

NBER WORKING PAPER SERIES

THE DICTATOR'S INNER CIRCLE

Patrick Francois
Ilia Rainer
Francesco Trebbi

Working Paper 20216
<http://www.nber.org/papers/w20216>

NATIONAL BUREAU OF ECONOMIC RESEARCH
1050 Massachusetts Avenue
Cambridge, MA 02138
June 2014

The authors would like to thank Hiro Kasahara, Thomas Lemieux, and seminar participants at BCEP 2013 and Bocconi, LSE, Lugano, Maryland, UBC, and University of Warwick for useful comments and discussion. Jonathan Graves, Hugo Jales, Navid Siami, and especially Chad Kendall provided excellent research assistance. We are grateful to the National Bureau of Economic Research Africa Success Project, to the Social Sciences and Humanities Research Council, and to the Initiative on Global Markets at Chicago Booth for financial support. The views expressed herein are those of the authors and do not necessarily reflect the views of the National Bureau of Economic Research.

NBER working papers are circulated for discussion and comment purposes. They have not been peer-reviewed or been subject to the review by the NBER Board of Directors that accompanies official NBER publications.

© 2014 by Patrick Francois, Ilia Rainer, and Francesco Trebbi. All rights reserved. Short sections of text, not to exceed two paragraphs, may be quoted without explicit permission provided that full credit, including © notice, is given to the source.

The Dictator's Inner Circle
Patrick Francois, Ilija Rainer, and Francesco Trebbi
NBER Working Paper No. 20216
June 2014
JEL No. H11,P16,P48

ABSTRACT

We posit the problem of an autocrat who has to allocate access to the executive positions in his inner circle and define the career profile of his own insiders. Statically, granting access to an executive post to a more experienced subordinate increases political returns to the post, but is more threatening to the leader in case of a coup. Dynamically, the leader monitors the capacity of staging a coup by his subordinates, which grows over time, and the incentives of trading a subordinate's own position for a potential shot at the leadership, which defines the incentives of staging a palace coup for each member of the inner circle. We map these theoretical elements into structurally estimable hazard functions of terminations of cabinet ministers for a panel of postcolonial Sub-Saharan African countries. The hazard functions initially increase over time, indicating that most government insiders quickly wear out their welcome, and then drop once the minister is fully entrenched in the current regime. We argue that the survival concerns of the leader in granting access to his inner circle can cover much ground in explaining the widespread lack of competence of African governments and the vast heterogeneity of political performance between and within these regimes.

Patrick Francois
Department of Economics
University of British Columbia
Room 997-1873 East Mall
Vancouver, B.C. Canada V6T 1Z1
francois@interchange.ubc.ca

Ilija Rainer
Department of Economics, MSN 3G4
George Mason University
Fairfax, VA 22030-4444
irainer@gmu.edu

Francesco Trebbi
University of British Columbia
1873 East Mall
Vancouver, BC, V6T1Z1
Canada
and CIFAR
and also NBER
ftrebbi@mail.ubc.ca

1 Introduction

Recent African economic history is replete with political failure (Herbst, 2000). Some of it has been ascribed to a political class that is both rapacious and myopic, much like the roving bandits à la Olson (2000) or the African predatory officials described in Shleifer and Vishny (1993). This paper shows how the very nature of the threats to a leader’s survival that arise from allowing government insiders sufficiently long time horizons may be an essential part of the problem. In particular, we focus on positions of national prominence, such as cabinet posts¹.

The paper studies the political survival of national cabinet members in a panel of sub-Saharan African (SSA) countries. Our goal is to provide a unique perspective on the internal organization of autocratic regimes in Africa. In Section 2 we begin by uncovering a novel set of stylized facts based on a newly collected data set featuring the annual composition of national cabinets in a large set of SSA countries. First, we show that leaders with more experience in government (in terms of number of years in which they are observed in past executive positions before taking office) tend to hire ministers with more experience (again proxied by number of years in previous cabinets). In addition, leaders systematically select more experienced ministers for more senior posts within their inner circle. We also report novel regularities concerning the survival in office of both SSA leaders and ministers, showing that for both groups hazard rates are time-varying. While leaders face decreasing hazards of termination over time, extending earlier work by Bienen and Van De Walle (1989), SSA ministers face increasing termination hazards over time under a given leader. Only after a specific number of years in government do the termination hazard drops.

