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, violently excluding opposition groups, or adopting a hands-off policy providing political freedom. I develop a dynamic game-theoretic model, endogenizing citizens mobilization as a response to the opposition’s organizational capacity and their economic conditions. 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. In contrast with conventional wisdom, I show that the ruler is willing to engage in co-optation when facing weak opposition groups. 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.

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 stability: strategies of repression, co-optation or hands-off are generally used. For example,

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General Ernesto Geizel in Brazil and King Juan Carlos in Spain had to adopt a hands-off approach by initiating the democratization process (Mainwaring and Share, 1986; Huntington, 1991). The regime of 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 against MDC leaders (Rutherford, 2008; Dorman, 2005). Jomo Kenyatta developed a program called "Harambee" to serve as policy concession, advocating forums for debates, within limit (Widner, 1992; LeBas, 2006). Similarly, in August 2020, the Cameroon People’s Democratic Movement—Cameroon’s ruling party—reached a “co-optative” agreement with twenty opposition political parties, making these latter regime allies.

What determines dictators’ choice of one strategy over another? How does the use of a tactic today affect the reliance on others strategies in the future? This paper presents a dynamic game-theoretic model where a dictator, facing an opposition group, commits to a strategy of co-optation, repression or a hands-off at the beginning of each period. The main feature of the model is the opposition’s ability to stimulate mass mobilization, thanks to their organizational capacity. An opposition group with strong coercive capacity is well organized, socially rooted and can easily solve citizens coordination problem.

The model has three kinds of players: a dictator, a representative opposition and a continuum of citizens. In each of the two periods the opposition’s organizational capacity,

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

2 https://www.cameroon-tribune.cm/article.html/35087/fr.html/calls-for-insurgency-march-g20-leaders-denounce

3 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 K., 1999).
relative to the regime, is realized and publicly observed. A dictator’s strategy of repression
shuts down the opposition activities using violence and weakens the opposition’s capacity
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 accept
or reject. A hands-off approach is similar to political freedom, and gives the opposition a
license to conduct their political activities. After the dictator and the opposition have made
their decisions, citizens decide to mobilize for the opposition party. The model exhibits
coordination motives. The distribution of power between the opposition and the regime is
the state variable of the game.

The model predicts three results. First, I highlight a novel dynamic of dictators tactics.
Certain opposition groups that are allowed to operate freely, or given license to conduct their
political activities 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 reinforce its coercive capacity and become stronger. This result
complements Powell (2013) who argues that dictators always try to eliminate the opposition
by either using co-optation or repression when the option of accommodating the opposition
is off the table.\footnote{Powell (2013) defines repression as “defeating the opposition militarily”, and co-optation as “peacefully buying off”.
Allowing the hands-off option leads to a different dynamic of tactics. The
dictator tries to eliminate or weaken the opposition so as to use a hands-off policy in the
future, rather than to fight on better terms as predicted by Powell (2013).

Second, when confronting a weak opposition, and at a medium level of economic con-
ditions, 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 weakens 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.

Third, 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 in this situation.

The last two results stand in stark contrast with general wisdom. According to the literature, a strong opposition or an even balance of power is required for the dictator to co-opt the opposition, using either material handouts or formal institutions (Boix, 2003; Boix and Svolik, 2013; François et al., 2015; Gandhi, 2008; Gandhi and Przeworski, 2006, 2007). The intuition is that co-optation of strong opposition factions can broaden the regime’s support basis and also convince the opposition that the regime will not risk reneging 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. Under this assumption, the dictator’s decision to co-opt an opposition group only considers 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. In contrast, my model features an opposition group that constitutes a permanent threat to regime survival when the organizational capacity can shape mass mobilization.5

5 When Lieutenant Kelly Ondo Obiang attempted the failed coup against the Gabonese government on 7 January 2019, the population took to the street to show support for the coup. In this instance, we have a regime elite whose antigovernment activities are supported by citizens.
The 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.\footnote{Paine (2021) and Gibilisco (2020) document results with similar flavor. Below I address these papers and I show how the current model, as well as its findings, differ.} 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) Mainwaring and Share (1986). 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; Dorman, 2005), approximately 10000 MDC supporters and activists were displaced by state-sponsored violence in the 2000s.\footnote{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 NGO Forum, “Who is Responsible? A Preliminary Analysis of Pre-election Violence In Zimbabwe” (June 20, 2000)).} Repressive policies can be very attractive in this case. Repression against the Catalan and the Basques was also prevalent in Francoist Spain in the 1970s despite the economic boom dubbed as the "Spanish Miracle".

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 manage the threat emanating from opposition parties. It turns out that dictators are willing to ease up on repression when it is less likely that the opposition possesses 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,
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\(^8\). 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 embodied by their organizational capacity.

The rest of the paper unfolds as follows. The next section is the literature review. I then 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.\(^9\)

**Economic Factors**

The closest paper is Powell (2013) who analyzes how the level of contingent spoils (or economic resources in my model) affects whether the ruler eliminates the opposition by buying them off or militarily, while ignoring citizens mobilization. My model examines how a two-dimensional variable—opposition organizational capacity and economic opportunities—affects

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\(^8\)The Friedrich Ebert Stiftung is an example of foundation that promotes parties development around the world.

