Endogeneous Mobilization and Dictators Tactics

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Abstract
Dictators govern in an environment characterized by domestic threats from opposition groups, and they must strategically deal with them to affirm their legitimacy. This paper analyzes the dictator's choice between peacefully buying the opposition off using co-optation, politically excluding opposition parties using repression, and adopting a hands-off policy which provides political freedom, and can lead to popular rule. I develop a dynamic game-theoretic model, endogenizing citizens mobilization as a response to both their economic conditions and the opposition's coercive capacity. In contrast with conventional wisdom, I show that the ruler is willing to engage in co-optation when facing weak opposition groups. More importantly, a dynamic of dictator tactics emerges. Dictators either use repression or co-option today, to significantly weaken the opposition if opposition parties can tap into mass support to improve their coercive capacity tomorrow. Dictators can then engage in hands-off policies later on when the opposition is weak enough. Because strong opposition groups and large economic inequalities are likely to ignite mass mobilization, the ruler is more inclined to use repression. This analysis suggests that NGOs must be careful when designing training programs to strengthen opposition parties in dictatorships. The emergence of democracy in Brazil under Ernesto Geizel and in Spain after the Franquist regime is discussed.

Keywords— Opposition Parties, Coordination, Dynamic Game, Dictatorships.

Dictators frequently confront political contestations from domestic oppositions. They rely on several distinct strategies to navigate through contestations and maintain political

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stability. General Ernesto Geizel in Brazil and King Juan Carlos in Spain had to take an attitude towards democracy, initiating the democratization process (Mainwaring and Share [1986]; Huntington [1991]). Robert Mugabe faced contestations from the Movement for Democratic Change (MDC) in the 2000s. The then Zimbabwe president had to rely on police violence, population displacement, and targeted violence to handle MDC leaders (Rutherford [2008]; Dorman [2005]). Jomo Kenyatta developed a program called ”Harambee” to serve as policy concession, advocating forums for debates (Widner [1992]; LeBas [2011]). In the same vein, in August 2020, the Cameroon People’s Democratic Movement—Cameroon’s ruling party—reached an agreement with twenty opposition political parties, making these latter regime ally.¹

What determines dictators’ choice of one strategy over another? How does the use of a tactic today affect the use of others in the future? Surely, structural factors such as economic resources (Powell [2013], Acemoglu and Robinson [2005], Boix[2003]), and the balance of power (Svolik [2012]; Boix and Svolik [2013]; Francois, Rainer and Trebbi [2015]; Gandhi [2008]; Gandhi and Przeworski[2006, 2007]) can shape the dictator’s choice between co-optation and repression. There is little scholarly consensus, however, about the exact mechanism relating economic resources to dictators’ strategies. According to the second driving force, a strong opposition or an even balance of power is necessary for the dictator to co-opt the opposition, using either material handouts or formal institutions. The co-optation of opposition factions can broaden the regime’s support basis and also convince the opposition that the regime will not renege on his promises of sharing power.

This logic rests on the almost similar assumption that the internal threat posed by politically incorporated opposition groups is fixed, exogeneous and independent of the group’s strength. The common feature is that when the dictator decides to co-opt an opposition

¹https://www.cameroon-tribune.cm/article.html/35087/fr.html/calls-for-insurgency-march-g20-leaders-denounce
group, he only has to consider the external threat, which is a function of the group’s strength, given that once politically included the internal threat is independent on how strong included groups are—and therefore, does not enter into the dictator’s calculus when deciding to co-opt. Moreover, this literature fails to explain when and why we should expect political inclusion of opposition groups to lead to political freedom like it was the case in Brazil and Spain. Or, how a decision of repressing (or co-opting) opposition groups shapes future tactical choices.

In light of those shortcomings, I develop a dynamic game-theoretic model where, first the driving force behind citizens mobilizations has two dimensions. Citizens mobilize depending on (1) the level of economic conditions, (2) the opposition’s coercive capacity. Second, I innovate by distinguishing between co-optation and a hands-off policy. These two policies are different in at least two respects. While powersharing through political co-optation buy-offs the opposition by absorbing these latter political activities, a hands-off approach leads to political freedom, representation and accountability; in this regard, the dictator initiates a process of democratization. Second, while co-optation serves authoritarian purposes, a hands-off policy empowers the opposition, puts some constraint on regime activities and is inefficient from the dictator’s perspective.

The model assumes that the opposition’s coercive capacity can solve citizens coordination problem and therefore foment mass mobilization. An opposition group with strong coercive capacity is well organized, socially rooted and can easily solve citizens coordination problem.\(^2\) Opposition groups constitute a permanent threat to regime survival when their coercive capacity can shape mass mobilization.\(^3\)

\(^2\)The sociological literature agrees on what constitutes the characteristics of strong opposition parties: Penetration of the party at the local level, or “Societal Rootedness” (Mainwaring 1995); Organizational complexity, linkage between party and other socioeconomic organizations (Huntington 1968); Party penetration of civic associations and trade unions (Coppedge 1994); Authority resides in party rather than leader (Huntington 1968; Panebianco 1988); Communication and coherence across different levels of party organization (Panebianco 1988; Chhibber 1999)

\(^3\)When Lieutenant Kelly Ondo Obiang attempted the failed coup against the Gabonese government on 7 January 2019, the mass took to the street to show support for the coup. In this instance, we have a regime elite whose antigovernment activities are supported by the mass.
There are three kinds of players in the model: a dictator, a representative opposition and a continuum of citizens. In each period, the dictator chooses whether to *repress*, to *co-opt* or to take a *hands-off* approach. A strategy of repression shuts down the opposition activities using force and violence and weaken the opposition in the future. Co-optation involves making a payment to the opposition in exchange for this latter to abandon its anti-regime activities, weakening the future opposition capacity. A payment to the opposition can represent a cabinet position, a seat in the legislature, or material handouts (Arriola [2009]). Upon co-optation, the opposition decides whether to collaborate with the incumbent ruler. A hands-off approach gives the opposition permission to operate. After the dictator and the opposition made their decisions, citizens decide to mobilize for the opposition party. Each citizen mobilizes by comparing her current economic conditions to her benefit from supporting the opposition, given the dictator’s tactics.

This article documents what types of opposition parties are politically co-opted in dictatorships and explains the dynamic of dictators’ tactics. When confronting a weak opposition, and at a medium level of economic conditions, few citizens have incentives to mobilize and support the opposition. Whether the dictator chooses to co-opt or to take a hands-off approach depends on two conflicting forces. Co-opting the opposition by making a payment in exchange for a reduction of anti-government activities can weaken the opposition in the future, but can also increase today’s level of mobilization because mobilizing brings an extra economic reward. When the desire to keep today’s mass mobilization at a low level dominates, the ruler takes a hands-off approach even though that implies allowing political freedom. When the desire to weaken the opposition in the future dominates, the ruler engages in co-optation. However, if co-opting the opposition requires more resources than what is necessary to use the military and secret services to contain opposition activities, the dictator prefers the weaken the opposition by using repressive policies.

In an environment where the opposition has very strong coercive capacity relative to
the regime or the economic conditions are very poor, mobilizing is very attractive and the level of mobilization is at his peak. Buying-off an opposition group with the capacity of igniting such level of mobilization is both risky and very expensive. The dictator then relies on repressive policies such as the use of violence and intimidation to weaken the opposition.

Interestingly, a dynamic of dictator tactics emerges. Some opposition groups that are allowed to operate freely in the second period were either co-opted or repressed in the first period. The dictator prefers, early in the game, to weaken an opposition party that can use an even small level of mobilization to strengthen its coercive capacity and become stronger.

These results suggest that if the opposition party is built around ethnic lines and the ethnic group is small, large mass mobilization can be difficult to achieve for these groups unless economic conditions are very bad. When facing these types of opposition groups, the dictator prefers to co-opt like Jomo Kenyatta did in the 1970s. The opposition can also be weak as a consequence of large repression from previous regimes as in Spain with the Spanish Socialist Workers Party (PSOE) or in Brazil with the Brazilian Democratic Movement (MDB). In this situation, taking a hands-off policy is optimal. This may explain why Spain—with king Juan Carlos—and Brazil—with Ernesto Geizel—completed their path to democracy peacefully.

