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Reigning in the Prince

Thomas Hobbes, writing in 1651, observed of life in the state of nature that it is “solitary, poore, nasty, brutish and short” (Hobbes [1651] 1996, chap. 13, p. 89). *The Leviathan’s* concern is to investigate what form of government best improves that state of affairs. After so many centuries we might pause to ponder how much progress, if any, humankind has made in the quality of life and how such improvements relate to alternative forms of governance. Certainly life on our crowded planet is not solitary, though whether people are more engaged in supportive and protective communities—Hobbes’s notion of escaping a solitary life—is an open question. Improvements in sanitation, nutrition, and medicine ensure that life is considerably longer than it was in Hobbes’s day, but not everyone has shared in these improvements equally. For some it is less poor, though oppressive poverty remains the everyday circumstance for many people. As for life being nasty and brutish, progress is regrettably mixed. Today, despite various waves of democracy, much of the world’s population continues to live under the yolk of nasty, brutish regimes.

Hobbes’s remedy for the war of all against all is the absolutist Leviathan state. In this view, monarchy is the ideal form of sovereignty because

in monarchy the private interest is the same with the publique. The riches, power, and honour of a monarch arise only from the riches, strength, and reputation of his Subjects. For no king can be rich, nor glorious, nor secure, whose subjects are either poore, or contemptible, or too weak through want, or dissension, to maintain a war against their enemies. (Hobbes [1651] 1996, chap. 19, p. 131)

A century and a half earlier, Niccolò Machiavelli pondered similar questions, arriving at rather different answers. Though best known for his advice in *The Prince*, especially his observation that a ruler is better off being feared than loved, Machiavelli favored the individual liberty provided by a republic over the corruption of monarchy. His lament was that few places had either sufficient people of probity and religious conviction or institutions to foster competition across classes so that liberty and law could coexist “in such a manner that no one from within or without could venture upon an attempt to master them” (*Discourses I*; Machiavelli [1531] 1950, chap. 55, p. 253). He reasoned that Germany in his day was unusually successful in sustaining republics because the Germans engaged in little commerce with their neighbors and because

Germans maintained equality among the people, rather than permitting the emergence of what today we might call “the idle rich”—that is, those gentlemen as he called them “who live idly upon the proceeds of their extensive possessions, without devoting themselves to agriculture or any other useful pursuit to gain a living” (*Discourses I*; Machiavelli [1531] 1950, chap. 55, p. 255).

In Machiavelli’s view,

whoever desires to establish a kingdom or principality where liberty and equality prevail, will equally fail, unless he withdraws from that general equality a number of the boldest and most ambitious spirits, and makes gentlemen of them, not merely in name but in fact, by giving them castles and possessions, as well as money and subjects; so that surrounded by these he may be able to maintain his power, and that by his support they may satisfy their ambition, and the others may be constrained to submit to that yoke to which force alone has been able to subject them. . . . But to establish a republic in a country better adapted to a monarchy, or a monarchy where a republic would be more suitable, requires a man of rare genius and power, and therefore out of the many that have attempted it but few have succeeded. (*Discourses I*; Machiavelli [1531] 1950, chap. 55, p. 256)

We share Hobbes’s concern to explain when the public’s interests are most advanced and Machiavelli’s to comprehend when a republic is most likely to succeed. We will argue that Hobbes’s confidence in monarchy was mistaken in logic and in fact and that Machiavelli’s perspective that a republic is best for promoting freedom and institutional stability is correct. Indeed, this book can be construed as an investigation of the accuracy of the above-quoted suppositions of Hobbes and Machiavelli about the ties between civic-mindedness (i.e., probity), public well-being, private gain, the security of leaders in office, and alternative institutions of government. We will suggest that the appearance of honest, civic-minded government is a consequence of key features of republican political institutions and that corruption and political security are consequences of parallel features in monarchy and autocracy. On the basis of our analysis, we propose ways of reigning in not only Hobbes’s Leviathan, but Machiavelli’s well-advised Prince as well.

Three Puzzles

The alternative to the poor, nasty, brutish life in the state of nature envisioned by Hobbes is a life of peace and prosperity. It is easy to agree with

Hobbes that governments that provide for the peace and prosperity of their citizens are successful governments. Indeed, we might naturally expect that leaders who promote peace and prosperity are effective and so deserve long terms in office. Who, after all, does not desire a leader who knows how to provide peace and prosperity? The trouble is, as Machiavelli so aptly observed, that these two enviable qualities are not necessarily conducive to political survival. In fact, just the opposite may be true. Democrats offer their citizens more peace and, by some accounts, more prosperity than autocrats. Yet autocrats last in office about twice as long, on average, as do democrats.¹ Why is this so?

This first puzzle motivates part of our work. To seek an answer, we propose to identify political decisions that are incentive compatible with particular institutional constraints. We identify two basic institutions of governance that together expose generic differences between democracy, monarchy, military junta, autocracy, and other forms of government. We use these institutions to explain why poor policy performance is incentive compatible with many forms of nondemocratic governance, while good policy performance is induced by democratic institutions even in the absence of a population that is particularly honest, forthright, or civic-minded. In the process of doing so, our analysis will indicate that the institutionally appropriate choice of policy performance—good or bad—enhances the prospects for political survival (Robinson 1998).

A second puzzle that motivates this book revolves around the selection of governing institutions. People are said to be creatures of habit. Yet, in politics, they often deviate from past practice when the opportunity arises to alter the rules by which they are governed. Consider, for instance, the Bolshevik revolutionaries in Russia who—having defeated the czar and the Kerensky government—launched a social and political experiment of monumental proportions. Their social experiment included the implementation of an entirely new form of command economy based on the labor theory of value. Centuries of evolution in the ideas of property rights were set aside. In one fell swoop almost all property belonged, at least in principle, to everyone. The social and economic changes wrought by the Bolsheviks were accompanied by profound political changes as well. Vladimir Ilyich Lenin promulgated a political system grounded in democratic centralism. At first blush, it does not appear to be that different from the czarist system of concentrated authority. Once a decision was taken, all those close to the seat of power

were expected to adhere to that decision; there was no room for dissent. Such a principle required that only a small group could influence the actions of the central authorities, a characteristic that typified most of the reign of Czar Nicholas. Lenin's principle of democratic centralism left no room for democratic competition of the sort known in the United States at the time. However, while keeping the reigns of real power in the hands of a small group, the Bolsheviks pursued an innovative experiment in the design of their political system, an innovation that made their government different structurally from the Romanov monarchy. They produced one of history's first universal adult suffrage voting systems when they held an election in December 1917. Of the 41.6 million votes cast, the Bolsheviks received about 25 percent (<http://kuhttp.cc.ukans.edu/kansas/cienciala/342/ch2.html>). The set of people with an ostensible say in choosing the government had been tiny during the Romanov dynasty. Under the Bolshevik system, it was very large indeed.

The experiment with universal suffrage leaves us with a puzzle. Why would any authoritarian state adopt universal adult suffrage as part of its political system? What possible value could leaders, elites, and ordinary citizens derive from rigged elections that everyone recognized as meaningless? Surely the government could gain little, if any, legitimacy from the charade of such elections. Yet there must have been a reason behind decisions to deviate from the standard monarchical approach that relied on noble birth or the military model relying just on the control of guns to decide who has even a nominal say in choosing leaders.