We then provide a theoretical framework able to reconcile these stylized facts parsimoniously. Section 3 focuses on the problem of a leader selecting and terminating government insiders based on the time his subordinates have spent in the ‘palace’. Statically, we posit

¹See Arriola (2009), Burgess et al. (2011), Rainer and Trebbi (2011) and Francois, Rainer, and Trebbi (2012) for a discussion of the role of national posts as prominent sources of political patronage playing a key role in prebendalist societies like the ones we study.

that more experienced ministers (i.e. insiders endowed with longer past experience in government and more political capital in general) are able to produce more value for a leader, but are also more apt at capturing a larger share of that value. Dynamically, time spent inside the palace increases the capacity for ministers to stage coups. Insiders have the potential of becoming “*rivals [...] developing their own power base*” (Bratton and Van De Walle, 1994, p.463). As a consequence, a leader will tend to terminate ministers if they become too much of threat to him² and this increasingly more over time, as they learn their way through the government organization. Specifically, in our model the leader keeps a check on the capacity of ministers to stage coups and on their incentives to remain loyal versus attempting coups. We show that these features naturally deliver non-monotonic hazard functions for ministerial termination risk. First, coup capacity accumulates and the leader progressively sheds potential rivals. Then, the model displays endogenous ‘safe dates’, points in time after which, even when given the opportunity of staging a coup, a minister will not take it and remain loyal. The intuition for why this may happen is simple. Consider for instance that staging a coup against a consolidated leader means trading off a relatively safe spot as minister versus the opportunity of running a brand new and fragile regime as leader.

Our theoretical setup naturally delivers a competing-risks model with parametric hazard functions that can be brought structurally to the data; an exercise we perform in Sections 4 and 5. The structural estimation of the model delivers estimates of the parameters pertaining to the minister-leader bilateral bargaining problem and the shape of the coup success/coup capacity function. In Section 6 we also contrast our model with relevant alternatives, showing how our approach dominates competing theoretical mechanisms. In Section 7 we explore counterfactual exercises and welfare implications.

By explicitly linking the survival risks of dictators to those of their ministers, we are able to provide a unified theory of termination risks under autocracy. The implications are of

²In the words of Soest (2007 p.8) African leaders uproot ministers from their current posts “*in order to prevent any potential opponent from developing his or her own power base*”. Indeed, the literature has often ascribed the “*ministerial game of musical chairs*” (Tordoff and Molteno 1974 p. 254) to this goal.

consequence outside the strict confines of cabinet dynamics studied here. For example, the robust evidence of increasing hazard risks of termination for top politicians within African regimes strongly indicates how pressing leader's survival concerns are. By affecting the time horizons of politicians in power it is easy to see why myopic predation could be pervasive in SSA polities, possibly trickling down the whole clientelistic chain from ministerial posts to the bureaucracy, curtailing valued political investment and ultimately affecting economic performance.³ In addition, since these survival concerns vary across regimes and lessen over time within the same regime, we provide a novel explanation for the massive variation in performance observed across autocracies (see Besley and Kudamatsu, 2008).

This paper speaks to a vast literature on the political economy of development (Bates, 1981) and on the internal organization of weakly institutionalized countries (Tullock, 1987; Wintrobe, 1998; Acemoglu and Robinson, 2005; Bueno de Mesquita, Smith, Siverson, and Morrow, 2003). In particular with respect to Africa, at least since Jackson and Rosberg (1982), the literature has evolved around the study of individual incentives of elites/clients within the complex structure of personal relationships at the basis of neopatrimonial societies.

This paper is most closely related to previous work on the internal organization of autocracies (Geddes, 2003; Gandhi and Przeworski, 2006; Haber, 2006; Besley and Kudamatsu, 2008; Arriola, 2009; Francois, Rainer, and Trebbi, 2014; Bidner, Francois and Trebbi, 2014) and from a theoretical standpoint to recent research on incentives of dictators in selecting insiders (Egorov and Sonin, 2011).