However, some opposition parties are built around labor union groups and can bridge ethnic barriers, like the MDC in Zimbabwe, making them stronger relative to the regime. According to ZHRNF [2001], Rutherford [2008] and Dorman [2005], approximately 10000 MDC supporters and activists were displaced by state-sponsored violence in the 2000s. Repressive policies can be very attractive in this case. Repression against the Catalan and

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4Paine (2021) and Gibilisco (2021) document results with similar flavor. Below I address these papers and I show how the current model, as well as its findings, differ.

5The provincial governor Border Gezi during a public address in Bindura on March 26, 2000 alluded to the regime’s repressive tactics when he told ZANU-PF members attending the meeting that “they must warn supporters of opposition parties that the ZANU-PF is well known for spilling blood” (Zimbabwe Human Rights NGO Forum, “Who is Responsible? A Preliminary Analysis of Pre-election Violence In Zimbabwe” (June 20, 2000)).
the Basques was also prevalent in Francoist Spain in the 1970s despite the economic boom dubbed as the ”Spanish Miracle”.

The rest of the paper unfolds as follows. In the next section, I document how my findings contribute to the existing literature. Next, I present the model and the analysis. The last section concludes. Proofs are contained in the appendix.

**Literature Review**

The present paper contributes to two strands of research on opposition control in dictatorships. The first focuses on structural factors such as economic conditions, the second considers the balance of power as the main driver. My main contribution is that I analyze these two factors together in a dynamic model to understand how they alter dictators’ choices by shaping citizens coordination problem.⁶

**Economic Factors**

The closest paper is Powell [2013] who analyzes how the level of contingent spoils (or economic resources in my model) affect whether the ruler buys the opposition off or monopolizes violence to eliminate opposing factions. While my model examines how a two dimensional variable—opposition coercive capacity and economic opportunities—affects the ruler’s strategies by taking into account the role citizens mobilization play in facilitating these decisions, his model focuses on a one dimensional variable and ignores the role citizens mobilization play in government-opposition nexuses. Accordingly, our models make completely opposite predictions. When economic opportunity are poor (or the level of contingent spoils are small), citizens are worse off under the status quo and are willing to mobilize. Thus, while my model predict that the ruler will engage in violence and repress the opposition, Powell

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⁶As an exception, others accounts on the dictator-opposition nexus focus on factors such as digital surveillance (Xu [2020]), regime types (Wintrobe [1998]) or the emergence of civil wars (Wantchekon [2004]).
predicts that the ruler will try to weaken opposing factions as peacefully as possible by buying them off. The author’s logic is that incurring a cost to eliminate the opponent using violence is not worth it in regard of the small economic benefit from taking control of the country. In addition, when economic opportunities are good, citizens are less willing to mobilize unless the opposition has very strong coercive capacity. When it does, our findings coincide and the ruler is inclined to monopolize violence and eliminate the opposition through fighting. Otherwise, either the ruler engages in co-optation or takes a hands-off approach—a strategy that is absent in Powell [2013].

Acemoglu and Robinson [2005] documents that large economic inequalities can lead to a repressive regime. This holds in an environment where the rich are in conflict with the poor. When the poor mobilize to demand more redistribution and the rich have more to fear about pro-majority policies, they use repression to contain the least well-off. My model is consistent with this prediction, but I also demonstrate that small inequalities can also induce repressive strategies if the opposition has the coercive capacity to foment mass mobilization, or, the opposition is weak but can transform mass support to reinforce its capacity. The authors also predict that democracy is more likely to emerge in a situation of crises and macroeconomic shocks. In contrast, my model predicts that the ruler can also take an attitude towards democracy by allowing political freedom if economic conditions are good, but the opposition is weak. The intuition is that the expectation that the democratic process is controllable and within hands when the opposition has a weak coercive capacity is what motivates the dictator. This result is consistent with Boix [2003].

However, while Boix [2003] argues that in an environment with low and medium inequalities, the political strengthening of the opposition must speed up the democratic process, my model predicts that such conditions may lead to repression. Since a political strengthening of the opposition increases citizens incentive to mobilize. Moreover, I present a novel dynamic mechanism that incorporate citizens coordination problem, highlighting the dictator’s use
of one tactics over another. In fact, an attitude towards democracy is likely to transpire in the second period after the dictator has used repressive (or co-optative) strategies earlier, to weaken the opposition.

The Balance of Power

General wisdom holds that only strong opposition groups—whether strong given their ethnic size or their winning probability in a fight against the regime—are co-opted in dictatorships. The idea is that having strong opposition groups as a regime ally broadens the regime support basis, and these groups are better at helping the government in situation of political instability (Francois, Rainer and Trebbi [2015]; Gandhi [2008]; Gandhi and Przeworski[2006]). Francois, Rainer and Trebbi [2015] confirms this logic by defining opposition strength as the size of the elite’s ethnic group. They develop a model where the likelihood of an insider coup is exogeneous and fixed. In equilibrium, the ruler has more incentive to politically incorporate elites from larger groups because they are less expensive per person. When I allow for endogeneous mobilization, larger groups are very expensive because the ruler has to buy off not only opposition elites, but also the mass of citizens the opposition was able to mobilize thanks to its strong coercive capacity; endogeneous mobilization makes an elite’s inner threat endogeneous. Thus, the ruler is inclined to co-opt weak opposition groups instead. A result similar to Francois, Rainer and Trebbi [2015] can be found in Gandhi [2008] and Gandhi and Przeworski[2006] who only analyze the extend to which a ruler facing outsider threat can make concessions, ignoring the possibility that co-optation and repression can be substitutes.

Svolik [2012] and Boix and Svolik [2013] focus on the informational asymmetry that always pervades in dictatorships to explain why rulers prefer to share power using nominally democratic institutions. They develop a model where the ruler can make promises of power-sharing to opposition groups. They argue that such promises are less likely to be viewed as
credible unless two conditions are met. First, formal institutions such as legislatures must be established to reduce the degree of asymmetry information between the rulers and elites, and therefore solving elites monitoring problem. Second, the balance of power must be evenly distributed between the opposition and the ruler alleviating the ruler’s commitment problem. If the opposition is weaker, the ruler has incentives to betray the opposition and establish his will. If the opposition is stronger they are less likely to cooperate with the ruler and the regime will be eventually subverted. Contrary to their model I develop a setting where the opposition has the ability ignite mass mobilization, making the cost of betraying and excluding weak opposition groups larger than the cost of politically including them. Thus, I show that the regime can choose to deal with weak opposition groups. In addition, my analysis explain when and why the opposition-regime interaction can lead to political freedom.

Some recent studies do hold that facing weak external threat enhances the regime’s incentive to share power, or tolerate mass mobilization (Gilibisco [2021]; Paine [2021]). Recently, Paine (2021) has developed an argument showing that weak opposing factions can be politically included while strong opposing groups can be politically excluded. My analysis is distinct from Paine (2021) in two respects. First, while the result regarding political co-optation of weak parties is similar to Paine’s the logic behind it is quite different. The dictator politically includes weak opposition groups because first they are less expensive, and second they pose little of a threat. In Paine (2021), if a weak opposition is deeply entrenched in power at the center, they could trigger a countercoup if excluded from power-sharing. Put differently, while my model predicts that a weak opposition is politically included (co-opted) because they are not threat to regime survival and it is worthless for the ruler to incur a cost and politically exclude (repress) them, Paine (2021)’s model predicts that a small opposition is politically incorporated because excluding such groups would result in a devastating outcome for regime survival. Second, I innovate by distinguishing between power-sharing that
leads to political freedom and power-sharing using rent distribution and cabinet appointments. I show that when the opposition is weak and economic conditions are medium, there is an equilibrium where the dictator takes an attitude towards democracy by facilitating political freedom. In this situation, power-sharing leads to accountability and representation, a result absent in Paine (2021).  