Equally puzzling are institutional innovations adopted by the early English settlers of North America. Just as the Bolsheviks had lived under the repressive regime of the czar, the early English pilgrims had endured and fled the religious oppression of Britain's monarchy. These pilgrims certainly oppressed those who did not share their religion, but theirs was a government starkly less dictatorial than the monarchy they fled. They built a system in which many had a say about the actions of the government and many had a say in choosing the leaders of that government. Elections were on a fixed and frequent schedule, sometimes with a secret ballot, and open to many. Why did these English settlers, no less so than Lenin and his followers, devise a form of government different from the one they had previously experienced? It has been observed that "those who are conquered always want to imitate the conqueror in his main

characteristics” (Hochschild 1999, 304). Certainly, neither Lenin nor the English settlers in North America fit easily into this description. Those who had long subjugated them ruled on the basis of principles different from the principles chosen by the Bolsheviks or the pilgrims, and these two groups chose principles quite different from each other. How are we to square each of these choices about what government institutions to erect when none comport with the previous experience of those making the choice? What leads to the selection and maintenance of democracy in some places, autocracy in others, military juntas in still others, while others choose monarchy or some other form of governance?

A third puzzle arises out of the study of war. At the end of World War II, the victors deposed the leaders in many of the vanquished states. What is more, they toppled the institutions of government and replaced them with others more to their liking. The Americans, with the support of the British and the French, imposed democracy on Germany and Japan, going so far as to write their constitutions for them. Yet at the same time these very countries heartily resisted the creation or promotion of democratic institutions in their own colonial territories and frequently backed and bolstered dictators in Africa, Latin America, and elsewhere. These observations raise questions. When and why do victors in war impose new forms of government on the vanquished and when and why do they sometimes choose to leave the institutions of government as they found them? Does democracy emerge out of monarchy, autocracy, or military junta as a consequence of peaceful domestic transitions? Is democracy or autocracy imposed on the vanquished by foreign victors? Are there sustainable paths from monarchy or autocracy to democracy? Are there, we must alas ask, sustainable paths back to monarchy or autocracy? Finally, can the choice to produce peace and prosperity or war and misery be shown to follow from the same factors that influence preferences for government institutions and the length of time leaders survive in office?

The Essence of the Argument

Political leaders need to hold office in order to accomplish any goal. Every leader answers to some group that retains her in power: her *winning coalition*. This group controls the essential features that constitute political power in the system. In democracies the winning coalition

is the group of voters who elect the leader; in other systems it is the set of people who control enough other instruments of power to keep the leader in office. If the leader loses the loyalty of a sufficient number of members of the winning coalition, a challenger can remove and replace her in office.

Leaders make three related sets of decisions. First, they choose a tax rate that generates government revenue and that influences how hard people work. Second, they spend the revenue raised in a manner designed to help keep incumbents in office, particularly by sustaining support among members of their winning coalition. Finally, they provide various mixes of public and private goods. Private benefits are distributed only to members of the winning coalition and diminish in value to individual coalition members as the size of the group expands. Consequently, as the size of the coalition increases, leaders are expected to shift their effort to the provision of public goods that benefit all in society.

Coalition members are drawn from a broader group: the *selectorate* (Shirk 1993). The incentive to defect from the incumbent to a challenger depends on the prospects of being included in the challenger's winning coalition if he should replace the incumbent. The larger the selectorate relative to the winning coalition, the smaller the chance that a given member of the current leader's coalition will be included in the challenger's new winning coalition and so continue to receive private benefits. In political systems characterized by small winning coalitions and large selectorates—as is common in many rigged-election autocracies—supporters of the leader are particularly loyal because the risk and cost of exclusion if the challenger comes to power are high. Conversely, in political systems characterized by large coalitions and large selectorates—as is common in many democracies—supporters of the leader have weak bonds of special privileges and so are more willing to defect.

Organization of the Investigation

Our starting point is that every political leader faces the challenge of how to hold onto his or her job. The politics behind survival in office is, we believe, the essence of politics. The desire to survive motivates the selection of policies and the allocation of benefits; it shapes the selection

of political institutions and the objectives of foreign policy; it influences the very evolution of political life. We take as axiomatic that everyone in a position of authority wants to keep that authority and that it is the maneuvering to do so that is central to politics in any type of regime. When we say it is central, we mean that all actions taken by political leaders are intended by them to be compatible with their desire to retain power (Downs 1957; Black 1958; Wintrobe 1998). For us, the critical question in politics is how political institutions shape the goal of some leaders to produce peace and prosperity, while for others, institutional arrangements do not discourage war, misery, and famine. This is, of course, a topic also of considerable interest to economists who are concerned with how institutions influence economic growth (Olsen 1993; Niskanen 1997; Acemoglu and Robinson 2000) and with why institutions emerge in particular forms in different places (Engerman and Sokoloff 1997; Feng and Zak 2002; Acemoglu and Robinson 2001). These are the central themes we investigate.

The study is organized in three parts. The first three chapters develop a theory of institutions, leadership incentives, and governance. The second part of the book, which consists of four chapters, presents the empirical evidence regarding the theory's predictions about taxing and spending decisions by government, policy choices, war behavior, and the impact of these decisions on leaders' longevity in office. The third part of the book, made up of the final three chapters, evaluates the implications of the findings in the first two parts for the development of preferences over institutions that shape political selection and the actions that lead to institutional change. In the next section of this chapter we briefly present the main contours of our analysis.

A Theory of Political Incentives: Part I

In part I we construct a theory that addresses how institutions for selecting leaders, which we call *selection institutions*, shape the incentives leaders have to promote or inhibit social welfare. Our theoretical account examines how political-selection institutions influence the prospects that political leaders will survive and shows that different institutions create different imperatives of action for politicians who want to remain in office.

In developing what we call the *selectorate theory*, we build on important research by many others. Our theory depends partially on an understanding of coalition politics, and so we extract insights from the literature that ties coalition strategies to officeholding. Anthony Downs (1957) and William Riker (1962) draw attention to winning office as a central goal of each politician. Coalitions are built to maximize the prospect of winning and retaining office. We share that view, while also agreeing with Riker—who departs in this regard from Downs—that, subject to winning, political leaders want to maximize their control over policy choices and minimize the price they must pay to their coalition members and so build minimal winning coalitions when possible. Because the size of a winning coalition influences the price that must be paid to assemble it, we believe that the minimal coalition size required in a polity is itself a fundamental institutional aspect of governance that leads to structure-induced allocation decisions (Shepsle and Weingast 1981). Indeed, one of our main purposes is to develop a better understanding of how basic coalitional institutions shape allocation decisions.

Studies of voting and political succession inform our thinking about mechanisms by which leaders construct governments. The literature draws sharp distinctions between authoritarian and democratic regimes, particularly with regard to what is maximized through government choices. We suggest a theoretical approach intended to offer an integrated explanation of the differences that persist across nominal regime types. In designing our theoretical approach it is important, of course, to capture the regularities already identified in the literature. There is, in fact, a rich literature on authoritarian rule and a separate, rich literature on democratic governance. Of course, others have followed this path before. At least since Hannah Arendt (1951)—not to mention much earlier research starting with Thucydides, Aristotle, Sun Tzu, and Kautilya—scholars have been concerned to understand authoritarian and totalitarian forms of government. Ronald Wintrobe’s (1990, 1998) influential political-economy account of dictatorship draws attention to rent-seeking behavior as a crucial characteristic of such regimes (Krueger 1974; Buchanan, Tollison, and Tullock 1980). Mancur Olson (1993, 2000) expands on Wintrobe’s work, identifying factors that encourage despots to become territorial, thereby leading to the creation of authoritarian states. The theory we propose, therefore, must explain

the rent seeking common in authoritarian states, while still accounting for its lower frequency and intensity in more democratic polities.