Finally, this work also speaks to the large political science literature on cabinet duration⁴ and ministerial survival⁵. Relative to this literature, we depart in terms of focus, by targeting weakly institutionalized countries, and methodology by addressing the specific time

³See Dal Bo' and Rossi (2011) for systematic evidence in Argentina.

⁴King et al (1990), Kam and Indridason (2005). Particularly, see Diermeier and Stevenson (1999) for a competing risk model of cabinet duration.

⁵The political science literature typically does not consider individual ministers as the relevant unit of observation, focusing instead on the entire cabinet. Alt (1975) and Berlinski et al. (2007) are exceptions centered on British cabinet members, while Huber and Gallardo (2008) focus on nineteen parliamentary democracies. To the best of our knowledge this is the first systematic study of this type focused on autocratic regimes.

dependency profile of the hazard functions, as opposed to investigating hazard shifters within partial likelihood approaches, as in the popular Cox model.

2 Leadership and Ministerial Survival in Africa

This section presents nonparametrically a set of stylized facts characterizing the process of selection and termination of national ministers in Africa. We will use this set of empirical regularities to guide the discussion in the following sections, but also to report our new evidence unburdened by any theoretical structure.

We recorded the names and positions of every government member that appears in the annual publications of *Africa South of the Sahara* or *The Europa World Year Book* between 1960 and 2004 and employ data on each national ministerial post since independence on Benin, Cameroon, Cote d'Ivoire, Democratic Republic of Congo, Gabon, Ghana, Guinea, Liberia, Nigeria, Republic of Congo, Sierra Leone, Tanzania, Togo, Kenya, and Uganda. These fifteen countries jointly comprise a population of 492 million, or 45 percent of the whole continent's population. The details on the ministerial data, as well as a thorough discussion of the evidence in support of the relevance of national governments in African politics, can be found in Rainer and Trebbi (2011). Summary statistics of the sample by country can be found in Table 1. Table 2 reports spell-specific information for all ministers in the sample.

In Figure 1 we show our first empirical regularity. Leaders with more experience in government at the onset of their regimes tend to systematically hire ministers with more experience in government (both measures are proxied by the number of years recorded in previous cabinets). The figure reports both the linear fit and a nonparametric lowess fit, both underscoring a positive and significant statistical relationship between ministerial past political experience and leader's experience at regime onset (the regression coefficient is 0.79 with a robust standard error clustered at the country level of 0.01). In Figure 2 we split

senior and junior government posts. We define as senior posts the Presidency/Premiership, Defense, Budget, Commerce, Finance, Treasury, Economy, Agriculture, Justice, Foreign Affairs. Leaders select more experienced ministers for more senior posts and they appear to do more so as their experience grows.

We now proceed to illustrating termination risks of both leaders and ministers. One important finding that will underlie all our subsequent analysis is that in both groups hazard rates exhibit distinctive time dependence patterns, but of completely different nature across the two.

Let us begin by considering the termination risk of leaders, as this issue has already received some investigation in past literature (see Bienen and Van De Walle, 1989). In Figure 3 we report nonparametric hazard estimates for the pooled sample of post independence African leaders, for ease of comparison with Bienen and Van De Walle’s analysis, while in Figure 4 we report nonparametric hazard estimates for the fifteen countries in our sample. Although Figure 4 is naturally more noisy, both hazard functions clearly exhibit sharp negative time dependence. The termination risk starts around 17% during the first year in office for the leader, gradually reaching about half that likelihood of termination conditional on reaching 10 years in office. These figures are remarkably similar to those reported in Bienen and Van De Walle’s analysis, but now we extend the sample to the full post-Cold War period.

