzar’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 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 (2001) 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 democratic change through an internal conflict in the opposition group between hardliners and moderates.

The paper is organized as follows. Section 2 presents a game theoretical model that highlights the collective choice problem involving the members of a clandestine party who are contemplating organizing a mass protest or a revolution against an authoritarian government. Section 3 discusses the results of the game and section 4 presents two extensions that focus on the internal organization of the party and the specificities of the political regime that come out the mass protest or the revolution.

2 The model

We consider a clandestine organization composed of n members. The organization faces a trade-off between operational efficiency and external vulnerability that determines its optimal form.¹ We denote by $z > 0$ the value of this optimal organization to its members. This is the stand-alone value of the underworld activity for clandestine opposition members

The collective choice problem The members of the clandestine organization consider the possibility to organize a mass protest. If successful, the mass protest can destabilize the current autocratic political regime and set up a new political order, (possibly a democracy). An unsuccessful mass protest, instead, triggers a wave of intensified repression by the current autocratic regime on the clandestine underworld.

We assume that all members of the clandestine organization participate into the final decision as 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. Each member i 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 keep on with the secret activities. The final decision is taken by majority voting. The outcome \mathcal{O} of this voting stage is thus:²

$$\mathcal{O}(v_1, \dots, v_n) = \begin{cases} \text{“mass protest”, if } v_1 + \dots + v_n > 0 \\ \text{“clandestine status quo”, if } v_1 + \dots + v_n \leq 0 \end{cases}$$

The mass protest A successful mass protest is a revolution that sets up a democracy. Its success depends on the level of involvement and participation of the clandestine opposition members to the mass success. 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

¹Baccara and Bar-Isaac (2006), for instance, characterize optimal network forms of clandestine organizations. Calvó-Armengol and Moreno de Barreda (2005) characterize optimal disruption policies for such clandestine networks, with an application to the 11S terrorist network.

²The assumption of majority approval is not crucial for our analysis, that 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.

protest, and the more so the bigger the number of clandestine opposition members that join the street.

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 into this event, we set $a_i = 1$. Instead, if member i is passive and chooses not to show off at the mass protest, we set $a_i = 0$. The collection of participation decisions is (a_1, \dots, a_n) .³

The outcome of the mass protest is either a successful revolution, or a failure. 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, $p(a_1, \dots, a_n)$. For simplicity, we take $p(\cdot)$ as a non-decreasing function of the total number of clandestine participants $a = a_1 + \dots + a_n$.

When the mass protest succeeds, and the current political regime is wiped out, each clandestine oppositor i who has joined the public event at a personal risk, $a_i = 1$, receives a return $d > 0$. The payoff d can embody both the ideological (warm-glove) payoffs from setting up a democracy, and the political (ego-centered) payoffs from taking a plausible active part into this new political regime. Instead, we set to 0 the payoff to the passive clandestine activists who don't take part into the mass protest, $a_i = 0$.⁴

When the mass protest fails, instead, and the autocratic regime stays in place, 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)

³We 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 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 fail, 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 z . Non communists choose to join the underground party, labor unions, student organization 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.

⁴At a later stage of the paper, we endodenize d , to be more explicit by what we mean by democracy. For liberals in the communist party, democracy means that they are allowed to compete in a an election with the party in power, This is equivalent of a "randomized" power-sharing. For the communist ideologues, it is the destruction of the old regime and its replacement by a communist regime.

to escape police repression. Oppositors that escape the police repression still enjoy the value z of the underworld.

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

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

In particular, given a participation decision a_{-i} for all but one members, activist i decides to participate to the mass protest if and only if:

$$u_i(1, a_{-i}; \text{mass protest}) > u_i(0, a_{-i}; \text{mass protest}), \quad (2)$$

which is equivalent to:

$$p(a) d - (1 - p(a)) r > (1 - p(a - 1)) [(1 - q) z - qr], \quad (3)$$

where $a = a(1, a_{-i}) = 1 + \sum_{j \neq i} a_j$. Given that $p(\cdot)$ is a non-decreasing function, a sufficient condition for (3) to hold is that this inequality holds when $p(a - 1)$ is replaced by $p(a)$ in the right-hand side of (3). After some algebra, this leads to:

$$p(a) > \underline{p},$$

where

$$\underline{p} = \frac{(1 - q)(z + r)}{d + (1 - q)(z + r)} < 1.$$

We assume that there exists some $\underline{a} \in \{0, \dots, n\}$ such that $p(a) > \underline{p}$ for all $a > \underline{a}$, and $p(a) \leq \underline{p}$, otherwise. Then, it is readily seen that (2) holds and activist i joins the mass protest if and only if $\sum_{j \neq i} a_j \geq \underline{a}$. This best-response behavior implies the following result.

Proposition 1 *The mass protest participation game has exactly two pure strategy Nash equilibria, one in which all clandestine members participate, and one in which no clandestine member participates.*

The mass protest participation decisions constitute a coordination game similar to the collective action models with threshold participation levels in Granovetter (1978) and, more recently, Chwe (1999).