Kenneth Arrow (1951), William Riker (1982, 1996), Richard McKelvey (1976, 1979), and Norman Schofield (1978) focus on democracy, drawing attention away from rent-seeking behavior and toward the pursuit and selection of policy outcomes and their linkage to maintaining oneself in office or throwing the rascals out. Gary Cox (1997) carefully demonstrated how electoral rules influence policy outcomes even if voter preferences are fixed, providing a coherent basis for distinguishing among different forms of democracy. We try to build on those insights, expanding them beyond the democratic setting while also noting how differences among various forms of democracy are distinguished within the selectorate theory.

Studies of autocracy and democracy naturally contributed to the rise of investigations concerned with endogenous institutional change. Douglass North and Barry Weingast (North and Weingast 1989; Weingast 1997) help inform our thinking about what allocation decisions leaders can credibly commit to and how allocation choices and revenue needs influence institutional change. Their attention is particularly drawn to periods of economic crisis such as arise following war or internal insurrection. We attempt to generalize their ideas to allow us to theorize about commitment issues, both during crises and in more everyday political circumstances. A related literature, exemplified by the work of Stanley Engerman and Kenneth Sokoloff (1997) and Daron Acemoglu and James Robinson (2000), addresses additional questions regarding endogenous institutional change. These studies point theoretically and empirically to the close relationship between economic shocks and political transitions. We build on their models to endogenize the ties between the economy and political institutions so that economic crises are themselves a product of choices regarding governing institutions. In this way, we try to add to the predictability of economic setbacks, placing them within their political context.

Having incorporated ideas from many research programs, the selectorate theory weaves these insights together to facilitate the derivation of both well-established empirical regularities and new propositions regarding governance and political economy. Our theory is, then, a natural amalgamation and extension of previous studies. While it provides new ideas about a variety of political subjects, it remains a

primitive theory in need of enrichment with more institutional details and improved measurement. Nevertheless, it affords a way to integrate seemingly disparate aspects of politics and is amenable to testing and falsification. In fact, parts II and III are devoted to those tasks.

The institutions we examine are shown to create norms of conduct that influence the welfare of political leaders and that shape the policies those leaders pursue. These norms take various forms, which might be called political culture, civic-mindedness, oppressiveness, venality, and the like. We will argue theoretically that institutional arrangements strongly influence whether civic-mindedness or oppression, transparency or corruption, prosperity or poverty, war or peace are rewarded politically. We also provide extensive empirical evidence that encourages us to believe that the account offered by the selectorate theory is consistent with real-world politics. We offer an explanation of why some polities pursue successful policies while others do not.

Part I is organized so that this first chapter sets out the empirical puzzles we hope to solve. It also explains the organization of the book. Chapter 2 provides detailed definitions of core concepts in the selectorate theory. The third chapter then presents a model of domestic politics and a general statement of the theory. Subsequent chapters extend the basic model laid out in chapter 3 and modify it to account for important phenomena—including uncertainty—temporarily put aside in that chapter. As the subsequent chapters unfold, we begin to relax assumptions made in chapter 3. By relaxing assumptions we are able to assess the robustness of core results, and we are also able to explain the deposition of leaders and differences in political survival rates.

Policy Choice and Political Survival: Part II

While part I suggests propositions about norms of conduct and about taxing and spending decisions, part II investigates the extent to which those propositions are supported by the empirical record. The selectorate theory provides a coherent explanation for many aspects of political, economic, and social life. Logical consistency, however, is not enough to establish that a theory is useful. Confidence in a theory is built by failed but demanding attempts to falsify its predictions. The second section of the book attempts just this. Having developed measures for the key the-

oretical concepts of the selectorate and winning coalition, we show that they help explain a broad array of social phenomena in a manner consistent with the theory.

Chapter 4 analyzes core aspects of the theory. In particular it examines taxation, the willingness of individuals to participate in economically productive activities, the creation of wealth and economic growth, government expenditure levels, kleptocracy, and societal welfare. Chapter 5 then examines specific policy provisions. These analyses encompass such seemingly diverse phenomena as the protection of civil liberties, levels and changes in per capita income, the quality of drinking water, access to health care, educational opportunity, and black market exchange rates.

Chapter 6 expands the domestic selectorate model, producing a comprehensive account of the known empirical regularities collectively called the *democratic peace*. Additionally, chapter 6 evaluates the empirical evidence regarding novel deductions from the dyadic version of the selectorate theory. Chapter 7 assesses the impact that public-goods and private-goods allocations have on the prospects leaders have of remaining in office. Here we draw out further theoretical implications of the selectorate theory—including new ideas about the life-cycle survival prospects of leaders and the impact of term limits on the behavior of incumbents—and test core predictions about how variations in selection institutions systematically influence a leader's longevity in office. In chapter 7 we relax several assumptions of the basic model presented in chapter 3, bringing the model closer to the details of politics, and we develop and test extensions of and additions to our core hypotheses. We conclude that bad policy is good politics under some political arrangements, while being disastrous for political survival under other arrangements.

Choosing Institutions for Political Selection: Part III

The third part takes the lessons learned from our comparative analysis and applies them to the development of a theory of endogenous selection of institutions. If leaders want to survive in office, they must have an interest in choosing institutional arrangements that insulate them from threats of removal. We identify the most desirable political systems

from the perspective of ruling elites, political challengers, key backers of the incumbent, ordinary citizens, the disenfranchised, and foreign conquerors. We lay out how the choice of systems and adjustments to political-selection institutions is linked to political survival within the theory's context. Chance circumstances in history may seemingly influence who gets to define a political system, but the alteration of political systems is also subject to strategic considerations well within the control of the competitors for and subjects of political authority (Acemoglu and Robinson 2001; Feng and Zak 1999; Tilly 1978).

Part III begins with chapter 8. In that chapter we look at institutional preferences and their ties to different segments of a country's population. Through use of these institutional preferences, we extend the selectorate theory and move toward a theory of endogenous institution selection. We evaluate the motives for oppression, term limits, and immigration and emigration, as well as the conditions that make revolutions, civil wars, coups, and other antigovernment activities likely. Our analyses will test the empirical relationship between the predictions of the selectorate theory and each of these phenomena, including the consequences that follow from successful changes in institutions. We also provide an explanation of a significant political puzzle identified by Adam Przeworski (2001), namely, the seeming immunity of wealthy democracies from coups, revolutions, and other actions that lead to the collapse of democracy. Chapter 9 extends the investigation from chapter 8 by inquiring about the conditions under which military conquest is likely to lead to institutional change and the circumstances of conquest under which the institutions of the vanquished state are expected to remain the same. The chapter focuses on how selection institutions influence war aims, particularly with regard to why democracies seem more inclined to depose defeated foreign foes than are autocrats. It also offers a theoretical and empirical way to think about nation building as a consequence of the deposition of leaders, either by foreign rivals or by domestic challengers in the context of the nation's war experience. Again extensive empirical tests are presented to evaluate the accuracy of the model's predictions. The final chapter, chapter 10, returns to Hobbes's view of life in the state of nature. We develop the Hobbes Index to assess how far each country has come from life in the state of nature—that is, life that is solitary, nasty, poor, brutish, and short. We use the Hobbes Index in conjunction with insights suggested by the selectorate theory to

provide policy suggestions that, if implemented, might result in improved quality of life around the world.

Why Focus on Political Survival?

This book investigates comparative domestic politics, economics, and foreign affairs as well as the interplay among them. Naturally, in covering so much territory, we necessarily leave out much of the important detail of daily political life. Our objective is to set out and test a basic theory with the hope that it will be elaborated in the future, filling in the details that for now are absent.