Our novel results on the nonparametric hazard functions for the risk of termination of a minister under the same leader are reported in the four panels of Figure 5, which present the minister’s empirical conditional probabilities of being terminated over time, i.e. their hazard functions. Let us also note that Figure 5 is conditional on the minister not being terminated because of the leader’s termination (this is a competing risk we will model explicitly below). Notice also that we perform the hazard analysis country by country, in order to reduce the bias due to unobserved heterogeneity, which is particularly damning in duration models, to a minimum.⁶

⁶Indeed, it is a known issue in duration analysis that pure statistical heterogeneity across hazard functions implies, when naively aggregated, a hazard function for the mixture distribution that is necessarily declining

The patterns are striking. For the vast majority of countries in our sample, ministers face increasing termination hazards over time under the same leader. In a subset of countries, after a specific number of years in government, hazard rates eventually drop, leading to a characteristic ‘hump’ shape. Typically, between the first and fifth year in office a minister sees his likelihood of dismissal increasing by about 50%.⁷ To the best of our knowledge this fact is new and proves to be a remarkable departure from estimated termination risks not just of national leaders – as shown in Figure 4 – but relative to almost any other form of employment (Farber, 1994).

Finally, due to the sparse nature of the spell observations by country when splitting senior and junior ministerial spells, we refrain here from presenting separate hazard functions for both classes of ministerial posts. However, below we will show that senior ministers face steeper increasing hazards of termination and for them hazard risks drop sooner in analysis time.

3 Model

We describe the problem of a leader who has to choose the personnel that will fill executive positions (ministries) in his inner circle. Calendar time $t = 0, 1, \dots$ is infinite and discrete and leaders choose the cabinet at the start of every period. All individuals discount the future due to their own mortality risk, the details of which we specify below.

3.1 Ministry Output and Division

Each time a government insider, also referred to as a minister, is replaced in his post, the leader incurs a cost, denoted $\varepsilon > 0$, which we allow to be arbitrarily small. Let $k_i(t)$

in analysis time; see Farber (1994) for a complete discussion.

⁷Note also the different levels of the baseline hazard rates for the different countries, strongly supporting our approach of addressing country heterogeneity in the most conservative way possible. Alternative corrections would require the use of parameterizations for the frailty in the data. We do not follow this approach here.

be the political capital of minister i at time t . Political capital is accumulated through political experience, growing at constant rate g with time in office, and is useful in generating ministerial output. Specifically, if i is a minister in period t in a ministry m his output is $(k_i(t))^{\beta_m}$. Assume there are two types of ministries: $m = J$ denotes a junior ministry and $m = S$ a senior one, with $\beta_S > \beta_J$. Assume that there is an elastic supply of ministers for each and every level of experience.

Denote the leader by l and assume that the leader installed at time t_l has capital level $k_l(t) = (1 + g)^{t-t_l} k_l^0$; i.e., the leader's growth rate is also g while in office and k_l^0 is the leader's political capital at entry. A leader l placing individual i in ministry post of type m has the potential to hold up production in i 's ministry. Intuitively, from time-to-time the minister in charge of a post requires an essential input, which the leader controls and can withhold at will. Formally, we allow this to be governed by a stochastic process: with probability H the leader can hold-up any single ministry, m in any period t . This random variable is i.i.d. across ministries and is drawn each period, separately for each ministry.

We assume that the hold up problem, when it arises, is solved by Nash Bargaining between the leader and minister over the ministry's output. Let the leader's bargaining power (in the Nash Bargaining sense) be denoted α_m , with $1 - \alpha_m$ denoting the minister's. Suppressing time notation, this leads to the following division of ministerial surplus generated in a period where hold up in ministry m occurs (where w denotes the amount of the ministry's value paid to the minister):

$$(1) \quad \max_w \left[\left(k_i^{\beta_m} - w \right)^{\alpha_m} w^{1-\alpha_m} \right].$$

The threat points for each player are zero output in the ministry – either the minister contributes no effort, and/or the leader withholds the essential input.

The relative bargaining power, α_m , is assumed to be determined according to the relative capital level of the leader l and his chosen minister, i , according to: $\alpha_m = \frac{k_l}{k_l + k_i}$.⁸ Leaders

⁸Note that this notation does not depend on either i or l 's characteristics, for reasons that will become

can appropriate a larger share of ministry spoils the more powerful they are relative to their chosen minister.