\(^9\)As an exception, others accounts on the dictator-opposition nexus focus on factors such as digital surveillance Xu (2021), regime types Wintrobe (1998) or the emergence of civil wars Wantchekon (2004).
the ruler’s strategies of co-optation, repression and hands-off, by taking into account the role citizens mobilization play in facilitating these decisions. Accordingly, our predictions of the dynamic of dictators tactics differ. In his model the dictator weakens the opposition because fighting a weak opposition is always preferred. I predict that dictators always prefer using hands-off policy when facing weak oppositions (or if economic conditions are good), and when the opposition is likely to be stronger next period—by using the current level of mobilization to reinforce their organizational capacity—co-optation or repression is used to weaken them so as to use hands-off policy later on.

In addition, economic factors have different consequences in our setting. When economic opportunity are poor (or the level of contingent spoils are small in Powell (2013), 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 (2013) 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.

Acemoglu and Robinson (2006) 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 organizational capacity to foment mass mobilization, or, the opposition is weak but can transform mass support to reinforce its capacity.

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 (François et al., 2015; Gandhi, 2008; Gandhi and Przeworski, 2006). François et al. (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 François et al. (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 uncertainty between the ruler 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 (Gibilisco, 2020; 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 his 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 his setting, 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, his 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).\textsuperscript{10}

Gibilisco (2020) 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 has a deterrence effect on mobilization, it has a backfiring effect 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, the author 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.

\textsuperscript{10}In 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 rely on a costly action to restrain them if they become a threat. When controlling the opposition’s political activities is necessary, three distinct tools are available to the dictator: a strategy of co-optation, repression or a hands-off. The dictator must be careful in the choice of which strategy to use because political parties differ in their organizational capacity, 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 the opposition can also decide to cooperate with the dictator, giving up their anti-regime agenda, if the strategy used is co-optation. Co-opted opposition parties can participate in decision-making within limits. Repressed ones face severe restrictions in their ability to conduct their political affairs which weakens the party capacity in the future. When the regime adopts a hands-off policy, the opposition has the freedom to conduct its political activities and can even become stronger in the future. Citizens make their decision to mobilize after the dictator and the opposition have made their choices.

Payoffs

The model features two periods and three kinds of players: a dictator (D), a representative opposition party (O), and a continuum of citizens uniformly distributed on the interval [0, 1]. A period $t \in \{1, 2\}$ starts with $D$ choosing action $d_t \in \{r, c, p\}$ where $d_t = r$ denotes repression, $c$ denotes co-optation, and $p$ a hands-off. If there is co-optation, then $O$ decides whether to accept $D$’s offer ($a_t = 1$) or reject ($a_t = 0$). If $O$ accepts, then it peacefully abandons its anti-regime activities in exchange for a payment. Otherwise, $D$ moves again and decides to repress or to choose a hands-off policy. After $D$ and $O$ have made their decisions, citizens decide whether to mobilize. Each citizen $\alpha \in [0, 1]$ chooses action $s_t \in \{0, 1\}$, where

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11 Throughout in the paper I identify $D$ as “he”, $O$ as “it” and a citizen $\alpha \in [0, 1]$. 
\( s_t = 1 \) denotes mobilization.

If a citizen \( \alpha \in [0, 1] \) does not mobilize for the opposition \( (s_t = 0) \), she receives \( u + \alpha \) where \( u \in [-1, 1] \) is fixed and constant throughout the model. \( u \) captures the level of economic conditions and \( \alpha \), a citizen’s personal feeling about the regime. A citizen with \( \alpha = 1 \) is very happy under the regime.

If \( D \) represses, he gets \(-F \). \( O \) and a citizen who mobilizes when there is repression receive 0 each. 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. 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. \( O \) and a mobilizing citizen \( \alpha \in [0, 1] \) both receive \( \lambda S + W \) from co-optation given that a total fraction \( S \) mobilizes. When \( D \) allows political freedom, there is no resource transfer to \( O \) and to its supporters. \( D \) thus faces the actual level of mobilization. He receives a payoff of \(-S \) from choosing a hands-off policy, when a fraction \( S \) of citizens mobilizes.\(^{12}\) \( O \) and a mobilizing citizen both receive \( \lambda S \).

**Dynamics of Party Capacity**

The parameter \( \lambda \in [0, \infty) \) represents the party capacity, the opposition’s strength relative to the regime. In period \( t = 1 \), \( \lambda_1 \) is realized and publicly observed. Given the play in the first period, at the beginning of period \( t = 2 \) the party capacity is drawn from the conditional distribution \( H(\lambda|S) \) with associated density \( h(\lambda|S) \), where \( S \) is period 1 level of mobilization.

I assume that \( H(\lambda|S) \) is continuously differentiable on \([0, \infty)\).