We discuss several vital problems in politics and how they are tied to the quest for political survival. For instance, it will be seen that the policies and programs necessary to ward off domestic and foreign threats to a leader's survival vary dramatically under different institutional arrangements. Sometimes policies and programs that promote general welfare also trigger the deposition of leaders by political rivals. Sometimes it is impossible for leaders to simultaneously satisfy critical domestic constituents and advance social well-being. In such cases, politicians must gamble on how far they can go in distorting the national economy for the benefit of a small group of cronies. If they choose incorrectly—either providing too much social welfare or not enough—they face defeat.

Our main subject of investigation is selection institutions and their effect on domestic and foreign affairs. Why, then, do we place so much emphasis on political survival rather than just addressing institutions? The answer is simple: different circumstances influence the choice of political-selection institutions, but in each case we believe that such choices are motivated by the interest politicians have in holding onto office.

Since the earliest polities, leaders have worried about their hold on power. In ancient Assyria, Ashurbanipal had been named crown prince by his father, King Esarhaddon, making him coregent and future king. Although he received the oath of loyalty from the nobles, still he worried about his security:

Is danger to be anticipated from the bearded chiefs, the King's Companions, his own brother and the brothers of his father, the members of the royal family? He

doubts the loyalty of his charioteer and of his chariot attendant, of the night-watch, of his royal messengers and of his body-guard, of the officers in the palace and those on the frontier, of his cellarer and baker. He fears for what he eats and what he drinks, he fears by day and by night; in the city and without, there is danger that a revolt against him will be undertaken. (Olmstead [1923] 1975, 396)

Ashurbanipal was skilled at discerning and thwarting the multitude of threats to his power; he ruled Assyria as king for forty-one years (668–627 BC).

This belief in the desire to hold power leads us to theorize about the interdependence between institutions of governance and questions related to political survival, a topic that has received limited attention in the literature on political institutions. A brief outline of how we think about these relationships may be helpful.

All Incumbents Have Rivals

The competition for political office has always been fierce. In modern democracies, the battle for the highest of offices is frequently punctuated by vicious personal attacks, by acrimonious charges of personal corruption, indecency, and incompetence. As Franklin Roosevelt and Richard Nixon learned, the attacks may even extend to questions about their pet dogs. No democracy, however, ever lacks people eager to be candidates for office.

Even more puzzling is the surfeit of candidates for the highest offices in autocracies and monarchies. In these political systems, defeat often has meant imprisonment and even death. When King Richard I of England died on April 6, 1199, for instance, he left vague the succession to the crown. Like the Holy Roman emperor and so many other medieval monarchs, the English king was elected, a tradition that was still strong at the time of Richard's death (Painter 1949). To be sure, the great barons tended to follow feudal hereditary customs, but they were not above deviating from those norms. How else can we explain the competing, simultaneous elections of Canute (by the witenagemot—an assembly of thanes or nobles) and Edmund Ironside (by the citizens of London) as king of England, or the choice of Hugh Capet over Charles of Lower Lorraine in France?

English custom, like French custom, dictated that only one of noble birth could be king and hence hereditary claims imparted an advantage.

But English custom, like French custom, also dictated that anticipated competence be taken into account in selecting among those who could be or would be king. The “magistrates,” in whom the right to choose eventually came to reside, had both the right to reject hereditary priority and subsequently to depose whomever they had chosen if the king proved wanting. In Northumbria shortly before the Norman Conquest, for instance, thirteen of fifteen elected kings were subsequently deposed (Taylor 1889, 109, 175–176, 215–217). In France in 987, Hugh Capet was elected over the hereditary heir to Charlemagne’s throne because, in the words of Archbishop Adalbero, “In him [Hugh Capet] you will find a defender, not only of the state, but also of your private interests” (“The Election of Hugh Capet,” <<http://www.fordham.edu/halsall/source/987/capet.html>>).

Two claimants were put forward on King Richard’s death. John Lackland was Richard’s only surviving brother and King Henry II’s only surviving son. Arthur, John’s (and Richard’s) nephew, was the surviving son of an older brother (Geoffrey) who died before their father, King Henry II. It might also be noted that Queen Eleanor, Henry II’s wife, was still alive and might herself have made a claim to the throne. She was the duchess of Aquitaine, representing a significant portion of the Angevin empire. She preferred to support John. In any event, Arthur and his backers were not reluctant to press his case although the risks were great. As (bad) luck would have it for Arthur, he lost. What was Arthur’s fate? After Arthur failed in attempting to raise a rebellion with French support, John had him taken prisoner and (probably) murdered, thereby protecting himself from a potential political rival. Arthur paid the ultimate price as part of John’s struggle for political survival. John ascended to the throne, but he did not free himself of political rivals. Years later, of course, he faced the famous barons’ revolt that led to the Magna Carta.

Arthur’s fate is hardly unusual. During the Safavid dynasty in Persia (1502–1736) it was a virtual custom for the successor to the throne to engage in the wholesale execution of brothers, sons, and other nobles who might represent rivals for the crown. Ismail II (1576–1578), Shah Abbas I (1588–1629), Shah Safi (1629–1641), and Shah Mahmud (1722–1725) were especially noteworthy for their penchant for killing prospective rivals among their own close relatives (Langer 1980, 565–657). The excesses of the Safavids might strike us as ancient history. But

we cannot forget that Lavrenty Beria, a contender to succeed Joseph Stalin, was executed shortly after Stalin's death in 1953 or that General Sani Abacha in Nigeria in the late 1990s kept Moshood Abiola imprisoned rather than allow him to become president, an office to which he was duly elected. Abiola was eventually murdered while in prison. General Abacha himself also appears to have been murdered by political opponents. King Hassan of Morocco, who died in 1999, enjoyed a reputation as a progressive Muslim monarch, yet he is reputed to have had his political rivals flown out to sea in helicopters and dumped overboard. Saddam Hussein in Iraq is alleged to have personally shot members of his own cabinet when they questioned his policies. The list hardly needs further enumeration to make the point. Political succession is a risky business, yet there is no shortage of people willing to take even life-and-death risks in seeking high office.

Civic-Mindedness

It is pleasant to think that the brutish behavior of a King John or a Genghis Khan, his approximate contemporary, is a thing of the past, a relic of a less civilized age. It is pleasant to think that most contemporary political leaders are motivated by high ideals in their pursuit of office; that the opportunity to do good works—not the quest for power—is more prominent a motive today than it was centuries ago. We are agnostic on the question of whether modern-day leaders are more high-minded than their predecessors. We prefer simply to enumerate the benefits of office and to note that apparent civic-mindedness by leaders appears to be strongly influenced by selection institutions, so that institutions shape the behavior of leaders as much as leaders shape institutions. Certainly we are not among the first to make this observation. David Hume, writing more than 250 years ago, noted:

It is true, those who maintain that the goodness of all government consists in the goodness of the administration may cite many particular instances in history where the very same government, in different hands, has varied suddenly into the two opposite extremes of good and bad. . . . But here it may be proper to make a distinction. All absolute governments must very much depend on the administration, and this is one of the great inconveniences attending that form of government. But a republican and free government would be an obvious absurdity if the particular checks and controls provided by the constitution had really no influence and made it not the interest, even of bad men, to act for the

public good. Such is the intention of these forms of government, and such is their real effect where they are wisely constituted; as, on the other hand, they are the source of all disorder and of the blackest crimes where either skill or honesty has been wanting in their original frame and institution. (Hume [1742] 1985, chap. iii, p. 16)

One might well think of this study as a somewhat more rigorous theoretical and empirical elaboration on Hume's contention. We reach conclusions remarkably similar to Hume's and for similar reasons. Our analysis indicates that leaders operating under certain institutional arrangements closely associated with republican government or democracy emphasize good public policies rather than establishing secret Swiss bank accounts because good policy—that is, policy that satisfies their crucial supporters—is essential to their personal political welfare. We also show that leaders working under institutional arrangements correlated with authoritarianism are wise to establish special privileges for their backers like the special stores party members enjoyed in the Soviet Union. Doling out special privileges often is vital to their political survival. Autocrats can be forgiven bad policy, but they are not likely to survive the elimination of patronage or the corrupt benefits of cronyism. For autocrats, what appears to be bad policy often is good politics. It is no coincidence that a market exists for secret bank accounts.