Gibilisco (2021) on the other hands, develops a model where the government and a minority group fight for the control of a periphery, allowing citizens mobilization to depend on one variable: the level of minority grievances. While government toleration tends to reduce the level of minority grievances, repression makes minority groups more aggrieved which increases the likelihood of a successful mobilization. The author finds that given a moderate level of minority grievances (not too large, not too high), the government tends to repetitively tolerate citizens mobilization in an attempt to reduce the level of grievances. I develop a model where citizens mobilize depending on the realization of two variables: economic conditions (negatively correlated with citizens animosity towards the government), and opposition coercive capacity. In addition, while in my setting repression weakens the opposition, it increases citizens grievances and thus strengthens the opposition’s threat in Gibilisco’s. Thus, at a medium level of economic conditions (grievances are at a moderate level) my predictions are that the regime first represses the opposition and then uses toleration policies in the future. Under these conditions, Gibilisco [2021] predicts that the government gamble for unity to the finish line. In addition, when economic conditions are good (grievances are very small), the regime can still use repression against a strong opposition while Gibilisco predicts government toleration.

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7In footnote of page 1-2 the author claims that his analysis eliminates transition to mass rule. The current paper shows that there is an equilibrium in which the ruler transmits power to mass rule.
Model

I consider an environment where a dictator would like opposition parties to be “disciplined” but would not hesitate to engage in a costly action to restrain them if they become a threat to its rule. The dictator has three distinct tools he can use: a strategy of *co-optation*, *repression* or a hands-off policy. The dictator must be careful in choosing which strategy to use because political parties differ in their level party organization, which is publicly known, and therefore their ability to ignite mass mobilization. Strongly organized oppositions can easily mobilize citizens to pursue their political agenda. But opposition parties can also decide to collaborate with the dictator, giving up their anti-regime agenda. Co-optation occurs when there is collaboration between the opposition and the dictator. Co-opted opposition parties can participate in decision-making within limits. Repressed ones face severe restrictions on their ability to conduct their political affairs which weakens their coercive capacity in the future. When the regime adopts a hands-off policy, the opposition has the freedom to conduct its political activities.

Citizens represent the third group of players in the game. Their preference for the opposition party depends on the party organization, the total fraction of individuals supporting the opposition and the dictator’s tactics. Citizens preference for the regime depends on a common component that captures economic opportunity and an idiosyncratic component capturing citizens idiosyncratic taste. The game has complete information. The party organization is realized and publicly observed at the beginning of each of the two periods. The level of economic conditions is fixed throughout the game.

Structure and Payoffs

I develop a two-period model with three kinds of players: a dictator (\(D\)), a representative opposition party (\(O\)), and a continuum of population members uniformly distributed on the
interval \([0, 1]\). A period \(t \in \{1, 2\}\) starts with \(D\) choosing a strategy to adopt: repression \((d = r)\), co-optation \((d = c)\) or a hands-off \((d = p)\). \(O\) gets to move if there is co-optation. \(O\) then decides whether to accept \(D\)’s offer \((a_t = 1)\) or rejects \((a_t = 0)\). When there is collaboration, \(O\) peacefully abandons its anti-regime activities in exchange for a payment. Upon rejection, \(D\) decides whether to repress or to choose a hands-off policy. After \(D\) and \(O\) have made their decisions, the population decides whether to mobilize. Each member \(\alpha \in [0, 1]\) of the population decides whether to mobilize for \(O\) \((s_t = 1)\) or not \((s_t = 0)\).

If \(D\) represses, he gets \(-F\). A citizen who mobilizes when there is repression receives 0. Similarly, a representative opposition obtains 0 if \(D\)’s strategy is to repress. The goal of repression is to contain citizens mobilization. If repression was a function of the level of mobilization, \(F\) corresponds to the maximum expected cost.\(^8\)

When \(D\) co-opts, he has to share the spoils with each citizen who mobilizes for the opposition, in order to convince the opposition to abandon their anti-regime activities in the future. If co-optation is successful, the ruler gets \(-WS\) from co-optation (the ruler buys off each \(\alpha \in S\) at a unit price \(W\)). \(WS\) is \(D\)’s total spending when a fraction \(S\) mobilizes and he co-opts the opposition.\(^9\) A mobilizing citizen \(\alpha \in [0, 1]\), and the representative opposition both receive \(\lambda S + W\) from co-optation given that a total fraction \(S\) mobilizes. \(\lambda \in [0, \infty)\) represents the party capacity, the opposition’s strength relative to the regime.

When \(D\) allows political freedom, there is no resource transfer to \(O\) and to its supporters. \(D\) thus faces the actual level of mobilization. The ruler receives a payoff of \(-S\) from choosing a hands-off policy, when a fraction \(S\) of the population mobilizes. \(O\) and a mobilizing citizen both receive \(\lambda S\).

\(^8\)Making the cost of repression a function of the level of mobilization will complicate the analysis without a significant change of the results. If repression cost the dictator \(F(S)\), where \(F(0) > 0\) (preemptive repression is costly), and \(F(\cdot)\) is a convex function with \(F'(S) > 0\) we arrive at similar results.
\(^9\)Note that there is an office rent \(B(u)\), a function of economic resources \(u\). When the dictator represses, he gets \(B(u) - F\); co-optation yields \(B(u) - WS\) and when there is political freedom \(D\) gets \(B(u) - S\). \(B(u)\) is normalized to 0.
If a citizen $\alpha \in [0,1]$ does not mobilize for the opposition she receives $u + \alpha$ where $u \in [-1,1]$ is fixed and constant throughout the model. $u$ captures the level of economic opportunity, the second component that affects citizens incentives to mobilize. Citizens economic prosperity under the regime can be very bad ($u < 0$) or good ($u \geq 0$). I model a reduced form of citizens preference for the regime with the outside option $u + \alpha$. For example, a citizen with $\alpha = 1$ is very happy under the current regime.

I describe how the party organization $\lambda$ evolves in the game. For each $t \in \{1,2\}$, $\lambda_t$ is publicly observed at the beginning of period $t$. $\lambda_{t-1}$ induces a level of mobilization $S_{t-1}$. The period $t$ party organization is drawn from the conditional distribution $H(\cdot|S_{t-1})$ with density $h(\cdot|S_{t-1})$. I assume that $H(\cdot|S_{t-1})$ is continuously differentiable on $[0,\infty)$. I further assume that for $S < S'$, $H(\cdot|S')$ first order stochastic dominates $H(\cdot|S)$; i.e $H(\lambda|S') \leq H(\lambda|S)$ for all $\lambda \in [0,\infty)$.

If there is successful co-optation or repression in the first period, the next period party capacity is drawn from the distribution $h(\cdot|0)$. If $D$ allows political freedom, and the level of mobilization is $S$, the next period party capacity is drawn from $h(\cdot|S)$. It is noteworthy that $D$’s decision is whether to shut down the opposition stride using repression or using co-optation. Since both tactics would likely lead to a smaller draw of the party capacity next period. However, when the dictator allows political freedom ($d = p$), the opposition can develop as they will normally do in a democracy: Given a current level of mobilization $S$, the party capacity is drawn from $h(\cdot|S)$ next period.

**Example:**

In this example, I present a continuous distribution that satisfies the assumptions about $O$’s coercive capacity. For $\gamma \geq 0$, consider the exponential distribution with parameter $\beta > \gamma$. Define $h(\lambda|S) = (\beta - \gamma S)e^{-\lambda(\beta - \gamma S)}$; $H(\lambda|S) = 1 - e^{-\lambda(\beta - \gamma S)}$. Let $S < S'$. If $\gamma > 0$, $H(\lambda|S) - H(\lambda|S') = e^{-\beta \lambda}(e^{\gamma S' \lambda} - e^{\gamma S \lambda}) > 0$; $H(\cdot|S')$ first order stochastically dominates $H(\cdot|S)$. Thus, $\gamma$ captures the extend to which $O$ can leverage on the level of mobilization to
reinforce its coercive capacity.

The timing in each period \( t \) is as follows. The party cohesion \( \lambda_t \) is realized and publicly observed by players. \( D \) moves first and chooses whether to repress \( (d = r) \), co-opts \( (d = c) \) or takes a hands-off \( (d = p) \). If the dictator co-opts, the opposition decides whether to accept. If the opposition rejects, then the ruler decides whether to repress or adopt a hands-off approach. Next, each citizen \( \alpha \in [0, 1] \) decides whether to mobilize for the opposition. \( 1 \) presents how the game evolves in a period \( t \in \{1, 2\} \). The equilibrium concept is Markov Perfect Equilibrium in which citizens coordinate on the highest level of mobilization. The state variable is the opposition’s coercive capacity.