I further assume that for \( S < S' \), \( H(\lambda|S') \) first order stochastic dominates \( H(\lambda|S) \); i.e \( H(\lambda|S') \leq H(\lambda|S) \) for all \( \lambda \in [0, \infty) \). In other words, \( O \) has the possibility to use a period level of mobilization to reinforce its party capacity and become stronger.

\(^{12}\)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.
D’s decision is whether to shut down the opposition’s stride—using either repression or co-optation—or set the opposition free using a hands-off. Each strategy has a different implication on the party capacity. Co-optation or repression weakens O’s capacity. If there is successful co-optation or repression in the first period, the next period party capacity is drawn from the distribution $h(\cdot|0)$. 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 if the strategy used is co-optation. Thus, if $S > 0$, taking a hands-off increases the chances of having a strong opposition tomorrow, compared to a strategy of co-optation or repression.

The following example presents a distribution that satisfies the distributional assumption of O’s party 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 $\gamma > 0$, $H(\lambda|S) - H(\lambda|S') = e^{-\beta \lambda} \left(e^{\gamma S' \lambda} - e^{\gamma S \lambda}\right) > 0$; $H(\cdot|S')$ 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.

Figure 1 presents the game. The equilibrium concept is Markov Perfect Equilibrium. The state variable is the opposition’s party capacity. Players discount the future with $\delta \in (0, 1)$.

<table>
<thead>
<tr>
<th>Symbols</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>$u$</td>
<td>Degree of economic conditions</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>$W$</td>
<td>Payment $O$ receives from a successful co-optation</td>
</tr>
<tr>
<td>$F$</td>
<td>Cost of repression</td>
</tr>
<tr>
<td>$S$</td>
<td>Fraction of mobilizing citizens</td>
</tr>
</tbody>
</table>

Table 1: Summary of Notations
Discussion

The analysis focuses on the case where $F, W \in (0, 1)$. I further assume that $W > F$ as 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 $S \in [0, 1]$. Both tactics weaken the opposition and the dictator’s continuation values are the same whether he co-opts or represses.

The model assumes a flat cost of repression for $D$. The main result is maintained if I assume the cost of repression is a function of the level of mobilization. In Appendix B, I derive conditions for the main results to hold if $D$ has a cost of repression $C(S) > 0$, where $C'(S) > 0$, $C(0) > 0$ (preemptive repression is costly), and the marginal cost of repression is decreasing $C''(S) < 0$. Preemptive repression occurs when a regime engages in oppressive activities at the moment citizens are still preparing to mobilize De Jaegher and Hoyer (2019). For example a regime security forces can perform random checks.

The consideration of three strategies is necessary for the results to hold. It is clear to
see that if repression is not available to $D$, co-optation would be used against an opposition with strong party capacity. Similarly, if only co-optation and a hands-off were considered, $D$ would always use co-optation against a weak opposition, even those that are too weak.

Finally, the model assumes that $D$ commits to a strategy. If the strategies were used as a response to the level of mobilization, there will be no equilibrium where $D$ uses a hands-off policy. The intuition is that co-optation weakly dominates a hands-off: $WS \leq S$ for all $S$. Thus, $D$’s choice would boil down to choosing between co-optation and repression only.

## Analysis

### Preliminary

Given the party capacity $\lambda \geq 0$, and $D$’s strategy $d \in \{r, c, p\}$, $S^d(\lambda, u) \in [0, 1]$ is the level of mobilization, or the initial threat $D$ is facing. Co-opting $O$ reduces the threat to $WS^c(\lambda, u)$. $WS^c(\lambda, u)$ measures the inner threat a dictator faces when he politically includes an opposition group using co-optation. $Sp(\lambda, u)$ is the equivalent threat when $D$ adopts a hands-off policy. $WS^c(\lambda, u)$ is continuously increasing in $\lambda$ from 0 to $W$. Since $F \in (0, W)$, there exists $\lambda^c(u)$ such that $F = WS^c(\lambda(u), u)$. $\lambda^c(u)$ is the critical level of party capacity that makes $D$ indifferent between co-optation and repression. The equivalent party capacity when $D$ uses a hands-off is $\lambda^p(u)$ solution to $Sp(\lambda, u) = F$. Given the level of economic opportunity $u$, opposition parties with strong party capacity have $\lambda > \max\{\lambda^c(u), \lambda^p(u)\} \equiv \lambda(u)$.

### Second-period Equilibrium Behavior.

I start the analysis at the end. Suppose $D$ and $O$ have made their decision and co-optation is successful. A citizen $\alpha \in [0, 1]$ mobilizes for the opposition if the payoff from supporting the regime is smaller than the payoff from mobilization: $u + \alpha < \lambda^2 S^c(\lambda_2, u) + W$. In Appendix A, I show that conditional on $D$ and $O$ reaching an agreement, the level of mobilization
$S^c(\lambda_2, u)$ is given by the following system:

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

When the party capacity $\lambda_2$ is very large compared to the level of economic conditions $u$: $\lambda_2 > u + 1 - W$ all citizens are willing to support $O$. However, when the party capacity is low, whether there is mobilization depends on the level of economic conditions. When citizens are not very happy under the regime, $u \leq W$, the level of mobilization is interior $S^c(\lambda_2, u) = \frac{u - W}{\lambda_2 - 1}$. When all citizens are very happy with the status quo there is absence of mobilization.