Our agnosticism with regard to the civic-mindedness of leaders is part of what distinguishes our undertaking from the views of many contemporary economists. Economists share with us a concern to explain such important phenomena as economic growth and the elevation of human capital. Many economic theorists, however, departing now from a Machiavellian viewpoint, assume that leaders are benign at least when it comes to economic policies. For many economists, leaders are *assumed* to be interested in enhancing the welfare of their citizenry. Failure to do so is thought to be a product of ignorance or the result of constraints beyond their control that prevent them from implementing the necessary economic reforms.² Such distinguished and influential economists as Joseph Stiglitz or Paul Krugman focus on the failure of governments to apply the central principles of economics to their formation of public policy. They see the failures of growth as being explained by the mistaken policies followed by national governments. James Robinson (1998, 13), for instance, quotes Paul Krugman as saying, "It makes considerable sense for the World Bank . . . to push very hard for liberal policies in

developing countries, given their [i.e., developing countries'] demonstrated tendencies to engage in economically irrational interventions." Our departure from accounts by some economists does not lie in any disagreement on the principles of economics, but rather on the focus of how to fix the problem.

We do not subscribe to the notion that government leaders fail to understand what policies represent good applications of the economic principles that lead to growth. Rather, we share the concern of many political scientists and economists to understand how political institutions influence economic growth and social welfare. Persson and Tabellini (2000), for instance, find that parliamentary democratic systems tend to be more corrupt than presidential systems. We argue that this is related to the vote total required to form a winning coalition in these two different types of democracy. Acemoglu and Robinson (2000) investigate the dependence between income inequality and the expansion of the voting franchise. They maintain that societies with high inequality are likely to be politically unstable, while societies that achieve relative income equality through redistribution tend to consolidate their hold on democracy. This view is broadly consistent with that expressed by Robert Barro (1996, 1997) or Adam Przeworski et al. (2000), each of whom contends that democracy satisfies the wants of the median voter, producing stability and a decline in growth rates. The median voter has a below-average (mean) income and so is more likely to support redistributive policies than growth-oriented policies. We contend that political institutions significantly influence income levels, income distribution, and growth rates and that a large winning-coalition structure is particularly conducive to income growth. Other aspects of democracy may work against growth, but not coalition size. Further, we model economic performance as an endogenous product of political institutions and then suggest how institutionally induced economic performance influences subsequent institutional or political stability. Thus, we offer an account of the causes and consequences of coups, revolution, and institutional change that is complementary to but also different from that suggested by others (Jackman 1978; Muller and Seligson 1987; Londregan and Poole 1992). At the same time our model agrees with the findings of William Niskanen (1997), Mancur Olson (1993), Ronald Wintrobe (1998), and David Lake and Matthew Baum (2001) that rent seeking is more common in autocracy than in democracy. We derive this distinction

while assuming that all political leaders, regardless of their institutional setting, have a common utility function that emphasizes first holding onto (or gaining) office and second maximizing their personal income while in office.

Our focus is on political incentives and institutions that encourage or discourage leaders from promoting economic policies conducive to growth and general social welfare. We assume that political leaders are self-interested and that their actions are chosen to be politically beneficial to themselves. Bad economic policies are not, in our view, obviously irrational; rather they are a phenomenon to be explained by a process of rational decision making by self-interested leaders. The explanation we offer leads to some surprising conclusions that suggest a departure from the policy recommendations following from theories focused on economic rationality alone. Those theories ignore and therefore fail to incorporate political rationality into their construction of policy recommendations.

In our undertaking, leaders are interested in enhancing their own welfare and so seek to produce what their supporters want. The phrase “their supporters,” however, is not shorthand for the citizens of the state. The behavior of leaders arises from their own self-interest in holding their positions. If that coincides with or is compatible with the welfare of the citizenry, many will benefit. If the welfare of a leader and the welfare of the society are at odds—and our theory and data will indicate that they often are—it is more likely to go well for the leader than for society.

High political office provides two primary paths by which leaders can derive satisfaction. Leaders may be motivated by a desire to pursue public policies they sincerely believe will enhance the public welfare. We think of such an orientation in leaders as being civic-minded, and perhaps it is. Abraham Lincoln’s declaration that “in giving freedom to the slave we assure freedom to the free,—honorable alike in what we give and what we preserve” is an apparent instance of such high-mindedness (Abraham Lincoln, Second Annual Message to Congress, December 1, 1862; in Lincoln [1862] 1991, 79). However, so too was Winston Churchill’s wartime declaration that he had not become the king’s first minister to preside over the dissolution of the British empire. And he was right. The British people swept the hero of World War II out of office at the first opportunity and replaced him with a prime minister,

Clement Atlee, who decidedly would and did preside over the dissolution of that empire.

High office not only provides an opportunity to do good works. High office also holds out the prospects of great personal aggrandizement. Few, even among those who profess and demonstrate a strong commitment to the public welfare, leave office alive less well off personally than they had been when they came to power. Indeed, the quest for personal benefits seems to be a substantial motivation behind the competition for high office. Napoleon Bonaparte, for one, accumulated a personal treasury of 200 million francs at the height of his power, an immense fortune at the time (Schroeder 1994, 399). Unfortunately for him, he was not allowed to take it with him to St. Helena. Napoleon's fortune should not be surprising. When the risks are large, so too must be the prospective compensation. Otherwise, who would take the risks? Still, however rational it may be from a cost-benefit perspective to pursue personal gain while in office, many tend to think of this as low-minded and base. Leaders interested in holding onto office can and do adjust their relative emphasis on personal aggrandizement and the national welfare in accordance with the requirements of the moment. We hope to demonstrate logically and empirically that a significant factor in those requirements emanates from the structure of institutions for selecting political leaders.

The theory proposed in the next two chapters emphasizes the circumstances under which leaders realize personal gains, promote public benefits, and create special benefits for their political allies. The degree to which they choose to emphasize one form of benefit over another is shown to depend on the selection institutions under which they operate. We are less interested in their personal inclinations to trade between the public good and their personal well-being than we are in identifying how selection institutions shape the profitability of such trades. After all, if particular institutions can ensure that even the most venal leader will nevertheless pursue the public welfare, then recognizing what those institutions are can make an important contribution to improving the quality of life around the world. At the same time, we recognize that even some autocrats can care enough about public policy to use the rents they extract to advance their own public policy vision. That is, while most autocrats are likely to use their office to benefit themselves and their backers, some—Lee Kwan Yew of Singapore is an exemplar—may

choose to use the resources available at their discretion to advance public welfare. Nikita Khrushchev's agricultural policies in the Soviet Union and Mao Zedong's economic and cultural policies in China may be examples of such well-intentioned—but in these instances disastrous—uses of personal control over national resources for personal pet public policy projects.