![Diagram of the game](image)

Figure 1: Period Game

**Analysis**

**Preliminary.**

The analysis focuses on the case where \( F, W \in (0, 1) \). I further assume that \( W > F \) as
Symbols & Interpretation

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Interpretation</th>
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<tbody>
<tr>
<td>(D)</td>
<td>Dictator</td>
</tr>
<tr>
<td>(O)</td>
<td>Opposition</td>
</tr>
<tr>
<td>(\alpha)</td>
<td>Citizen with outside option (u + \alpha)</td>
</tr>
<tr>
<td>(\lambda_t)</td>
<td>Opposition coercive capacity in period (t \in {1, 2})</td>
</tr>
<tr>
<td>(u)</td>
<td>Degree of economic conditions</td>
</tr>
<tr>
<td>(W)</td>
<td>Payment (O) receives from a successful co-optation</td>
</tr>
<tr>
<td>(F)</td>
<td>Cost of repression</td>
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<tr>
<td>(S)</td>
<td>Fraction of mobilizing citizens</td>
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Table 1: Summary of Notations

this is the interesting case. Note that whenever \(W \leq F\), repression is weakly dominated by co-optation. This is because \(WS \leq F\) for all \(S \in [0, 1]\). Note that both tactics weaken the opposition and the dictator’s continuation values are the same whether he co-opts or represses. Thus, \(D\) derives his optimal action by comparing the instantaneous payoff from repression with the instantaneous payoff from co-optation. Players discount the future with \(\delta \in (0, 1)\).

Given the party cohesion \(\lambda \geq 0\), \(S(\lambda, u) \in [0, 1]\) is the level of mobilization, or the initial threat \(D\) is facing. Co-opting \(O\) may reduce the threat to \(WS(\lambda, u)\), depending on \(u\). \(WS(\lambda, u)\) captures the inner threat a dictator faces when he politically include an opposition group using co-optation. \(S(\lambda, u)\) is the equivalent threat when \(D\) adopts a hands-off policy. \(WS(\lambda, u)\) is continuously increasing in \(\lambda\) from 0 to \(W\). Since \(F \in (0, W)\), there exists \(\lambda(u)\) such that \(F = WS(\lambda(u), u)\). \(\lambda(u)\) is the critical level of party cohesion. Given the level of economic opportunity \(u\), strongly organized opposition parties have \(\lambda > \lambda(u)\) while weakly organized ones have \(\lambda \leq \lambda(u)\).

Second-period Equilibrium Behavior.

Denote \(\lambda_2\) the opposition’s coercive capacity and \(S^{rd}(\lambda_2, u)\) the second-period level of mobilization (or the opposition threat) when \(D\) uses action \(d \in \{r, c, p\}\). \(O\) always accepts co-optation attempts from the regime. In fact, rejecting \(D\)’s offer yields at most \(\lambda_2 S^p(\lambda_2, u)\) which is smaller than the payoff from accepting; \(\lambda_2 S^c(\lambda_2, u) + W\).
Whether $D$ co-opts in period 2 depends on the level of economic opportunity $u$ and $O$’s coercive capacity $\lambda_2$. Denote $\lambda^c$ and $\lambda^p$ the solutions, when they exist, to the equations $WS^d(\lambda_2, u) = F$, for $d \in \{c, p\}$. In order words, $\lambda^d(u)$ represents the critical party strength that makes $D$ indifferent between using repression and choosing $d = j$; for $j \in \{p, c\}$.

If $\lambda_2 > \lambda^c(u)$, co-opting $O$ is very expensive for $D$. Because $D$ must buy the opposition off for the level of mobilization, $S^c(\lambda_2, u)$, it was able to garner, while risking an inner threat $WS^c(\lambda_2, u)$. However, $D$ may still prefer a hands-off policy if $\lambda_2 \leq \lambda^p(u)$. Thus, whether $D$ engages in co-optation depends on how $\lambda_2$ falls between $\lambda^c(u)$ and $\lambda^p(u)$ which in turn depends on the level of economic opportunity $u$. Figure 2 describes how $\lambda^c(u)$ and $\lambda^p(u)$ evolves as a function of $u$. These critical levels of opposition strength only exist if the economic opportunity are either moderate or bad. When economic conditions are very good, the country is performing well economically and citizens are less willing to mobilize—the level of mobilization is zero—unless the opposition is very strong relative to the regime—in which case the level of mobilization is equal to one.

More precisely, conditional on a successful co-optation, each population member $\alpha \in [0, 1]$ mobilizes for the opposition if the payoff under the regime is lower than the payoff from supporting the opposition: $u + \alpha < \lambda_2 S(\lambda_2, u) + W$. In the appendix, I show that conditional on $D$ and $O$ reaching an agreement, the level of mobilization $S^c(\lambda_2, u)$ is given by

$$S^c(\lambda_2, u) = \begin{cases} 
1 & \text{if } \lambda_2 > u + 1 - W \\
\frac{u-W}{\lambda_2-1} & \text{if } \lambda_2 \leq u + 1 - W \text{ and } u \leq W \\
0 & \text{if } \lambda_2 \leq u + 1 - W \text{ and } u > W
\end{cases}.$$ 

When $D$’s strategy is repression, citizens are less likely to mobilize unless the level of economic opportunities are small ($u \leq 0$). In that case, the level of mobilization is given by $S^r(\lambda_2, u) = -u$. Otherwise, if $u > 0$, $S^r(\lambda_2, u) = 0$. 

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When $D$ allows political freedom by adopting a hands-off policy, whether a citizen $\alpha$ mobilizes depends on how large the payoff from supporting $O$ ($\lambda_2S(\lambda_2, u)$) is compared to the outside option $u + \alpha$. $\alpha$ mobilizes if and only if $u + \alpha \leq \lambda_2S(\lambda_2, u)$. Thus, the second period equilibrium level of mobilization when $D$ chooses $d = p$, $S^p(\lambda_2, u)$, is given by

$$S^p(\lambda_2, u) = \begin{cases} 
1 & \text{if } \lambda_2 > u + 1 \\
\frac{u}{\lambda_2} & \text{if } \lambda_2 \leq u + 1 \text{ and } u \leq 0 \\
0 & \text{if } \lambda_2 \leq u + 1 \text{ and } u > 0 
\end{cases}$$

Two common trends emerge from the equilibrium level of mobilization in the population. First, there is always full mobilization when the opposition has very strong coercive capacity relative to the regime. When the opposition is very capable to represent citizens interest, these latter are more willing to mobilize. Second, when the opposition is weak, whether citizens mobilize depends on the level of economic opportunity in the country. When economic opportunity are good, citizens prefer to support the regime and there is an absence of mobilization. When citizens economic conditions are bad they look for change and the level of mobilization is interior, even though the opposition is weak.

Another observation from the equilibrium level of mobilization is that co-optation has a positive effect on the level of mobilization. Because there is an extra economic benefit ($W$) from supporting the opposition when $D$‘s strategy is co-optation, citizens are more willing to mobilize. For all $\lambda_2 \in [0, \infty)$ and $u \in [-1, 1]$, we have $S^c(\lambda_2, u) \geq S^p(\lambda_2, u)$. This observation implies that when making his decision in period 2, $D$ must consider the effect co-optation has on the period level of mobilization.

$D$’s decision to choose co-optation instead of a hands-off policy hinges on whether co-optation has the effect of increasing the level of mobilization or reducing opposition threat. Note that given an initial threat $S$, $WS^c(\lambda_2, u)$ represents the remaining threat after co-
option. we also know that co-optation increases the level of mobilization so \( S^c(\lambda_2, u) \geq S^p(\lambda_2, u) \). Thus, the decision of whether to use co-optation depends on whether the second effect dominates the first; or whether the level of economic opportunity is moderately good. When this is the case, there is a small level of mobilization and co-optation would have an effect of increasing \( S \); therefore, \( D \) prefers to take a hands-off approach. When economic conditions are moderately bad, mobilization is at a level that induces \( D \) to want to reduce the threat. Hence, \( D \) uses co-optation.