When $D$ uses a hands-off approach, $\alpha$ mobilizes if $u + \alpha \leq \lambda_2 S^p(\lambda_2, u)$. Thus, the second period equilibrium level of mobilization when $D$ chooses $d = p$, $S^p(\lambda_2, u)$, is given by

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

The main observation from the equilibrium level of mobilization is that co-optation has a more positive effect on the level of mobilization compared to a hands-off. 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 $S^c(\lambda_2, u) \geq S^p(\lambda_2, u)$. After making a payment, $D$ is able to reduce the level of mobilization from $S^c(\lambda_2, u)$ to $WS^c(\lambda_2, u)$. 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.

Therefore, $D$’s decision to choose co-optation versus a hands-off policy hinges on whether
co-optation has the effect of increasing the current level of mobilization. When \( O \) is moderately weak (\( \lambda_2 < \bar{\lambda}(u) \)), and the level of economic conditions are good \( u \geq 0 \), the level of mobilization is 0 if the strategy is a hands-off. Co-optation in this situation would unnecessarily increase the level of mobilization to \( S^c(\lambda_2, u) > 0 \). A payment just reduces mobilization to \( WS^c(\lambda_2, u) > 0 \). Hence, \( D \) then prefers a hands-off to co-optation. Continuously speaking, there exists \( u^* < 0 \) such that for \( u \geq u^* \), \( D \) still prefers to use a hands-off.

Moreover, when the economic conditions are bad, \( (u \in [u, u^*]) \), citizens are mobilizing for \( O \): \( S^c(\lambda_2, u) = \frac{u-W}{\lambda_2-1} \) and \( S^p(\lambda_2, u) = \frac{u}{\lambda_2-1} \). Using co-optation reduces the level of mobilization from \( S^c(\lambda_2, u) \geq S^p(\lambda_2, u) \) to \( WS^c(\lambda_2, u) < S^p(\lambda_2, u) \). A strategy of co-optation is thus optimal.

\( O \) always accepts co-optation attempts from \( D \). In fact, rejecting \( D \)'s offer yields at most \( \lambda_2 S^p(\lambda_2, u) \) which is smaller than the payoff from accepting; \( \lambda_2 S^c(\lambda_2, u) + W \).

To complete the equilibrium analysis of the dictator’s tactics, I must describe the level of mobilization when there is repression. When \( D \)'s strategy is repression, citizens are less likely to mobilize unless the level of economic opportunities are small \( (u \leq 0) \). In this case, the level of mobilization is given by \( S^r(\lambda_2, u) = -u \). Otherwise, if \( u > 0 \), \( S^r(\lambda_2, u) = 0 \).

The choice of repression versus hands-off or repression versus co-optation depends on whether \( \lambda_2 \) is larger than \( \bar{\lambda}(u) = \max\{\lambda^c(u), \lambda^p(u)\} \), or economic conditions are extremely bad \( (u < u) \). 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 bad or the opposition has strong party capacity relative to the regime. When citizens economic conditions are very bad \( (u < u \text{ for some } u) \), 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 $S^p(\lambda_2, u) = \frac{u}{\lambda_2 - 1}{\mathbb{1}}_{\{u \leq 0\}}$.

Figure 2: D’s optimal strategy in Period 2. ($F = \frac{1}{4}, W = \frac{1}{3}$).

First Period Equilibrium Behavior.
The goal of this section is to understand how the dictator’s tactics evolve if he can use repression (or co-optation) today to weaken the opposition. Given that taking a hands-off policy allows $O$ to reinforce its party capacity and become stronger in the future, how does $D$ trades-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. No citizen can unilaterally change the level of mobilization. This is because a single citizen has zero measure on the continuum [0,1]. Like in period 2, a citizen’s decision in the period 1 is described similarly. Fix $\lambda_1$ the first-period party capacity. We have

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

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

and $S(\lambda_1, u) = -u[1(u \leq 0)]$.

As mentioned earlier, co-optation or repression makes $O$ abandon its antigovernment activities. The second period party capacity $\lambda_2$ is then drawn from the distribution $h(\cdot | 0)$ after co-optation or repression. Hence, engaging in co-optation or repression entails the same continuation payoff for $D$. This argument implies $\lambda^c(u)$ is the critical threshold to consider in period 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 recall \( \bar{x}(u) = \max\{\lambda^p(u), \lambda^c(u)\} \) for \( u \in [-1, 1] \). D’s expected payoffs from engaging in repression and co-optation in the first period are given, respectively, by

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

and

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

where

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

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

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

where

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

The logic behind the continuation values is as follows. When period 2 party capacity is drawn above the critical level \( \bar{x}(u) \), D’s equilibrium strategy entails repression, which yields \(-F\). When \( \lambda \) is below \( \bar{x}(u) \), D either co-opts \((d(\lambda, u) = c)\), takes a hands-off approach \((d(\lambda, u) = p)\) or uses repression \((d(\lambda, u) = r)\), depending on the level of economic conditions.
\( \lambda \) is drawn from \( h(\cdot \mid S) \) when \( d = p \) in the first period, and drawn from the distribution \( h(\cdot \mid 0) \) when \( d = c, r \) in period 1.