3.2 Coup Threats: Means, Motive, and Opportunity.

Endogenous coups d'état come from government insiders seeking to become leaders. Realistically we assume coups are extremely costly to the leader. Specifically, we assume that falling victim to a coup leads to a large negative shock to leader utility (e.g. death). As will be shown, any non-negligible cost to coups and non-negligible probability of coup success will lead to the outcomes we characterize, so we proceed as seems realistic by leaving the cost of losing a coup as large, without pinning it down further.⁹

Three factors determine whether a minister will decide to mount a coup: i) having the means to stage it; ii) having the incentives to stage it (i.e. the “motive” in undertaking a sanctionable action); and iii) having the actual opportunity of following through. In our model the leader will monitor means and motive, and, when necessary, preclude opportunity.

3.2.1 Means

In order to mount a coup, a government insider must establish sufficient connections within the government to coordinate the coup action. This plotting capacity is a function of the length of tenure an individual has had within the government and depends positively on the importance of the individual’s position. Specifically, individuals grow their own coup capacity by the amount $m(t)c_i(t)$ each period t of their current stint in office, where $c_i(t)$ is an i.i.d. draw from a stationary distribution C with non-negative support. In our estimation we will assume C to be *Exponential* (ς_c) with scale ς_c ; a convenient form as it has positive support, only one parameter, and its n -fold convolution is closed-form. We assume that $m(t) = 1$ if $m = J$ at time t and $m(t) = M_S > 1$ if $m = S$, implying that the plotting

obvious below.

⁹Because the costs of turnover are small, and because leaders have full information about coup capacity.

capacity of a minister grows proportionately more with time spent in senior posts (central and important positions, like Defense or Treasury) as opposed to junior ones (peripheral ones, like Sports). Assume that coup capacity is regime-specific (unlike k , which persists across regimes). Thus, at calendar time t minister i who first entered into the government at time $t_i^0 < t$ has accumulated coup capacity $\sum_{\tau=t_i^0}^t m(\tau) c_i(\tau)$, where the aggregation is over the duration of the spell in government in a post of type m . Coup capacity is common knowledge, and gives a minister the capacity to mount a coup if and only if it reaches a critical threshold, denoted \bar{c} ; that is, if and only if $\sum_{\tau=t_i^0}^t m(\tau) c_i(\tau) \geq \bar{c}$. Since $c(t)$ are independent draws from an exponential with scale ζ_c , then $\sum_{\tau=1}^t c(\tau) \sim \text{Gamma}(t, \zeta_c)$, where t is the Gamma's shape and ζ_c its scale. Since ζ_c is not separately identifiable from \bar{c} , we will normalize $\bar{c} = 1$.

Exogenous Threats

Leaders can be terminated for exogenous reasons other than coups. We assume a base leadership hazard $(1 - \delta)$ that applies per period of leadership ad infinitum. This proxies for mortality/health threats of standard physiological nature. We similarly assume a base leadership hazard for ministers for reasons like ill health, retirement from politics, etc.: a $1 - \sigma$ probability event.

Additionally, the data shows a high potential for external threats to leaders early on in a regime (for an early contribution, see Bienen and Van De Walle, 1989). Upon inception, new regimes are extremely fragile, with a high probability of termination due to exogenous factors like foreign military interventions, sensitivity to shifts in international alliances, or simply lack of consolidation of the leaders' power base. We model these external threats in a reduced-form way, positing that this exogenous fragility declines through time as a sequence of regime age specific continuation probabilities $\rho(t)$. We assume that a leader coming to power in period t_l has heightened fragility for t_δ periods implying that $\rho(\tau - t_l) < 1$ for $t_l < \tau < t_l + t_\delta$ and increasing with τ until $\rho(\tau - t_l) = 1$ for $\tau \geq t_l + t_\delta$. This implies that at time t_l the time path of discounting for a leader l follows $\delta\rho(1), \dots, \delta^{t_\delta} \prod_{s=1}^{t_\delta} \rho(s), \delta^{t_\delta+1} \prod_{s=1}^{t_\delta} \rho(s), \dots$