We treat political survival as a necessary, but not a sufficient, condition for leaders to achieve other personal objectives, whether those other objectives involve policy goals, personal venality, or whatever. That is not to say that leaders cannot prefer to lose office, nor is it to say that leaders who want to hold onto office can always do so. Losing office is easy to do. It is especially easy for those who do not value holding onto office in the first place. We have no doubt that many people value other things above political survival. It is just that such people are not likely to find themselves in high office and so need not overly occupy our interest.

Threats to Political Survival

Political survival can be threatened in three distinct ways. These include domestic challenges to leadership, revolutionary challenges to individual leaders and the political systems they lead, and external threats in the form of military attack by foreign adversaries. Leaders can sometimes face these in combination. The basic tools to cope with each of these challenges are, we believe, the same, but the strategic responses by leaders (and followers) differ depending on the source of the threat.

Our central concerns here are with domestic challenges and external threats to political leadership. Although they represent less of our focus, we also address several features of revolutionary politics. Our approach provides an explanation of revolution and provides a partial explanation for institutional changes brought on by revolutions, a topic addressed in chapter 8. Indeed, we think of change as falling along an evolutionary/revolutionary continuum rather than thinking of revolutions as categorically different from slower or subtler political changes (see Haber and Razo 2000 for a similar view). We offer an explanation of, for instance, the conditions under which monarchies become democracies or democracies revert to authoritarianism. We also provide an explanation for civil war and uprisings by the disenfranchised in which the existing political

order is overthrown. In our perspective, the processes of revolution or civil war are not very different from the process of foreign intervention that results in the overthrow of a government and perhaps a change in its institutions. Additionally, we suggest that the motivations for emigration and revolution are similar. We also offer a tentative and partial explanation for why some successful revolutionaries select authoritarian rule while other successful revolutionaries adopt democratic principles of governance.

We propose a comparative theory of political-system change motivated by the notion that leaders want to keep their positions of power and privilege. Our focus differs in a subtle but important way from many historical treatments that view the gradual emergence of representative institutions as being the product of efforts by wealthy individuals to constrain the confiscatory, predatory inclinations of monarchs (Schultz and Weingast 1998) or as chance, path-dependent developments (Moore 1966; Tilly 1978; Skocpol 1998). Our approach also contrasts with those who view the emergence of political institutions primarily in terms of wealth-maximizing or rent-seeking behavior by political leaders, or in terms of differences in the motivations of democrats and autocrats (Olson 1993; Lake 1992; Niskanen 1997).

Notwithstanding our comments above about the venal, self-seeking behavior of some leaders, we assume that leaders care about both policy and personal aggrandizement. Leaders generally care to keep themselves in office so that they can allocate goods and, when possible, retain resources for their discretionary use. To stay in office, they must be attentive to the pressures they face from the institutions within which they operate and they must, when they can, adjust those institutions to suit their interests. Institutions change in response to events serious enough to threaten the political survival of leaders, and leaders choose actions to avoid or eliminate such political circumstances.

Because we focus on selection institutions and political survival, our analysis is concerned to explain how selection institutions shape the incentives and actions of leaders. This focus leads to an important departure in our study from previous efforts to account for the ties between politics and economic choice (e.g., Schumpeter 1942; Moore 1966; Olson 1982, 1993; McGuire and Olson 1996; Wintrobe 1990; Niskanen 1997; Przeworski 2001). Other political-economy accounts of institutional politics tend to assume a different set of values for leaders in democracies

and autocracies or investigate a decision-making process that is not strategic and that ignores political competition.

Niskanen (1997), for example, assumes autocracies are led by an individual who wants to maximize the difference between government revenue and spending, with the remainder being available to the leader for personal use. He assumes that the “leader” in a democracy is the median voter and that the median voter is someone with an about-average income who wants to maximize the difference between income and taxes paid. Acemoglu and Robinson (2000) make similar assumptions in distinguishing between systems in which elites choose policy and democratic systems in which average citizens shape policy in the guise of the median voter.

Olson (1993) and McGuire and Olson (1996) present a model that produces results similar to ours with regard to taxing and spending decisions, but they do not include fundamental features of politics, most notably competition over office. Rather than explicitly modeling political competition and the survival of leaders, the McGuire-and-Olson model asks what policies and tax rate maximize the welfare of the leader’s coalition in the absence of a challenger. In contrast, we propose that a leader need not always spend all available resources in order to match the best possible challenge a rival can offer. Additionally, we draw out the strategic dependence between taxing and spending decisions, tenure in office, and preferences over governing institutions. In this way, the selectorate theory extends the political-economy view of institutions proposed by Olson and McGuire and Olson.

Acemoglu and Robinson (2001) explain allocation decisions by leaders in a manner close to the selectorate view of politics. They argue that “the gains to an extractive strategy may depend on the size of the ruling elite. When the elite is small, each member would have a larger share of the revenues, so the elite may have a greater incentive to be extractive” (Acemoglu and Robinson 2001, 1376). This insight guides their empirical study of economic development (2001) and also helps inform their views on tax rates and political stability (2000). They do not, however, develop an equilibrium account in which economic performance, tax rates, institutional stability, and leadership survival are endogenous. Instead, they treat autocrats and democrats as having different, exogenously given utility functions driven, in the first instance, by personal wealth, and in the second, by the median voter’s preferences.

In the selectorate theory, we try to endogenize these features of politics while attempting to articulate a theory that can be applied to any form of government, not just autocracy or democracy.

Still others distinguish the utility functions in autocracies and democracies in other ways, but in each case the problem is attacked by assuming a fundamental difference in the interests of leaders in different types of regimes or by overlooking political competition. We suggest that the variation in actions in different political systems can be explained as a result of a common utility function or set of objectives for all leaders, with all political leaders embedded in an institutional environment that includes constraints on coalition size, selectorate size, and rivals for office who cannot credibly commit to give all necessary individuals access to a future stream of private goods in exchange for their current political support. Given these conditions, the selectorate theory indicates that selection institutions—the mechanisms that determine how leaders are chosen or deposed—explain the differences in policy choices across all regime types. Our analysis will show, for example, that it is an equilibrium property of autocracies that leaders achieve a large difference between government revenue and expenditures, as *assumed* by Niskanen. We also show that it is an equilibrium property of democracies that citizens pay low taxes while the national leader fails to control a large amount of resources, as observed by Lake and Baum (2001) and others.

Challenges to Political Survival

Political survival is put at risk whenever leaders lack the resources to maintain the support of essential backers. Likewise, survival is tenuous when incumbents possess the necessary resources to retain office but misallocate funds. We now briefly consider how these factors impinge on political survival and, therefore, on policy choices.

Financial Crisis = Political Crisis

The survival of leaders and of the institutions or regimes they lead is threatened when they are no longer able to provide sufficient resources to sustain political support. The vast literature on revolutions focuses on moments of crisis—usually economic—when competing elites have

incentives to come together to manage their collective survival (Moore 1966; Tilly 1978; Olson 1982; Goldstone 1991; Skocpol 1998). North, Summerhill, and Weingast (2000) point to such moments of crisis as stimulating the emergence of a shared mindset or collective new belief system. In these moments of crisis, as characterized by the Glorious Revolution, as well as by the American, French, Russian, and Chinese Revolutions, new ideas and institutions are accepted by people who earlier were competitors for political authority. These former competitors coordinate with one another to solve a shared problem: the (usually financial or military) crisis of confidence encourages them to cooperate for the moment, putting aside their divergent concerns in the interest of preserving or creating a political setting in which they can in the future return to competing over the distribution of valuable goods. Their incentive to cooperate at a moment of crisis exceeds their divergent interests. Those divergent interests loom larger when resources are sufficient to fight over the distribution of the pie.