In period 1, when economic conditions are extremely bad, \( (u \leq u) \) or the party capacity is larger than \( u + 1 \), \( D \) is still inclined to repress. However, it is less clear what \( D \)'s optimal action is when \( u \geq u \) and \( \lambda \leq u + 1 \). The next proposition summarizes the equilibrium behavior in period 1 with parameters \( u \) and \( \lambda_1 \) confined in that region. Figure 3 presents a plot of \( D \)'s optimal tactics in period 1.

The next proposition focuses on how the party capacity in period 1 is compared to \( \lambda^c(u) \). \( \lambda^c(u) \) is the critical party capacity to consider in period 1. This is because when the party capacity is larger than \( \lambda^c(u) \), \( D \) prefers repression, unless the level of economic conditions makes a hands-off policy profitable. Similarly, when \( \lambda_1 \) is less than \( \lambda^c(u) \), \( D \) prefers co-optation unless a hands-off is optimal.

**Proposition 2** Denote \( \lambda_1 \) the realized party capacity in period 1. Suppose \( \lambda_1 < u + 1 \). 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 \( \lambda \geq \lambda^c(u) \) and \( u \in [u^*, \epsilon_1] \), \( D \) prefers to repress.

Under the assumption that \( O \) can leverage on the level of mobilization in period 1 to reinforce its party capacity, \( D \) is willing to prevent \( O \) from reaching that goal by further weakening an already weak opposition. Consider the area in Figure 3 where \( D \) takes a hands-off approach in period 2 \((u \in [u^*, 0] \) and \( \lambda_1 \leq \lambda^c(u) \)). In this region, and surprisingly, \( D \) sometimes uses co-optation in period 1. 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, \((u \in [\epsilon_2, 0])\), \(D\) adopts a hands-off approach because the level of mobilization \(S\) is very small (close to 0) and co-optation would tend to increase the level of 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 party capacity \(\lambda_1\). Repression is optimal when the \(O\)’s party capacity is larger than \(\lambda^c(u)\) such that co-optation would be both risky and expensive.
Figure 4: D’s expected payoff in period 1. The x-axis represents the level of economic conditions $u$ within the interval $[u^*, \epsilon_1]$. The opposition’s coercive capacity $\lambda_1 \geq \lambda^c(u)$.

Figure 5: D’s expected payoff in period 1. The x-axis represents the level of economic conditions $u$ within the interval $[u^*, \epsilon_2]$. The opposition’s coercive capacity $\lambda_1 \in [0, \lambda^c(u)]$ 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 party capacity is larger than $\lambda^c(u)$ but lower than $u + 1$, and $u$ falls between $u^*$ and $\epsilon_1$. The dictator prefers repression in this case. A hands-off is optimal when $u$ is larger than a certain $\epsilon_1$ and close to 0. 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 $\lambda_c(u)$.

**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 shape 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 extremely 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. Moreover, repression is mostly use against opposition groups with a party capacity that can alleviate citizens coordination problem and increase mobilization.

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 and opposition groups’ political decisions.
References


## Appendices

### A Proofs of Propositions and Lemmas

#### A.1 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.\footnote{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).} 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, mobilization is optimal for citizen $\alpha$ if $\lambda_2S + W \geq u + \alpha$. 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 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”: $\lambda_2S + W < u + \alpha(S) = u + S$. 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 is willing to mobilize. 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 $\lambda_2S + W = u + S$. That is, $S^c(\lambda_2, u) = \frac{u - W}{\lambda_2 - 1} \in (0, 1)$. Note that 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:

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

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 \(-u\mathbb{1}_{\{u \leq 0\}}\). The critical citizen \( \alpha(S) = S \) must be indifferent; \( \alpha(S) = -u \). \( S^r(\lambda_2, u) = -u\mathbb{1}_{\{u \leq 0\}} \).

**Proof of Proposition 1**

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

Fix \( O \)'s party capacity \( \lambda_2 \in [0, \infty) \), and \( S^d(\lambda_2, u) \) the level of mobilization when \( D \)'s uses tactics \( d \in \{r, c, p\} \). \( D \) optimal decision depends on \( \lambda^p(u) \) and \( \lambda^c(u) \) as defined in the text. We have \( \lambda(u) = \max\{\lambda^c(u), \lambda^r(u)\} \leq u + 1 \).