3.2.2 Timing

Timing is reported in Figure 6. Each existing minister comes in to period t with his personal coup capacity, $\sum_{\tau=t_i^0}^t m(\tau) c_i(\tau)$ for minister i , where period t 's draw was at the end of period $t - 1$. The leader observes each minister's capacity and decides whether he will continue in his portfolio, or whether to replace him with a new minister who necessarily will have zero coup capacity. Hold-up opportunities are then realized, and in ministries where these occur, the minister and leader bargain over the division of ministerial surplus. Production occurs and consumption shares are allocated according to the Nash Bargain. Exogenous termination draws for both ministers and leader then occur. Exogenous terminations for the leader imply dissolution of the cabinet, and a new leader, randomly drawn from the set of all individuals, to start next period (at which point he selects a new cabinet). Exogenous terminations for a minister leave a ministry vacancy to be filled at the start of the next period by the existing leader. Surviving ministers with sufficient coup capacity then decide whether to mount a coup or not. If so, and successful, the coup leader will start as leader in the next period (multiple coups are allowed, and if more than one succeeds, a leader is drawn from the successors randomly). If the coup fails or none is attempted, the leader stays in place. Failed coup plotters are removed and excluded from all future ministerial rents. At the end of the period, the increment to each minister's coup capacity is drawn from distribution C . Surviving ministers carry their coup capacity to the start of $t + 1$ after which the sequence repeats.

3.2.3 Motive and Opportunity

The Value of Being Leader

Let $V^l(k_i(t), t)$, denote the net present monetary value that an individual of experience $k_i(t)$ has to becoming the leader at calendar time t . This monetary value is the aggregation of the leader's share of ministerial rents captured through hold up and the ensuing bilateral bargaining over ministerial spoils in each ministry through time. Let

$V^l(k_i(t), t) = \sum_{m=J,S} N_m V_m^l(k_i(t), t)$, where $V_m^l(k_i(t), t)$ denotes the corresponding net present monetary value for ministry m , and the total number of ministries is given by the sum over junior and senior posts¹⁰, $N = N_J + N_S$. Since an unsuccessful coup leads to the protagonist’s dismissal from government (and rents) forever, the net present value for a minister with capital $k_i(t)$ staging a coup at t that succeeds with probability $\gamma \in [0, 1]$ equals $\gamma V^l(k_i(t), t)$.

The Value of being a Minister

Let $V^m(k_i(t), t_l)$ denote the net present value of being a minister in ministry m , with capital $k_i(t)$ operating within a regime whose leader l took office at t_l . The value of being a minister depends on the flow value created by an individual’s time in the ministry, the share of that flow value he appropriates, and the minister’s estimates of his likelihood of continuing in office. Three different hazard risks affect this continuation probability each period. The first risk arises from something exogenous happening to the minister; the $1 - \sigma$ exogenous shocks described above. A second risk arises from the conscious decisions of the leader to terminate a minister’s appointment. If the leader decides i has become an insupportable risk, then minister i must go. This removes “opportunity” for the minister, which we assume can no longer stage a palace coup when ousted. The third threat to continuation for a minister arises from the leader being actually hit by his own exogenous shock, in case of which the whole cabinet is terminated.¹¹ In essence this means that the $(1 - \rho(t))$ and $(1 - \delta)$ risks also enter into the hazard function of a minister.

Ministerial coup incentives

It follows that a minister with capital $k_i(t)$, in a regime where the leader came to power in period t_l has no incentive to mount a coup against the leader in period t if and only if:

$$(2) \quad \gamma V^l(k_i(t), t) \leq V^m(k_i(t), t_l).$$

¹⁰We do not model the size of the cabinet endogenously. See Arriola (2009) for a discussion of how the cabinet size may be related to clientelistic motives.

¹¹We could, more correctly, allow for this discount to be less than $1 - \delta$ for a minister, since some ministers remain in cabinet when leaders are exogenously removed. For now, assume full turnover.