Figure 2 describes \( D \) optimal strategy in the second period. \( D \) is willing to use repression in one of two cases. When living conditions are very poor or the opposition has strong coercive capacity relative to the regime. When citizens economic conditions are bad they find mobilization very attractive even if the opposition is weak. A similar incentive occurs when the opposition is very strong even if economic conditions are good. The next proposition presents the equilibrium behavior in period 2.

**Proposition 1** Denote \( \lambda_2 \) the realized party strength in period 2.

1. If \( \lambda_2 > u + 1 \), or \( \lambda \in [\max\{\lambda^p(u), \lambda^c(u)\}, u + 1] \) and the economic opportunity \( u \) are very bad, I represses. The level of mobilization is \( S^r(\lambda_2, u) = -u\mathbb{1}_{\{u \leq 0\}} \).

2. If \( \lambda_2 \in [0, \max\{\lambda^c(u), \lambda^p(u)\}] \), and economic opportunity are moderately bad, I prefers to co-opt. The level of mobilization is \( S^c(\lambda_2, u) = \frac{u-W}{\lambda_2-1}\mathbb{1}_{\{u \leq W\}} \). \( O \) accepts I’s offer.

3. Else, I chooses a hands-off policy or is indifferent between co-optation and a hands-off approach. When I takes a hands-off approach, the equilibrium level of mobilization is \( S^p(\lambda_2, u) = \frac{u}{\lambda_2-1}\mathbb{1}_{\{u \leq 0\}} \).

**First Period Equilibrium Behavior.**

The goal of this section is to understand how the dictator’s tactics evolves if he can use repression (or co-optation) today to weaken the opposition. Given that taking a hands-off
policy allows the opposition to strengthen its capacity and become stronger in the future, how does $D$ trade-off peaceful policies that can reinforce the opposition ranks with policies that can weaken the opposition?

Citizens decision to mobilize is unchanged in period 1. A citizen’s decision to mobilize has no effect on the aggregate level of mobilization and therefore no effect on the continuation value. This is because a single member of the population has zero measure on the continuum $[0,1]$. An individual’s decision in the first period is described similarly. Fix $\lambda_1$ the first-period opposition strength. We have
\[ S^c(\lambda_1, u) = \begin{cases} 1 & \text{if } \lambda_1 > u + 1 - W \\ \frac{u - W}{\lambda_1 - 1} & \text{if } \lambda_1 \leq u + 1 - W \quad \text{and} \quad u \leq W \\ 0 & \text{if } \lambda_1 \leq u + 1 - W \quad \text{and} \quad u > W \end{cases} \]

\[ S^p(\lambda_1, u) = \begin{cases} 1 & \text{if } \lambda_1 > u + 1 \\ \frac{u}{\lambda_1 - 1} & \text{if } \lambda_1 \leq u + 1 \quad \text{and} \quad u \leq 0 \\ 0 & \text{if } \lambda_1 \leq u + 1 \quad \text{and} \quad u > 0 \end{cases} \]

and \( S(\lambda_1, u) = -u 1_{\{u \leq 0\}} \).

As mentioned earlier, co-optation or repression can contain \( O \) antigovernment activities, making the second period coercive capacity \( \lambda \) to follow the distribution \( h(.|0) \). Engaging in co-optation or repression entails the same continuation payoff for \( D \). Thus, \( D \) decision to co-opt or repress in period 1 only depends on the instantaneous payoff from doing so. Or, the critical level of opposition coercive capacity \( \lambda^c(u) = \frac{W}{F}(u - W) + 1 \).

Fixing the equilibrium behavior in the second period, I derive \( D \)’s expected payoff. Denote \( V_D(0) \) and \( V_D(S^p) \), \( D \)’s continuation payoff from engaging in co-optation (or repression) and taking a hands-off approach in the second period when the level of mobilization is \( S^p \), respectively. Also denote \( \lambda(u) = \max\{\lambda^p(u), \lambda^c(u)\} \) for \( u \in [-1, 1] \). \( D \)’s expected payoffs from engaging in repression and co-optation in the first period are given, respectively, by

\[ -F + \delta V_D(0), \quad (1) \]

and

\[ -W S^c(\lambda_1, u) + \delta V_D(0) \quad (2) \]
where

\[ V_D(0) = \int_\lambda(0)^\infty (-F)h(\lambda|0)d\lambda + \int_0^{\lambda(u)} \left( -WS^c(\lambda, u)1_{(d(\lambda,u)=c)} - S^p(\lambda, u)1_{(d(\lambda,u)=p)} \right) h(\lambda|0)d\lambda \]

while the expected payoff from choosing a hands-off policy in the first period is given by

\[ -S^p(\lambda_1, u) + \delta V_D(S^p) \]  

(3)

where

\[ V_D(S^p) = \int_{0}^{\lambda(u)} (-F)h(\lambda|S^p)d\lambda + \int_{\lambda(u)}^{\infty} \left( -WS^c(\lambda, u)1_{(d(\lambda,u)=c)} - S^p(\lambda, u)1_{(d(\lambda,u)=p)} \right) h(\lambda|S^p)d\lambda \]

The logic behind the continuation values is as follows. When the party capacity is drawn above the critical level \( \lambda(u) \), the equilibrium strategy in the second period entails \( D \) repressing and obtaining \(-F\). When \( \lambda \) is below \( \lambda(u) \), \( D \) either co-opts if \( d(\lambda,u) = c \) or takes a hands-off approach if \( d(\lambda,u) = p \). \( \lambda \) is drawn from \( h(.|S) \) when \( d = p \) in the first period, and drawn from the distribution \( h(.|0) \) when \( d = c, r \) in period 1.

When the living conditions are very bad \( (u \leq u^*) \), or the opposition is very strong \( (\lambda > \lambda(u)) \), \( D \) is still inclined to repress. However, it is less clear what \( D \)'s optimal action is when \( u \geq u^* \) and \( \lambda \leq \lambda(u) \). The next proposition summarizes the equilibrium behavior in period 1 when the parameters fall in this region. Figure 3 presents a plot of \( D \)'s optimal tactics.

**Proposition 2** Denote \( \lambda_1 \) the realized party strength in period 1. And suppose \( \lambda_1 \leq \lambda(u) \).

There exists \( \epsilon_1 \leq 0 \) and \( \epsilon_2 \leq 0 \) with \( \epsilon_2 < \epsilon_1 \) such that:

i) If \( u \in [\epsilon_2, W] \), \( D \) chooses a hands-off policy.

ii) If \( \lambda \leq \lambda^c(u) \) and \( u \in [u^*, \epsilon_2] \), \( D \) prefers to co-opt.

iii) If \( \lambda \in [\lambda^c(u), \lambda^c(u)] \) and \( u \in [u^*, \epsilon_1] \), \( D \) prefers to repress.
Figure 3: D’s optimal strategy in Period 1. \((F = \frac{1}{4}, W = \frac{1}{3})\).

Under the assumption that \(O\) can leverage on the level of mobilization in period 1 to reinforce its coercive capacity, \(D\) wants to prevent \(O\) from reaching that goal by further weakening an already weak opposition. Consider the area in Figure 3 where \(D\) is taking a hands-off approach in period 2 \((u \in [u^*, 0] \text{ and } \lambda \leq \lambda^p(u))\). In this region, \(D\) mostly engages either in co-optation or repression in period 2. Whether \(D\) co-opts depends on whether the most pressing issue to deal with is the period level of mobilization. This is because co-optation, in addition to weakening the opposition tomorrow, also increases the current period level of mobilization.

When economic conditions are moderate, \((u \in [\epsilon_2, W])\), \(D\) adopts a hands-off approach...
because the level of mobilization $S$ is very small (close to 0) and co-optation would have a positive effect on mobilization. However, when $u \in [u^*, \epsilon_2]$, incentives for weakening the opposition dominate. The level of mobilization $S$ is at a level that would make the opposition stronger tomorrow if $D$ chooses to allow political freedom. Which strategy $D$ chooses to weaken $O$ depends on $O$'s coercive capacity $\lambda_1$. Repression is optimal when the $O$'s coercive capacity $\lambda_1$
capacity is larger than $\lambda_c(u)$ such that co-optation would be both risky and expensive for $D$. Otherwise, $D$ prefers to co-opt.