In what follows, we assume that $\underline{a} < 1 + n/2$ if n is even, and $\underline{a} < (1 + n)/2$ if n is odd. In words, if the mass protest were approved by majority and the members casting a yes vote were to participate in the mass protest, then the mass protest yields a higher payoff to all of them than the status quo clandestine life.

The group ideology Suppose that, at some point in time, all members in the clandestine organization acquire the belief that, with some probability τ , each activist i would stay passive and stick to the action $a_i = 0$ if the mass protest was organized. For instance, one can think of these activists as facing a different payoff structure than (1), such that it is a dominant strategy for them to play $a_i = 0$ in the mass protest game. This could reflect some ideological bias.

We do this by introducing heterogeneity in the stand-alone value of the clandestine life $z \in \{\underline{z}, \bar{z}\}$, where $\underline{z} < \bar{z}$. For some people, clandestinity is a means, and so z takes a low value \underline{z} . For other people, clandestinity is an end, and so z takes a high value \bar{z} .

Note that $\underline{p}(z)$ is increasing in z .

We assume that $\underline{p}(\underline{z})$ is such that there exists some $\underline{a} \in \{0, \dots, n\}$ such that $p(a) > \underline{p}(\underline{z})$ for all $a > \underline{a}$, and $p(a) \leq \underline{p}(\underline{z})$, otherwise.

We assume that $\underline{p}(\bar{z})$ is such that $\underline{p}(\bar{z}) > p(n)$, and so $a_i = 0$ is dominant.

This alternative seems more innocuous than the heterogeneity in d_i as Proposition 1 is not affected. I follow this alternative below.]]

Suppose that the organization of the mass event has been approved. Prior to the revelation of their private type $z \in \{\underline{z}, \bar{z}\}$, the expected output for a member i that plans to choose action $a_i = 1$ when every other player plans to choose $a_i = 1$,⁵ is

$$Eu_i(1, \dots, 1; \text{mass protest}) = \tau \bar{z} + (1 - \tau) \sum_{k=0}^{n-1} \binom{n-1}{k} \tau^k (1 - \tau)^{n-1-k} [(d+r)p(n-k) - r] \quad (4)$$

In this expression, we have used the fact that (1) implies that:

$$u_i(a_i, a_{-i}; \text{mass protest}) = (d+r)p(a) - r.$$

Rearranging terms in (4) we get:

$$Eu_i(1, \dots, 1; \text{mass protest}) = \tau \bar{z} - (1 - \tau)r + (d+r)(1 - \tau)\theta(n),$$

where

$$\theta(n) = \sum_{k=0}^{n-1} \binom{n-1}{k} \tau^k (1 - \tau)^{n-1-k} p(n-k).$$

For completeness, if the mass protest is not organized and the status quo prevails, expected payoffs are:

$$Eu_i(a_i, a_{-i}; \text{status quo}) = \tau \bar{z} + (1 - \tau)\underline{z}, \text{ for all } (a_i, a_{-i}) \in \{0, 1\}^n.$$

⁵Note that, if a player ends up being of type $z = \bar{z}$ once private types are revealed to players, she will not follow this intended plan of action. So, this contingent plan will be followed with probability $1 - \tau$; with complementary probability τ the action $a_i = 0$ is chosen, instead.

The revolution game The game consists of two stages.

In the first stage, all organization members participate in the collective choice procedure. Then, at an interim stage, a nature move determines the players' types. If the mass protest has not been approved in the first state, the game ends. If, instead, the mass protest has been approved, we go into the second state of the game. In the second stage, all the organization members chose their participation decision according to their types.

We have assumed at this point, for expositional simplicity, a common prior and revelation of information after the collective decision is taken. This allows us to exclude the complexity of signalling-type phenomena at this stage. We later show that the basic thrust of the results still holds under a more natural informational assumption.

3 The results

Under these conditions we can characterize the undominated subgame perfect equilibria of the two-stage revolution game.

Let $\theta^* = \min\{\theta(m) : n/2 < m \leq n\}$.

Proposition 2 *If $(d+r)\theta^* > \underline{z} + r$, all outcomes of subgame perfect equilibria in undominated strategies of the revolution game are such that the mass protest is approved and all the clandestine oppositors for which clandestinity is not an end but a means take part into this mass event.*

P proof. Define $\langle z \rangle = \tau\bar{z} + (1-\tau)\underline{z}$. We have:

$$Eu_i(0, a_{-i}; \text{status quo}) = \langle z \rangle, \text{ for all } a_{-i},$$

whereas

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

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 $a_i = 1$ if in the interim stage $z = \underline{z}$. Formally, $v_i = 1$ and $z = \underline{z}$ imply $a_i = 1$.