3.3 Analysis

3.3.1 Optimal ministerial experience.

The Nash bargain in (1) yields $w^* = (1 - \alpha_m) k_i^{\beta_m}$, so that the leader's share of output is $\alpha_m k_i^{\beta_m}$. Given this, leader l chooses k_i at any time t to maximize the value he obtains from filling the ministry in the event that he has a hold up opportunity.¹² Specifically, leader with k_l solves:

$$\max_{k_i} \left[\frac{k_l}{k_l + k_i} k_i^{\beta_m} \right],$$

where again we suppress time notation for simplicity. We denote the solution of the first order condition for ministry m by:

$$(3) \quad k_i^m(k_l) = \frac{\beta_m}{1 - \beta_m} k_l.$$

The optimal solution for ministerial capital in post m also determines α_m :

$$\alpha_m = \frac{k_l}{k_l + \frac{\beta_m}{1 - \beta_m} k_l} = 1 - \beta_m.$$

Thus the bargaining power that ensues reflects the endogenous effect of the ministry's primitive β_m on bargaining shares through the leader's optimal choice of ministerial experience. Note that the optimal solution as a ratio of leader's seniority is invariant to the leader's experience and therefore stationary in calendar time: $\frac{k_i^m(k_l(t))}{k_l(t)} = \frac{\beta_m}{1 - \beta_m}$ for all t . We summarize:

Proposition 1. *1. Leaders pick identically experienced ministers for cabinet posts of the same seniority level.*

2. Leaders select ministers with more experience for senior posts.

3. Leaders with more experience pick cabinets with more experience.

4. The leader's experience and that of his optimal minister in any post grow proportionately.

¹²When he cannot hold up the ministry, his ministerial choice is payoff irrelevant.

The model thus presents no reason to turn over ministers in terms of productivity gains, since ministerial and leadership experience grow at the same rate. We now study what shapes ministerial incentives to stage palace coups and how the incentive compatibility constraint they face can render them a threat, and thus result in endogenous turnover.

3.3.2 Incentives to mount a coup

For a leader installed in period t_l the valuation of the leadership stream at any time $t \geq t_l$ is:

$$\begin{aligned} & V^l(k_l(t), t_l) \\ &= H \sum_{m=J,S} N_m \alpha_m \sum_{\tau=t}^{\infty} \delta^{\tau-t} \prod_{s=t+1}^{\tau+1} \rho(s-t_l) (k_i^m(k_l(\tau)))^{\beta_m} \end{aligned}$$

where the notation $k_i^m(k_l(\tau))$ denotes the leader choosing a minister of k_i^m for $m = J, S$ given his own seniority $k_l(\tau)$. Note that this value function is expressed assuming that discounting arises only due to the terms δ and $\rho(t - t_l)$, with no risks due to “endogenous” coups along the equilibrium path, a feature we will demonstrate subsequently. Using (3), the fact that $\alpha_m = 1 - \beta_m$ and the constantly growing political capital, we can compute these infinite sums, yielding:

$$\begin{aligned} & V^l(k_l(t), t_l) \\ &= H \sum_{m=J,S} N_m (1 - \beta_m) \sum_{\tau=t}^{\infty} \delta^{\tau-t} \prod_{s=t+1}^{\tau+1} \rho(s-t_l) \left(\frac{\beta_m}{1 - \beta_m} (1 + g)^{\tau-t} k_l(t) \right)^{\beta_m} \end{aligned}$$

Since from $\tau = t_l + t_\delta$ onwards we know that $\rho(t) = 1$, this implies that the valuation can be expressed in a finite form as follows:

$$(4) \quad V^l(k_l(t), t_l) = H \sum_{m=J,S} N_m (1 - \beta_m) \left[\frac{\sum_{\tau=t}^{t_l+t_\delta-1} \delta^{\tau-t} \prod_{s=t+1}^{\tau+1} \rho(s-t_l) \left(\frac{\beta_m}{1-\beta_m} (1+g)^{\tau-t} k_l(t) \right)^{\beta_m} +}{\delta^{t_l+t_\delta-t} \prod_{s=t+1}^{t_l+t_\delta+1} \rho(s-t_l) \left(\frac{\beta_m}{1-\beta_m} k_l(t_l+t_\delta) \right)^{\beta_m} \frac{1}{1-\delta(1+g)^{\beta_m}}} \right].$$