Sometimes, in moments of crisis, the emerging consensus of beliefs fosters lasting changes that channel future competition in socially productive directions. This seems to have been the case for the Glorious Revolution and the American Revolution. Other times, the solutions adopted in response to the momentary crisis fail to remove the incentives for destructive forms of competition in the future. In those cases, the divergent interests of competing elites over the future allocation of resources are put on hold during the crisis, then reemerge.

Once a sufficient fix is put in place to restore growth to the total amount of resources, the interests in coordination fall by the wayside and institutions to protect some competitors at the expense of others reemerge. This seems to have been what happened over the decades following the French, Russian, and Chinese Revolutions. This is also a common pattern in the post-World War II years as agencies like the World Bank and International Monetary Fund provide aid during financial crises. By bailing out leaders during such crises, these organizations may unwittingly hinder political reforms that would reduce the odds that the countries in question will experience future economic calamities (Easterly 2001; Bueno de Mesquita and Root 2002). Instead, these international financial institutions may provide the help needed to keep corrupt or incompetent leaders in office. We address these issues and suggest remedies in chapter 10. In examining these issues, we

offer a partial explanation for the emergence of “shared mindsets” by demonstrating how selection institutions shape incentives among different parts of a society to come together in an effort to alter the institutions of governance.

Coordination and Distribution Issues

Some earlier theories of institutional change during crises emphasize the coordination issues that can help promote new political arrangements (Linz and Stepan 1978; Haggard and Kaufman 1995; North, Summerhill, and Weingast 2000). These theories draw our attention to important but inherently rare events. The theory we suggest complements the focus of others on coordination during crises by addressing the problems associated with the distribution of valuable resources during ordinary times. Most politics and much political change do not take place during a crisis, but rather reflect slower evolutionary change. We try to fill in the gap by looking at distribution issues as well as coordination issues in politics.

Leaders in any political system face the more-or-less continuous threat that they will lose the support of key backers. Democracies somewhat ameliorate this threat by providing for fixed terms. Of course, they also generally provide mechanisms to shorten the fixed term. That is exactly the purpose of votes of no confidence (Huber 1996), the right to call early elections (Smith 1996, 2004; Gallego 1999, 2001), and impeachment. If leaders in any political system lose the support of key backers, the incumbent—and perhaps the regime—is turned out of office. In a democracy, the incumbent lives to run again another day. In many authoritarian systems defeated incumbents are lucky if they can retreat into exile. Sometimes their loss of office is accompanied by the loss of their life (Werner 1996; Goemans 2000).³ Even the pope must maintain support among core constituents (usually a set of bishops) and can be forced from office if he fails to do so. Pope Celestine V (1294) “voluntarily” resigned his office, an action unprecedented in Church history. It is widely believed that Celestine was forced to leave office by Boniface VIII, elected as his successor eleven days after Celestine’s resignation. Indeed, after Celestine V resigned, Boniface sentenced him to death and had him imprisoned in Castel Fumone, where he died in 1296 (Schimmelpfennig 1992, 195). Boniface’s apparent motive was to prevent a resurgence of support for his rival.

Make no mistake about it, no leader rules alone. Even the most oppressive dictators cannot survive the loss of support among their core

constituents. Hitler was well aware of this fact. Members of the German army, for instance, plotted against Hitler in 1938 and attempted to assassinate him in 1942 and 1944. Following the 1944 attempt, Hitler ordered the deaths of thousands of military and intelligence officers, including Erwin Rommel, one of his best and most popular generals. Earlier, Hitler suspected Ernst Röhm of being a rival for power and had him murdered.

Public Goods and Private Goods

Regardless of the structure of the political system, leaders have a relatively small set of instruments available to promote their political survival. They can promulgate general public policies that satisfy the desires of their supporters and perhaps the desires of others among the citizens of the state, and they can dole out private benefits to purchase the continued support of their critical backers. We have in mind that public policies, or at least identifiable components of them, approximate the characteristics of classic public goods, being nonexcludable and nonrival (Olson 1965; Bergstrom and Goodman 1973; Cornes and Sandler 2001).⁴ Private goods, of course, are excludable and rival.

Examples of public and private benefits abound in politics. On the foreign policy side of the ledger, public goods include the promotion and exportation of a state's religious or cultural beliefs or the enhancement of national security. In the domain of domestic politics, the public-goods component of policies include the rule of law, transparency and accountability, even-handed police services, general access to education, a level commercial playing field, antipollution legislation, parkland preservation, communication and transportation infrastructure, and the like. Private goods are similarly widespread in the domains of domestic and foreign policy. For example, they could encompass the booty or rents that are distributed only among supporters of the regime (Wintrobe 1990; Lake 1992), favorable tax policies, subsidies to special interests, trade or tariff policies that especially benefit domestic supporters (McGillivray 1997, 2003), or, according to Hobson ([1902] 1945), British imperialism, a policy that, at the same time it was a burden to the entire state, greatly benefited a narrow segment of the population.

These two types of benefits, and their mixtures, are by no means new. Consider the benefits provided or promised during the medieval crusades against Islam. All of Christendom—then the pope's citizenry—was

promised a public good in the form of the advancement of what was thought to be the one true religion. Kings who provided sufficient support for the crusades were promised indulgence for their sins and were thus assured entry into heaven. Kings, in turn, promoted the crusades among their subjects by promising to advance Christendom, understood as a public good, and by forgiving individual debts, a private benefit. Today private benefits may be more likely to take the form of tax forgiveness, protective tariffs, or special trade privileges for key supporters than they are indulgences, but the forgiveness of past political sins is no less prominent today than it was hundreds of years ago.

Naturally, all the residents of a state enjoy the benefits (or costs) of public policies regardless of their support for the regime. Conflicting attitudes toward these policies are one basis on which erstwhile supporters might defect to a domestic challenger. One reason George H. W. Bush lost votes to H. Ross Perot and the presidency to Bill Clinton in 1992 is that substantial numbers of voters from Bush's 1988 electoral coalition were displeased with a tax increase he fostered, as well as with his international free trade orientation. Conflicting attitudes toward policies are one source of threat to political survival. Essential domestic backers must be kept satisfied to prevent their defection to a rival. The threat to survival arising from policy differences is not, however, restricted to the loss of domestic constituents.

Policy differences can also be a core source of danger in terms of threats from external rivals. Foreign policy differences clearly can lead states into rivalry. Indeed, the security dilemma is just one example of such a clash over the provision of a public good, the security of the state (Jervis 1978). If the leader of one state pursues the enhancement of national security—a policy that provides a public good for his citizens—the leader of another state and its citizens may feel threatened because the means of providing enhanced national security in the first state involves encroachment on the security of the second. This too is a common motivation behind revolutions. Those benefiting from the policies of the government often pay for the benefits they derive by disproportionately taxing citizens who lack a say in governance. The latter, such as the peasants and working class in France in 1792, feeling encroached on, make revolutions if they are able to organize and mobilize enough resources (Moore 1966; Tilly 1978; Olson 1982; Goldstone 1991; Root 1994; Skocpol 1998). Private goods differ from public policies in that they

can be limited to a select set of citizens, in this case those who support the regime.