Consider some collection of votes (v_1, \dots, v_n) . Under majority approval, the mass protest is adopted if and only if $v_1 + \dots + v_n > 0$. Given the fact that $v_i = 1$ and $z = \underline{z}$ imply $a_i = 1$, a lower bound for the expected payoff in case of mass protest approval is:

$$\tau\bar{z} - (1-\tau)r + (d+r)(1-\tau)\theta^*,$$

where

$$\theta^* = \min\{\theta(m); n/2 < m \leq n\}.$$

The condition

$$\tau \bar{z} - (1 - \tau)r + (d + r)(1 - \tau)\theta^* > \langle z \rangle \Leftrightarrow (d + r)\theta^* > \underline{z} + r$$

guarantees that all members of the organization prefer (from an ex ante perspective) 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 $a_i = 1$). ■

One can compute the expected success probability of the revolution at equilibrium.

The revolution equilibrium condition is met when democracy is highly valuable to organization members (high d), when the status quo value of clandestinity for those for which this is a means and not an end is low (low \underline{z}), when θ^* is high. Not clear on r .

When is θ^* high? Intuitively, when τ is small so that there is a pretty homogeneous ideology within the group, many see it as a means and not an end, and also when p is not too convex, so that the success of the revolution does not rely on almost all of us joining the street.

Example, let $p(a) = \beta^{a-n}$ where $\beta > 1$. Then, $p(0) = \beta^{-n} \ll 1$ and $p(n) = 1$. Then,

$$\theta(m) = \beta^{-n} \sum_{k=0}^{m-1} \binom{m-1}{k} \tau^k (1-\tau)^{m-1-k} \beta^{m-k} = \beta^{-n+1} [\tau + \beta(1-\tau)]^m.$$

To simplify notation, suppose that n is odd. Note that $\tau + \beta(1-\tau) > 1$. Therefore,

$$\theta^* = \beta^{-n+1} [\tau + \beta(1-\tau)]^{1+n/2}. \quad (5)$$

It is readily checked that θ^* increases with β .

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 both 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:

$$u_i(a_i, a_{-i}; \text{mass protest}) = \begin{cases} p(a)d + (1 - p(a))[\alpha(1 - q(\mathcal{I}))z - q(\mathcal{I})r], & \text{if } a_i = 1 \\ (1 - p(a))[(1 - q(\mathcal{I}))z - q(\mathcal{I})r], & \text{if } a_i = 0 \end{cases} \quad (6)$$

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 future success of revolution 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 likelihood 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. After some algebra one can show that the new equilibrium condition with the modified payoff function is:

$$(d + r - \alpha(1 - q(\mathcal{I}))z)\theta^* > z + r - \alpha(1 - q(\mathcal{I}))z$$

or in other words

$$\frac{d + r - \alpha(1 - q(\mathcal{I}))z}{z + r - \alpha(1 - q(\mathcal{I}))z} = 1 + \frac{d - z}{z + r - \alpha(1 - q(\mathcal{I}))z} > \frac{1}{\theta^*}$$

Notice that the left hand side of this expression is increasing in the resilience of the organization $(1 - q(\mathcal{I}))$, when $d - z \geq 0$. 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 increasing τ . But notice, from equation 5, that increasing increasing τ also increases $\frac{1}{\theta^*}$.⁶ So it is not clear what

⁶For the functional forms involved in that example

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 The post-revolution game

Another aspect we have not fully developed in the model presented in the previous section is the game occurring after the success of the mass action. Is the success going to lead to a full democracy, with complete political competition, to a moderate version of the previous regime, or a full communist state? Again, a relatively simple way to handle this problem exists with a minor modification of the previous set-up. Suppose that the outcome of a successful uprising depends on the first stage action profile, so that we can write $d(a)$, with $d(\cdot)$ being an increasing function of its arguments. The interpretation of this is that the higher the participation in the uprising, the higher the bargaining power vis-a-vis the earlier regime, and a more robust democracy arises. A related issue is what determines whether the outcome of the process is a full democracy or a communist regime. A simple way to endogenize this outcome is to introduce the possibility that beyond $d(a)$, there is a probability of obtaining $c(z)$, a communist regime. The dependence of $c(\cdot)$ on z intends to reflect the possibility that different individuals value differently z . For example, if $c(\cdot)$ is increasing in z , the hard-liners who do not want to take part in the uprising also obtain higher satisfaction from an immediate revolution. Along this line of thought, the probability that $c(z)$ obtains, call it $\pi(k)$, would depend positively on the number of hard-liners k . So, finally we would have the following utility:

$$u_i(a_i, a_{-i}; \text{mass protest}) = \begin{cases} p(a) ((1 - \pi(k))d(a) + \pi(k)c(z)) + (1 - p(a)) [\alpha(1 - q(\mathcal{I}))z - q(\mathcal{I})r] & \text{if } a_i = 1 \\ (1 - p(a)) [(1 - q(\mathcal{I}))z - q(\mathcal{I})r], & \text{if } a_i = 0 \end{cases} \quad (7)$$

One interpretation for the preferences represented by an increasing $c(z)$ could also be that individuals with \underline{z} do not value the communist regime so highly because they are more patient and prefer to wait through a period of democracy to establish a “better quality” communist regime. Or simply prefer a more stable regime before proceeding with the full communist revolution, and that is easier to achieve if a bourgeois democracy happens first.

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