If \( \lambda_2 \geq u + 1 \), using co-optation yields \( -W S^c(\lambda_2, u) = -W \) while taking a hands-off approach yields \( -S^p(\lambda_2, u) = -1 \). Given that \( F < W < 1 \) it is optimal for \( D \) to use repression.
If $\lambda \in [\lambda(u), u + 1)$, $D$ prefers repression to co-optation and repression to a hands-off policy. This is because if $\lambda \geq \lambda(u)$, $-WS^c(\lambda, u) \leq -F$ and $-S^p(\lambda, u) \leq -F$. Citizens level of mobilization is $S^r(\lambda, u) = -u1_{\{u \leq 0\}}$.

Next, assume $\lambda \in [0, \lambda(u)]$. If $u > W$, then the level of mobilization under co-optation and repression are both equal to 0. Thus, $D$ is indifferent between $d = p$ and $d = c$ and prefers either. Suppose $u \leq W$. 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 $S^p(\lambda, u) = \frac{u}{\lambda^2}1_{\{u \leq 0\}}$. 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 $\frac{u}{F} + 1 = \frac{W}{F}(u - W) + 1$; $u^* = -\frac{W^2}{1-W}$. 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. $u = -\frac{F}{W} + W$ 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 that $O$ 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 $\frac{\lambda_2u}{\lambda_2-1}$. We have

$$\frac{\lambda_2(u-W)}{\lambda_2-1} + W - \frac{\lambda_2u}{\lambda_2-1} = \frac{W}{1-\lambda_2} > 0.$$  

A.2 First-Period Equilibrium

Proof of Proposition 2

To demonstrate Proposition 2, we have to show the following:

i) For $\lambda_1 \leq \lambda^c(u)$, 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. If $u \in (-\epsilon_1, 0]$, $D$ prefers a hands-off approach.

Fix $\lambda_1$ the fist-period organizational capacity. When $\lambda_1 > \lambda^c(u)$ the dictator prefers repression to co-optation. How about repression versus a hands-off? 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 given that the next period party capacity is drawn from $h(\cdot | 0)$.

Suppose the realized party cohesion is $\lambda_1 \in [\lambda^c(u), u + 1]$ and $u \in [u^*, 0]$. This case corresponds to a level of mobilization $S^c(\lambda_1, u) = \frac{u-W}{\lambda_1-1}$ under successful co-optation; and
$S_p(\lambda_1, u) = \frac{u}{\lambda_1 - 1}$ if $D$ takes a hands-off approach. Moreover, under this condition on $u$, $D$ takes a hands-off in period 2. Recall $\bar{\lambda}(u) = \max\{\lambda^c(u), \lambda^p(u)\}$.

The dictator’s repressive actions yield

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

while a hands-off policy yields

$$-S_p(\lambda_1, u) + \delta \left[ \int_{\bar{\lambda}(u)}^{\infty} (-F)h(\lambda|S^p_1)d\lambda + \int_{0}^{\bar{\lambda}(u)} (-\frac{u}{\lambda - 1})h(\lambda|S^p_1)d\lambda \right].$$

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_{\bar{\lambda}(u)}^{\infty} (-F)h(\lambda|S^p_1)d\lambda = \int_{\bar{\lambda}(u)}^{\infty} (-F)h(\lambda|0)d\lambda. D$ takes a hands-off policy and allows political freedom since $F > 0$. By continuity, there exists $\epsilon > 0$ such that if $u = -\epsilon$, and $S^p_1 = \frac{-\epsilon}{\lambda_1 - 1} > 0$, $D$ still allows political freedom.\(^{14}\)

Consider the function $u_D(\lambda) = \begin{cases} -F & \text{if } \lambda > \bar{\lambda}(u) \\ -\frac{u}{\lambda - 1} & \text{if } \lambda \leq \bar{\lambda}(u) \end{cases}. u_D$ is non-increasing in $\lambda$ for $u \in [u^*, 0]$. 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,

$$\int_{\bar{\lambda}(u)}^{\infty} (-F)h(\lambda|S^p)d\lambda + \int_{0}^{\bar{\lambda}(u)} (-\frac{u}{\lambda - 1})h(\lambda|S^p)d\lambda < \int_{\bar{\lambda}(u)}^{\infty} (-F)h(\lambda|0)d\lambda + \int_{0}^{\bar{\lambda}(u)} (-\frac{u}{\lambda - 1})h(\lambda|0)d\lambda. $$

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.\(^{14}\)

For $\lambda_1 \geq \lambda^c(u)$ let’s define $M(u; \lambda_1)$ the function equals to the difference between (5) and

\(^{14}\)You may have noticed that $\lambda(W) = 1$ and $\frac{u}{\lambda - 1}$ is not continuous in 1. But since $\frac{u}{\lambda - 1}$ is closed to 0 when $u$ approaches 0, $\int_{0}^{\lambda(u)} (-\frac{W(u-W)}{\lambda - 1})h(\lambda|S_1)d\lambda$ is continuous for $u \leq 0$. 