In reality it is often difficult to distinguish between public policies and private benefits since these can be, and usually are, mixed.⁵ Goods fall along a continuum from pure public goods to pure private goods. The rule of law and the provision of national security are close to being pure public goods, though lawyers and generals certainly enjoy private gains when the rule of law and national security are promoted. The rule of law and national security are possibly the most important public goods leaders can provide to encourage peace and prosperity. The right to steal the nation's treasure and sock it away in a secret bank account surely is a pure private good. Most corrupt practices tend to fall nearer to the private-goods end of the spectrum, though, as Samuel Huntington (1965, 1968) argued, limited representation and corruption might sometimes be the means to grease the wheels of progress. Empirical research by economists contradicts this claim (Kauffman and Wei 1999).

Antipollution policies have a public-goods character to them in that everyone breathes the same air or drinks the same water. Yet antipollution policies also have a private-goods side. Some businesses or industries bear a heavier burden in literally cleaning up their act than do others. This differential burden could be used as a political instrument to punish firms or industries that are not supporters of the incumbent while benefiting those that are. Still, many public policies can be distinguished from pork barrel legislation, patronage, or simple theft of the public treasure. In our model we think of allocations between public and private goods either as readily discerned and distinguished or as the selection of goods with varying mixes of public and private components. By attending to allocation decisions involving public and private goods, we hope to show a number of interesting and surprising political consequences that follow from the basic desire of leaders to retain their offices.

Easy Answers, Inadequate Answers

Many answers come naturally to mind to explain why leaders perform differently in different political systems. Given the availability of common answers, why have we chosen a different approach? To answer

this, we consider some accounts of the variations in political life that seem to advantage dictators and disadvantage democrats.

Autocrats often are oppressors. They sometimes stay in power because they do not hesitate to repress opposition and oppress their citizens. True though this is, it cannot explain the significant survival advantages of dictators nor the policy advantages of democrats. This is so because oppression is itself a phenomenon requiring explanation. When is oppression an effective strategy to deter challenges? When do leaders have the incentive to do anything to hold onto power? Where do leaders find those willing to carry out oppressive measures? How does oppression intimidate challengers? The effectiveness of oppression and the reasons autocrats last so long can be traced to the same causes. Oppression is a byproduct of the political arrangements that ensure longevity. We address this issue in chapter 8.

Before accepting oppression as the explanation for the political viability of dictators, we must confront difficult problems. Why can dictators marshal the support of those who control their society's guns while democrats cannot? If control over guns is all it takes to stay in office, why are there civilian dictators? Such civilian leaders as Joseph Stalin (USSR, 26 Years), Adolf Hitler (Germany, 12 years), Francis Joseph (Austria, 67 years), Wangchuck Jigme (Bhutan, 26 years), Tsendenbal (Mongolia, 30 years), or Mobutu Sese Seko (Zaire, 32 years) had no special military skills. Why are military leaders loyal to them rather than setting themselves up as rivals for power? Why can't democrats rely on the loyalty of the military and just stay on after their term in office expires? Some apparently elected leaders—Hitler comes to mind—do. Having been elected to government, he maneuvered himself into the chancellorship and used the advantages of office to secure the loyalty of the military (in part by assassinating rivals in the *Sturmabteilung* or storm troops), and he then ended democracy.

Why, if oppression is the solution to political longevity, are there long-lasting autocrats who avoid extreme oppressiveness and who, instead, provide peace and prosperity? Lee Kwan Yew held power in Singapore for twenty-six years before voluntarily stepping aside. His rule was certainly not democratic and it did engage in subtle forms of oppression, but it just as certainly never rivaled the oppressiveness common in Cambodia, China, Uganda, the Soviet Union, or so many other countries.

One ready alternative to oppression as an explanation of autocratic longevity is an appeal to civic-mindedness. Good fortune, serendipity, or the “right” political culture may be the reason that some societies are ruled by civic-minded leaders and others by ogres. Surely some people are more civic-minded than others. Perhaps democracies have the good fortune of having a disproportionate share of the world’s civic-minded leaders or of honest citizens. A pleasant thought but almost certainly false. If civic-mindedness is defined by what leaders do, it appears that democrats are more civic-minded than autocrats. However, we will see that the differences in the performance of political leaders can be explained without any appeal to civic-mindedness or national character or culture. In doing so, we will suggest why Leopold II, as king of the Belgians, was at the forefront of promoting economic growth, educational reform, and other successful policies at home in the emerging Belgian democracy while, as the personal owner of the Congo, he simultaneously promoted unspeakable oppression and exploitation in his dictatorship. We will suggest that he had no change of heart, no change in culture, no change in civic-mindedness; he did have a change in fundamental political realities, and those changes altered his behavior.

Another alternative explanation for the manifest differences between democratic and nondemocratic rule may be the existence of competitive elections. Electoral politics certainly are closely associated with institutional arrangements that ensure a large winning coalition, but elections are neither necessary nor sufficient to account for differences in political survival or in fundamental allocation decisions. We can certainly point to examples of electoral systems that nevertheless encourage rent-seeking behavior. India unfortunately fits this bill, as did Mexico at least until 2000 or Tammany Hall in the late nineteenth and early twentieth centuries. Rigged electoral systems, of course, encourage universal suffrage and often permit rival candidates. They just cheat on how votes are counted or count honestly but stifle *competent* rivals. The presence of elections is not sufficient to explain political choices in those societies. They have a large selectorate, as we will see, but a small coalition. On the other side of the ledger, we must explain the successful performance of Hong Kong prior to its return to China. For most of Hong Kong’s modern history it was a crown colony of Great Britain. There were no elections, yet its government produced high-quality public policy

and extremely low levels of corruption or other forms of private-goods, rent-seeking behavior. Singapore has also provided substantial public benefits and relatively few private goods, yet for much of its history it has been subject to what nominally might be called autocratic rule. The absence or presence of elections is inadequate to explain these variations.

Then, also, we should recognize that single-member district parliamentary political systems, presidential systems, and proportional-representation or multiple-member district systems all engage in competitive electoral politics, yet they perform differently in their provision of public and private goods and in the longevity in office of their leaders (Alesina and Rosenthal 1995; Knack and Keefer 1995; Cox 1997; Persson and Tabellini 1999). The selectorate theory offers an account that is consistent with these examples and others but that is also generally consistent with the idea that elections are usually emblematic of—though not determinative of—a regime that produces relatively few private goods and many public goods.

An Incomplete Theory of Institutional Political Laws

We begin with a simple, skeletal theory—one without bureaucrats, without subunits of the polity, without explicit political parties or ideology—in the hope that others will find it of sufficient interest to participate in efforts to elaborate and build on it. This is a step along the way, not an end. It is a step that relies on and builds on much previous political-economy research. We illustrate the broad applicability of the generalizations we deduce by combining three modes of analysis: formal, deductive logic grounded in game theory; statistical analysis of propositions derived from the assumptions behind our theory; and flesh-and-bone case histories designed to illuminate, probe, and illustrate the workings of the theory. The statistical analysis will encompass events spread over the past 200 years. The case histories are drawn from ancient Greece and Rome, as well as from medieval, Renaissance, and modern events. The use of formal modeling is to ensure logical consistency and to help tease out nonobvious implications that can be deduced from our assumptions. We will call attention to particularly surprising deductions and to novel hypotheses generated by the theory, as well as

to its reiteration of things already known empirically about politics. We are encouraged by David Hume's observation regarding political institutions that "so great is the force of laws and of particular forms of government, and so little dependence have they on the humors and tempers of men, that consequences almost as general and certain may sometimes be deduced from them as any which the mathematical sciences afford us" (Hume [1742] 1985, chap. iii, p. 15).