Figure 4 depicts $D$’s expected payoff as a function of the level of economic conditions, when $O$’s coercive capacity is larger than $\lambda_p(u)$ but lower than $\lambda_c(u)$, and $u$ falls between $u^*$ and $\epsilon_1$. The dictator prefers repression to co-optation when $u$ is closed to $u^*$ and repression to a hands-off policy when $u$ has moderate values. For $u$ close to 0 a hands-off policy is optimal. A similar mechanism holds in Figure 5, where co-optation is optimal for a level of economic conditions close to $u^*$ and $\lambda_1$ smaller than $\lambda_p(u)$.

My analysis highlights the importance of considering both the balance of power and the level of economic conditions in affecting citizens mobilization, within an unified model to understand strategies dictators use to control opposition parties in dictatorships. It turns out that dictators are willing to ease up on repression when it is less likely for the opposition to possess the capacity necessary to tip the balance of power down the road. The belief that adopting peaceful strategies when facing weak opposition groups is less risky, is what drives the dictator’s motives. This result is in stark contrast to the predominant view of opposition control in dictatorships. These current conceptions of government-opposition relations have led up to NGOs advocating for training programs that boost parties development in hybrid regimes, under the assumption that strong opposition parties is one necessary condition for democratization to kick in\textsuperscript{10}. The expectation that regime co-optation, or political freedom are very likely when the opposition is strong is an artifact of ignoring the opposition’s permanent threat stemming from citizens mobilization.

According to ZHRNF [2001], Rutherford [2008] and Dorman [2005], approximately 10000 MDC supporters and activists were displaced by state-sponsored violence in the 2000s.\textsuperscript{11}

\textsuperscript{10}The Friedrich Ebert Stiftung is an example of foundation that promotes parties development around the world.

\textsuperscript{11}The provincial governor Border Gezi during a public address in Bindura on March 26, 2000 alluded to the regime’s repressive tactics when he told ZANU-PF members attending the meeting that “they must warn supporters of opposition parties that the ZANU-PF is well known for spilling blood” (Zimbabwe Human Rights
Conclusion

This article examined the question of what drives the dictator’s strategies in opposition-regime nexus. I tackled this question by focusing on two important factors highlighted by the literature. The level of economic conditions and the balance of power. These factors are taken into consideration in a dynamic model where they determine citizens incentive to mobilize against the regime. Accordingly, and unlike existing models, endogeneous mobilization makes the opposition’s threat permanent.

Distinguishing between a hands-off policy and co-optation, I make several contributions to the literature. First, a dictator is always willing to engage in co-optation when facing a weak opposition group, unless economic conditions are very bad. In a dynamic environment, dictators prefer to either use repression or co-optation to weaken the opposition in order to engage in hands-off policies later on. Thus, repression is mostly use when opposition groups are strong or when there large economic inequalities.

This article underscores the necessity of examining multiple factors that determine strategic decision-making in dictatorships. I developed a game-theoretical model focusing only on two important factors in order to make the analysis tractable. This assumption could easily be relaxed by extending the analysis, considering factors such as regime types, multiple opposition groups, or endogeneous economic conditions. In fact, regarding the latter, one can develop a general equilibrium model where citizens have an option to invest in economic activities that influence the level of economic conditions, or to mobilize. This avenue of research could be explored to further investigate on dictators-opposition groups’ political behavior.

NGO Forum, “Who is Responsible? A Preliminary Analysis of Pre-election Violence In Zimbabwe” (June 20, 2000)).
References


Appendices

Proofs

Second Period Equilibrium

Level of Mobilization

To analyze citizens’ mobilizing decision, I consider the choices of the S-marginal citizen. This is the citizen who is indifferent between “mobilize” and “not mobilize” when a fraction
$S$ of the population mobilises. Denote $\alpha(S)$ the identity of the $S$–marginal citizen.

Note that when a fraction $S$ of the population mobilises, for an equilibrium to be consistent, every mobilizing citizen must prefer that action to the outside option. Moreover, the $S$-marginal citizen must prefer to mobilize. Citizens who do not mobilize must prefer the outside option to mobilizing.\(^1\) Therefore, given that citizens are uniformly distributed on the interval $[0, 1]$, the identity of the $S$-marginal citizen solves $\alpha(S) - 0 = S \times (1 - 0) = S$. Therefore, $\alpha(S) = S$ for $S \in [0, 1]$.

When $D$’s strategy is co-optation, the maximum level of mobilization satisfies $\lambda_2 S + W = u + \alpha(S) = u + S$. There is full mobilization if and only if, given the level of mobilization, the population member with outside option $u + 1$ mobilizes (this result rests on the fact that there is an citizens’ outside option satisfies a complete order). Thus, $S^c(\lambda_2, u) = 1$ if and only if $\lambda + W \geq u + 1$.

For the level of mobilization to be 0, two conditions must hold. First, the population member with the worst outside option must prefer not to mobilize (given the level of mobilization $S = 0$): $u_1 + 0 > W$. Second, given a level of mobilization $S \in (0, 1]$, “no population member $\alpha \in S$ has an incentive to mobilize”: $\lambda_2 S + W < u + \alpha(S) = u + S$. Since $\lambda S + W$ and $u + \alpha(S)$ are affine functions of $S$, the inequality holds for all $S$ if it is true for the initial point and the end point ($S = 1$). Which is $\lambda + W < u + 1$.

Now, suppose the citizen with the best outside option has no incentive to mobilize, whatsoever, but the citizen with the worst outside option does have an incentive. That is, $\lambda < u + W + 1$ and $u + 0 < W$. Then, a positive fraction of the population mobilizes given that the citizen $\alpha = 0$ mobilizes at all cost. Plus, the level of mobilization is interior given that the citizen with the best outside option prefers the status quo. The maximal level of mobilization in this situation satisfies $\lambda_2 S + W = u + S$. That is, $S^c(\lambda_2, u) = \frac{u - W}{\lambda_2 - 1} \in (0, 1)$. Note that

\(^1\)The fact that there is a complete order on citizens’ outside option implies that for $\alpha < \alpha'$, if a population member with identity $\alpha'$ mobilizes, then so is individual $\alpha$. This insight of parameterizing citizens' preference is developed in Bueno De Mesquita (2013).
the population member $\alpha > \alpha(S)$ prefers not to mobilize. Therefore, the equilibrium level of mobilization in the game is given by

$$S^c(\lambda_2, u) = \begin{cases} 
1 & \text{if } \lambda_2 \geq u - W + 1 \\
\frac{u-W}{\lambda_2-1} & \text{if } \lambda_2 < u - W + 1, u \leq W \\
0 & \text{if } \lambda_2 < u - W + 1, u > W 
\end{cases}$$

A similar reasoning shows that when $D$'s strategy is a hands-off policy, the equilibrium level of mobilization satisfies:

$$S^p(\lambda_2, u) = \begin{cases} 
1 & \text{if } \lambda_2 \geq u + 1 \\
\frac{u-W}{\lambda_2-1} & \text{if } \lambda_2 < u + 1, u \leq W \\
0 & \text{if } \lambda_2 < u + 1, u > W 
\end{cases}$$

When $D$'s strategy is repression, a citizen that mobilizes obtains 0. So her incentive to mobilize depends on how the outside option $u + \alpha$ compared to 0. If $\alpha \leq -u$, there is a positive level of mobilization when $D$ uses repression. Since the population is uniformly distributed on $[0, 1]$ such level of mobilization is given by $-u$. The critical citizen $\alpha(S) = S$ must be indifferent; $\alpha(S) = -u$. $S^r(\lambda_2, u) = -u 1_{\{u \leq 0\}}$.

**Proof of Proposition 1**

The proof only describes the ruler’s equilibrium strategy. A population member’s equilibrium strategy follows from the previous analysis.