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(4). $M(u; \lambda_1)$ is $D$’s net expected payoff from preferring $d = p$ to $d = r$.

\[ M(u; \lambda_1) = F - S^p(u, \lambda_1) + \delta[V_D(S^p) - V_D(0)] \]

$M(0; \lambda_1) = F - 0 + \delta[V_D(0) - V_D(0)] > 0$; $M(u^*; \lambda_1) = F - S^p(u^*, \lambda_1) + \delta[V_D(S^p) - V_D(0)]$.

Since $\lambda_1 \geq \lambda^c(u^*) = \lambda^p(u^*)$, $F < S^p(u^*, \lambda_1)$. By the First Order Stochastic Dominance, $M(u^*; \lambda_1) < 0$. Hence, there exists a $\epsilon_1 > 0$ such that $M(-\epsilon; \lambda_1) = 0$. Thus, political freedom is an equilibrium in period 1 if $u \in [-\epsilon_1, 0]$. If $u \in [u^*, -\epsilon_1]$, $D$ 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 in period 2. Now suppose that $u \in [u^*, 0]$, 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 $\lambda_1 \leq \lambda^c(u)$ with $-\epsilon_2 > u^*$. In order words, that there exists $\epsilon_2$ such that

\[ -S^p(\lambda_1, u) + \delta \left[ \int_{\lambda(u)}^{\infty} (-F)h(\lambda|S^p)d\lambda + \frac{1}{\lambda - 1}h(\lambda|S^p)d\lambda \right]. \] (7)

is smaller than

\[ -WS^c(\lambda_1, u) + \delta \left[ \int_{\lambda(u)}^{\infty} (-F)h(\lambda|0)d\lambda + \frac{1}{\lambda - 1}h(\lambda|0)d\lambda \right]. \] (8)

for such $u \in [u^*, -\epsilon_2]$. Note that for $u = u^* = -\frac{W^2}{1-W}$, $WS^c(\lambda_1, u) = S^p(\lambda_1, u)$. Fix $\lambda_1 < \lambda^c(u)$, and denote $L(u; \lambda_1)$ the function equal to the difference between (7) and (8).

\[ L(u; \lambda_1) = WS^c(\lambda_1, u) - S^p(\lambda_1, u) + \delta[V_D(S^p) - V_D(0)]. \]

Since $WS^c(\lambda_1, u^*) = S^p(\lambda_1, u^*)$, $L(u^*, \lambda_1) < 0$ by (6).
In addition, \( L(0, \lambda_1) = WS^c(0; \lambda_1) = -\frac{W^2}{\lambda_1-1} > 0 \) and

\[
L(u^*; \lambda_1) = 0 + \delta \left[ \int_{\lambda_1(u)}^{\infty} F(h(\lambda|0) - h(\lambda|S_p^*)) d\lambda + \int_{0}^{\lambda_1(u)} \frac{W(\lambda-W)}{\lambda-1} (h(\lambda|0) - h(\lambda|S_p^*)) d\lambda \right] < 0
\]

where \( S_p^* = \frac{u^*}{\lambda_1-1} \). 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 \( u \in [u^*, -\epsilon_2] \) and adopts a hands-off policy if \( u \in [-\epsilon_2, 0] \).

\( Q.E.D \)

**B Extensions**

**B.1 Variable Cost of Repression**

Denote \( C(S) \) the cost of repression when the level of mobilization is \( S \). I assume that \( C(0) \), the cost of preemptive repression is such that \( 0 < C(0) < W \). I further assume an increasing and concave cost \( C'(S) > 0 \) and \( C''(S) < 0 \). In fact, given a positive preemptive cost, it is realistic to assume a diminishing marginal cost of repression.

The equilibrium level of mobilization throughout the game is unchanged.

\[
S^T(\lambda, u) = -u 1_{\{u \leq 0\}}; \\
S^c(\lambda, u) = \begin{cases} 
1 & \text{if } \lambda > u + 1 - W \\
\frac{u-W}{\lambda-1} & \text{if } \lambda \leq u + 1 - W; u \leq W \\
0 & \text{if } \lambda \leq u + 1 - W; u > W 
\end{cases}
\]

and

\[
S^p(\lambda, u) = \begin{cases} 
1 & \text{if } \lambda > u + 1 \\
\frac{u}{\lambda-1} & \text{if } \lambda \leq u + 1; u \leq 0 \\
0 & \text{if } \lambda \leq u + 1; u > 0 
\end{cases}
\]
Denote $\lambda_2$ O’s organizational capacity in the second period. A repression strategy yields $-C(S^r(\lambda_2, u)) = -C(-uI_{\{u \leq 0\}})$; using co-optation yields $-WS^c(\lambda_2, u)$; and using hands-off policy yields $-Sp(\lambda_2, u)$.

First, in contrast to the case with a flat cost of repression, note that if O’s organizational capacity $\lambda_2 > u + 1$, repression is optimal depending on the level of economic conditions $u$. If the conditions are good, $u > 0$, then the results are unchanged. D prefers to repress. In fact, using co-optation yields $-W$; a hands-off yields $-1$ while by repressing, D gets a payoff of $-C(0) > -W > -1$.