Suppose $D$ faces a level of mobilization $S \in [0, 1]$. If $S = 0$, then the dictator is indifferent between Co-optation ($d = c$) and a hands-off policy ($d = p$). In fact, co-opting $O$ yields $-W \times 0 = 0$ and a hands-off policy yields $-0$. Repression yields $-F < 0$. Thus, $D$ either co-opts or takes a hands-off approach. Thus, when $u \geq W$, $D$ is indifferent between co-optation and a hands-off policy.
If the level of mobilization is \( S = 1 \), then \( D \) prefers to repress. As co-optation yields \( -W \times 1 = -W < -F \) and a hands-off policy yields \(-1 < -F\). Repression is optimal when \( D \) confronts full mobilization. That is, if \( \lambda > u + 1 \), \( D \) represses the opposition.

Suppose \( S \in (0, 1) \). Consider \( \lambda^c(u) \) and \( \lambda^p(u) \) as defined in the text. \( \lambda^c(u) = \max\{\lambda^c(u), \lambda^p(u)\} \).

If \( \lambda \in [\lambda(u), u + 1] \), \( D \) prefers repression to co-optation and repression to a hands-off policy. This is because if \( \lambda \geq \lambda(u) \), \( -W S^c(\lambda, u) \leq F \) and \( -S^p(\lambda, u) \leq F \). Citizens level of mobilization is \( S^r(\lambda, u) = -u1\{u \leq 0\} \).

Next, assume \( \lambda \in [0, \lambda(u)] \) and \( u \leq W \). The level of mobilization when \( D \)'s strategy is co-optation is \( S^c(\lambda, u) = \frac{u - W}{\lambda_2 - 1}1\{u \leq 0\} \). The level of mobilization if \( D \)'s strategy is a hands-off policy is \( S^p(\lambda, u) = (u + 1)1\{u \leq 0\} \) and \( \lambda^c(u) = (\frac{W}{F}(u - W) + 1)1\{u \leq W\} \). Note that \( \lambda^c(u) \leq u + 1 - W < 1 \) and \( \lambda^p(u) \leq u + 1 \). Therefore, when \( u \in [0, W] \) it is optimal for \( D \) to adopt a hands-policy.

Now, suppose \( u \in [-1, 0] \). Denote \( u^* \leq 0 \) the solution to \( \frac{u}{F} + 1 = \frac{W}{F}(u - W) + 1 \); \( u^* = -\frac{W^2}{1-F} \). For \( u \geq u^* \) and \( \lambda \in [0, \lambda(u)] \), \( D \) prefers a hands-off policy to co-optation. For \( u \in [u, u^*] \) where \( u \) solves \( \lambda^c(u) = 0 \), we have \( \lambda(u) = \lambda^c(u) \) and \( D \) is inclined to use co-optation. We have \( u = -\frac{F}{W} + W \) and \( \lambda_2 > \lambda^c(u) \) for all \( u \leq u \). \( D \) still has incentive to repress when \( u \leq u \).

To conclude the proof we need to show \( O \) always finds optimal to accept co-optation. Suppose \( u \in [u, u^*] \) and \( \lambda_2 \leq \lambda(u) \). An attempt of co-optation yields \( \lambda_2 S^c(\lambda_2, u) + W = \frac{\lambda_2(u - W)}{\lambda_2 - 1} + W \), while a hands-off policy brings \( \frac{\lambda_2 u}{\lambda_2 - 1} \). We have

\[
\frac{\lambda_2(u - W)}{\lambda_2 - 1} + W - \frac{\lambda_2 u}{\lambda_2 - 1} = \frac{W}{1 - \lambda_2} > 0.
\]

Q.E.D

**Proof of Proposition 2**

To demonstrate Proposition 2, we have to show the following, For \( \lambda_1 \leq \lambda^c(u) \).
i) There exists $\epsilon_1 > 0$ such that for $u \in B(0, \epsilon_1) = [-\epsilon_1, 0]$, $D$ takes a hands-off approach.

ii) There exists $\epsilon_2 > \epsilon_1$ and $-\epsilon_2 > u^*$ such that for $u \in [u, -\epsilon_2]$ and $\lambda_1 < \lambda^c(u)$, $D$ engages in co-optation and $O$ accepts.

iii) For $\lambda \geq \lambda^c(u)$, $u \in [-1, -\epsilon_1]$, $D$ represses.

When $\lambda_1 > \lambda^c(u)$ the dictator represses. This is because $F < WS(\lambda_1, u) < S(\lambda_1, u)$. When $\lambda_1 \leq \lambda^c(u)$, the ruler co-opts because $WS(\lambda_1, u) \leq F$ and $WS(\lambda_1, u) \leq S(\lambda_1, u)$, unless $u$ is small enough such that taking a hands-off approach is preferred. The level of mobilization in the equilibrium first period is given by

$$S^c(\lambda_1, u) = \begin{cases} 1 & \text{if } \lambda_1 > u + 1 - W \\ \frac{u - W}{\lambda_1 - 1} & \text{if } \lambda_1 \leq u + 1 - W \text{ and } u \leq W \\ 0 & \text{if } \lambda_1 \leq u + 1 - W \text{ and } u > W \end{cases}$$

Note that when the dictator represses the level of mobilization is $S^r(\lambda_1, u) = -u \mathbb{1}_{\{u \leq 0\}}$ for all $\lambda_1$ and $u$. Were $D$ to take a hands-off approach, the level of mobilization would be

$$S^p(\lambda_1, u) = \begin{cases} 1 & \text{if } \lambda_1 > u + 1 \\ \frac{u}{\lambda_1 - 1} & \text{if } \lambda_1 \leq u + 1 \text{ and } u \leq 0 \\ 0 & \text{if } \lambda_1 \leq u + 1 \text{ and } u > 0 \end{cases}$$

Note that when $u \geq 0$, the level of mobilization when $D$’s strategy is a hands-off policy is equal to 0 (unless $\lambda_1 \geq u + 1$). Thus, $D$ prefers to adopt a hands-off policy in this situation.

Suppose the realized party cohesion is $\lambda_1 \leq \lambda^p(u)$ and $u \leq 0$. This case corresponds to a level of mobilization $S^c(\lambda_1, u) = \frac{u - W}{\lambda_1 - 1}$ under successful co-optation; and $S^p_1(\lambda_1, u) = \frac{u}{\lambda_1 - 1}$ if $D$ takes a hands-off approach. Moreover, under this condition on $u$, $D$ engages in co-optation in period 2.
If the opposition accepts co-optation it gets

\[
\frac{\lambda_1(u - W)}{\lambda_1 - 1} + W + \delta \int_0^{\lambda(u)} \left[ \frac{\lambda(u - W)}{\lambda - 1} + W \right] h(\lambda|0) d\lambda
\]  

A successful co-optation today yields \( \lambda_1 S + W \) to the opposition. Given that \( \lambda_1 \leq \lambda^p(u) \) and \( u \leq W \) there is a fraction of mobilization \( S^c(\lambda_1, u) = \frac{u-W}{\lambda_1-1} \). Co-optation weakens the opposition’s coercive capacity and in period 2, the party capacity is drawn from the distribution \( h(\lambda|0) \). The opposition expects the dictator to play according to the equilibrium in the second period. Hence, the opposition gets 0 if the realized coercive capacity is \( \lambda \geq \lambda(u) \) and \( \frac{\lambda(u-W)}{\lambda-1} + W \) if \( \lambda \leq \lambda(u) \).