Now suppose $u \leq 0$ and $C(-uI_{\{u \leq 0\}}) > W$. Since $C(0) < W$, there exists $u_1$ and $u_2 \in [-1,0]$, with $u_2 < u_1$ and $C(-u_1I_{\{u \leq 0\}}) = W$, $C(-u_2I_{\{u \leq 0\}}) = 1$. If $u \in [-1, u_2] \cup [u_2, u_1]$, co-optation is optimal. If $u \in (u_1, 0)$, D prefers to repress. If $C(-u_1I_{\{u \leq 0\}}) \leq W$ D always prefers to repress when $\lambda_2 > u + 1$.

For $\lambda_2 \leq u + 1$, denote $\lambda^p(u)$ and $\lambda^c(u)$ solutions to $C(S^r(\lambda, u)) = Sp(\lambda, u)$ and $C(S^r(\lambda, u)) = WS^c(\lambda, u)$, respectively. While $\lambda^p(u)$ is defined for $u \leq 0$, $\lambda^c(u)$ is defined for $u \leq W$. $\lambda^c(u) = \frac{W(u-W)}{C(0)} + 1$ if $u > 0$; $\lambda^c(u) = \frac{W(u-W)}{C(-u)} + 1$ if $u < 0$. Similarly, $\lambda^p(u) = \frac{u}{C(-u)} + 1$ if $u < 0$ and $\lambda^p(u) = \frac{u}{C(0)} + 1$ if $u = 0$.

$\lambda^p(u)$ is still increasing and $\lambda^c(u)$ has an extremum. $\frac{d\lambda^p(u)}{du} = \frac{C(-u) + uC'(-u)}{[C(-u)]^2}$; by strict concavity ($C(s)$ is below its first order Taylor Approximations.). $\frac{d\lambda^c(u)}{du} = \frac{W(C(-u) + uC'(-u)) - WC'(-u)}{[C(-u)]^3}$. Denote $\lambda(u) = \max\{\lambda^c(u), \lambda^p(u)\}$.

Thus, if $\lambda \in [\lambda(u), u + 1]$, D prefers to use repression. Suppose $\lambda \leq \lambda(u)$. Recall $u^* = 1 - \frac{W^2}{1-W}$ solution to $\lambda^p(u) = \lambda^c(u)$. D prefers to use co-optation if $u \in [u', u^*]$ and prefers to use a hands-off policy when $u \in [u^*, 0]$; where $\pi'$ solves $\lambda^c(u) = 0$. Figure 6 recapitulates D optimal strategy in period 2.

First-Period Equilibrium

I derive conditions under which we can observe the dynamics of the main model. I focus on the case where $u \in [u^*, 0]$ and $\lambda_1 < u + 1$. Recall that $S^r(\lambda_1, u) = -uI_{\{u \leq 0\}}$.
Figure 6: D’s optimal strategy in Period 2. \((F = \frac{1}{4}, W = \frac{1}{3})\). This corresponds to the case \(C(-u) > W\).

\[S^c(\lambda_1, u) = \frac{u-W}{\lambda_1-1}\] and \[S^p(\lambda_1, u) = \frac{u}{\lambda_1-1}\]. D expected payoff from using repression, co-optation and a hands-off are respectively given by

\[-C(S^r(\lambda_1, u)) + \delta \left[ \int_{\overline{x}(u)}^{\infty} (-C(S^r(\lambda_1, u)))h(\lambda|0)d\lambda + \int_0^{\overline{x}(u)} \left( -\frac{u}{\lambda-1} \right) h(\lambda|0)d\lambda \right].\] (9)

\[-WS^c(\lambda_1, u) + \delta \left[ \int_{\overline{x}(u)}^{\infty} (-C(S^r(\lambda_1, u)))h(\lambda|0)d\lambda + \int_0^{\overline{x}(u)} \left( -\frac{u}{\lambda-1} \right) h(\lambda|0)d\lambda \right].\] (10)
\[- S^p(\lambda_1, u) + \delta \left[ \int_{\lambda(u)}^{\infty} (-C(S^p(\lambda_1, u)))h(\lambda|S^p)d\lambda + \int_0^{\lambda(u)} \left( -\frac{u}{\lambda - 1} \right) h(\lambda|S^p)d\lambda \right]. \] (11)

Note that we still have \( V_D(S^p) < V_D(0) \) because of the First order Stochastic Dominance assumption and the fact that \( j_D(\lambda) = \begin{cases} -C(S^p(\lambda, u)) & \text{if } \lambda > \lambda(u) \\ -\frac{u}{\lambda - 1} & \text{if } \lambda \leq \lambda(u) \end{cases} \) is non-increasing in \( \lambda \) for \( u \in [u^*, 0] \). Since \( C(0) > 0 \), we can find \( \epsilon_1 \) and \( \epsilon_2 > \epsilon_1 \) such that \( D \) represses when \( u \in [u^*, -\epsilon_1] \) and \( \lambda \geq \lambda^c(u) \) and uses co-optation when \( u \in [u^*, -\epsilon_2] \) and \( \lambda < \lambda^c(u) \).