The dictator’s repressive actions yield

\[
-F + \delta \left[ \int_{\lambda(u)}^{\infty} (-F) h(\lambda|0) d\lambda + \int_0^{\lambda(u)} \left( -\frac{W(u - W)}{\lambda - 1} \right) h(\lambda|0) d\lambda \right]
\]

while a hands-off policy yields

\[
-S^p(\lambda_1, u) + \delta \left[ \int_{\lambda(u)}^{\infty} (-F) h(\lambda|S^p_1) d\lambda + \int_0^{\lambda(u)} \left( -\frac{W(u - W)}{\lambda - 1} \right) h(\lambda|S^p_1) d\lambda \right].
\]

Where \( S^p(\lambda_1, u) = \frac{u}{\lambda_1-1} \), and \( S^p_1 \equiv S^p(\lambda_1, u) \). Note that for \( u = 0, S^p_1 = 0 \) and \( \int_0^{\lambda(u)} \left( -\frac{W(u - W)}{\lambda - 1} \right) h(\lambda|0) = \int_0^{\lambda(u)} \left( -\frac{W(u-W)}{\lambda-1} \right) h(\lambda|S^p_1) \),

\[
\int_{\lambda(u)}^{\infty} (-F) h(\lambda|S^p_1) d\lambda = \int_{\lambda(u)}^{\infty} (-F) h(\lambda|0) d\lambda \text{ and } D \text{ takes a hands-off policy and allows political freedom since } F > 0. \text{ By continuity, there exists } \epsilon > 0 \text{ such that if } u = -\epsilon, \text{ and } S^p_1 = \frac{-\epsilon}{\lambda_1-1} > 0, \text{ } D \text{ still allows political freedom.}\]

Consider the function \( u_D(\lambda) = \begin{cases} 
-F & \text{if } \lambda > \lambda^c(u) \\
-\frac{W(u-W)}{\lambda-1} & \text{if } \lambda \leq \lambda^c(u)
\end{cases} \). \( u_D \) is non-increasing in

\[\text{You may have noticed that } \lambda(W) = 1 \text{ and } \frac{1}{\lambda-1} \text{ is not continuous in } 1. \text{ But since } \frac{u}{\lambda-1} \text{ is closed to } 0 \text{ when } u \text{ approaches } 0, \int_0^{\lambda(u)} \left( -\frac{W(u-W)}{\lambda-1} \right) h(\lambda|S_1) d\lambda \text{ is continuous for } u \leq 0.\]

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λ. We can rewrite D’s continuation value as \( V_D(0) = \int_0^\infty u_D(\lambda) h(\lambda|0) d\lambda \) and \( V_D(S^p) = \int_0^\infty u_D(\lambda) h(\lambda|S^p) d\lambda \). Since \( h(|S^p) \) first order stochastically dominates \( h(|0) \), \( V_D(S^p) < V_D(0) \). That is,

\[
\int_\lambda^\infty (-F) h(\lambda|0) d\lambda + \int_0^\lambda u_D(\lambda) h(\lambda|0) d\lambda < \int_\lambda^\infty (-F) h(\lambda|0) d\lambda + \int_0^\lambda u_D(\lambda) h(\lambda|0) d\lambda.
\]

The fact that \( O \) can use the level of mass support to reinforce its coercive capacity worsens D’s continuation payoff from allowing political freedom.

For \( \lambda_1 \geq \lambda^c(u) \) let’s define \( M(u; \lambda_1) \) the function equals to the difference between (6) and (5). \( M(u; \lambda_1) \) is D’s net expected payoff from preferring \( d = p \) to \( d = r \).

\[
M(u; \lambda_1) = F - S^p(u, \lambda_1) + \delta \left[ \int_\lambda^{\lambda^c(u)} F(h(\lambda|0) - h(\lambda|S^p)) d\lambda + \left( \lambda^c(u) \right) F(\lambda^c(u) - W) \lambda^c(u) \lambda - 1 \right] h(\lambda|0) - h(\lambda|S^p)) d\lambda.
\]

\( M(0; \lambda_1) = F > 0; M(u^*; \lambda_1) < 0 \) (for \( \lambda_1 \geq \lambda^c(u) \)). Hence, there exists a unique \( \epsilon_1 > 0 \) such that \( M(-\epsilon; \lambda_1) = 0 \). Thus, political freedom is an equilibrium in period 1 if \( u \in [-\epsilon_1, 0] \). If \( \lambda \geq \lambda^c(u) \), D prefers to repress, proving (iii).

Now let’s turn to (ii). For co-optation to be an equilibrium, D must choose to co-opt and \( O \) must accept. Note that when \( \lambda \leq \lambda^c(u) \), D prefers co-optation to repression. Now suppose, in addition, that \( u \in [u, -\epsilon_1] \), where \( u \) is the level of economic conditions that makes D indifferent between co-opting and repressing. That is, \( u \) solves \( F = WS^c(\lambda^c(u), u) = \frac{W(u-W)}{\lambda^c(u)-1} \); \( u = \frac{F-W^2}{W} \). For \( u \leq u \), the dictator always relies on repression regardless of \( O \)’s coercive capacity. I want to show that there exists \( \epsilon_2 > \epsilon_1 \) such that D prefers co-optation to a hands-off policy in the situation where \( u \in [u, -\epsilon_2] \) and \( \lambda \leq \lambda^c(u) \). In order words, that
\[-S^p(\lambda_1, u) + \delta \left[ \int_{\lambda(u)}^\infty (-F)h(\lambda|S^p)d\lambda + \int_0^{\lambda(u)} \left( -\frac{W(u-W)}{\lambda - 1} \right) h(\lambda|S^p)d\lambda \right]. \quad (8)\]

is smaller than

\[-WS^c(\lambda_1, u) + \delta \left[ \int_{\lambda(u)}^\infty (-F)h(\lambda|0)d\lambda + \int_0^{\lambda(u)} \left( -\frac{W(u-W)}{\lambda - 1} \right) h(\lambda|0)d\lambda \right]. \quad (9)\]

for such \( u \). Note that for \( u = u^* = -\frac{W^2}{1-W}, WS^c(\lambda_1, u) = S^p(\lambda_1, u) \). For \( u \in [\underline{u}, u^*] \), 
\[-WS^c(\lambda_1, u) = -\frac{W(u-W)}{\lambda_1-1} \geq \frac{-u}{\lambda_1-1} = S^p(\lambda_1, u). \] Fix \( \lambda_1 < \lambda^c(u) \), and denote \( L(u; \lambda_1) \) the function equal to the difference between (8) and (9).

\[
L(u; \lambda_1) = WS^c(\lambda_1, u) - S^p(\lambda_1, u) + \\
\delta \left[ \int_{\lambda^c(u)}^\infty F(h(\lambda|0) - h(\lambda|S^p))d\lambda + \int_0^{\lambda^c(u)} W(u-W) \left( -\frac{1}{\lambda - 1} \right) (h(\lambda|0) - h(\lambda|S^p))d\lambda \right]
\]

Since \( WS^c(\lambda_1, u^*) = S^p(\lambda_1, u^*), L(u^*, \lambda_1) < 0 \) by (7). Leibniz’s derivative rule implies that

\[
\frac{dL(u; \lambda_1)}{du} = \frac{W}{\lambda_1-1} - \frac{1}{\lambda_1-1} - \delta F \left( h(\lambda^c(u)|0) - h(\lambda^c(u)|S^p_1) \right) \frac{d\lambda^c(u)}{du} + \\
\delta \frac{W(u-W)}{\lambda^c(u)-1} \left( h(\lambda^c(u)|0) - h(\lambda^c(u)|S^p_1) \right) \frac{d\lambda^c(u)}{du}
\]

Given that \( \frac{W(u-W)}{\lambda^c(u)-1} = F \), we have \( \frac{dL(u; \lambda_1)}{du} = \frac{W-1}{\lambda_1-1} > 0 \) (with \( \lambda_1 < 1 \) and \( W < 1 \)). Hence, \( L(u; \lambda_1) \) is strictly increasing in \( u \). In addition, \( L(0, \lambda_1) = -\frac{W^2}{\lambda_1-1} > 0 \) and

\[
L(u^*; \lambda_1) = 0 + \delta \left[ \int_{\lambda(u)}^\infty F(h(\lambda|0) - h(\lambda|S^p_1))d\lambda + \int_0^{\lambda(u)} W(u-W) \left( h(\lambda|0) - h(\lambda|S^p_1) \right)d\lambda \right] < 0
\]

where \( S^p_1 = \frac{u^*}{\lambda_1-1} \). The Intermediate Value Theorem implies that there exists \( \epsilon_2 > \epsilon_1 \) and 
\(-\epsilon_2 > u^* \) such \( L(-\epsilon_2; \lambda_1) = 0 \). D engages in co-optation for \( u \in [\underline{u}, -\epsilon_2] \) and adopts a hands-off policy if \( u \in [-\epsilon_2, 0] \). \( Q.E.D \)

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