We have already established from (2) that the incentives for a minister to mount a coup at any time, t , depend on a comparison between the value to the minister of becoming leader, weighted by coup success probability, $\gamma V^l(k_l(t), t_l)$, and the value of remaining a minister $V^m(k_i(t), t_l)$ at that time. The dynamics of coup incentives (together with coup capacity) determine the shape of a minister's hazard function through time, since leaders will terminate ministers with both capacity and incentives to mount coups. The ministerial hazard through time is critically affected by the relationship between the shapes of these two value functions along a minister's tenure. However, since $V^m(k_i(t), t_l)$ depends on the endogenous decisions of the leader to dismiss the minister at all points in future, it is not possible to simply characterize the relationship between these two value functions.

We thus proceed as follows. Denote by $\tilde{V}^m(k_i(t), t_l)$ the net present value of being a minister in ministry m , with capital $k_i(t)$ operating within a regime whose leader l took office at t_l , under the assumption that l will never 'endogenously' remove i from office, nor move i to a different ministry $m' \neq m$. Intuitively, this value is (weakly) higher than the true net present value of being a minister at t , $V^m(k_i(t), t_l)$, as it removes from the true set of hazards the possibility of a leader deciding to remove i from office endogenously. It turns out to be easier to work with this simpler object $\tilde{V}^m(k_i(t), t_l)$, and we will do so in what

follows. It can be expressed as:

$$\begin{aligned}
(5) \quad & \tilde{V}^m(k_i(t), t_l) \\
&= \sum_{\tau=t}^{t_l+t_\delta} (\sigma\delta)^{\tau-t} \prod_{s=t+1}^{\tau+1} \rho(s-t_l) \beta_m \left((1+g)^{\tau-t} k_i(t) \right)^{\beta_m} \\
&\quad + (\sigma\delta)^{(\max[t_l+t_\delta-t, 0])} \prod_{s=t+1}^{t_l+t_\delta+1} \rho(s-t_l) \frac{\beta_m}{1-\sigma\delta(1+g)^{\beta_m}} \left((1+g)^{(\max[t_l+t_\delta-t, 0])} k_i(t) \right)^{\beta_m}.
\end{aligned}$$

Though simpler, it is still not possible to directly characterize the evolution of these value functions. The following result simplifies the problem considerably.

Lemma 1. *If $\tilde{V}^m(k_i(t), t_l) < \gamma V^l(k_i(t), t)$ at t , then minister i will mount a coup against leader l in any period $\tau \leq t$ when he has the capacity to do so.*

All Proofs are in the Appendix.

Intuitively, the lemma tells the leader that a minister with incentive to mount a coup at some future date will also have incentive to mount a coup today, if he has the capacity to do so. This form of ‘unraveling’ is intuitive. Since coup capacity does not decay, the leader knows that eventually such a minister will have incentive to act on his current coup capacity. But if he would do so eventually, he will be dismissed by the leader for certain just before reaching that specific date. Anticipating this dismissal, the minister will act pro-actively and attempt a coup before that date. Then, the leader, knowing this, will dismiss him first, and so on, up until the first date at which a coup capacity ensues.

3.3.3 Optimal Ministerial Turnover

Notice that the reasoning above does not depend on the relationship between the quasi value function $\tilde{V}^m(k_i(\tau), t_l)$ and value function $\gamma V^l(k_i(\tau), \tau)$ at any points $\tau < t$, so the difficult problem of characterizing the evolution of these functions through a minister’s tenure can be avoided. This allows us to characterize optimal ministerial turnover in terms of a single “safe” date for minister i with respect to leader l in ministry m , which we denote

$\bar{T}_i = \bar{T}(m, k_i(t), t_l)$. Define \bar{T}_i as the date at and after which minister i will NOT mount a coup against leader l , and before which minister i will, if he has coup capacity. We now show the existence of such a safe date, and how it is determined by comparing these value functions at a single point.

Lemma 2. *Consider the quasi value function for a loyal minister $\tilde{V}^m(k_i(t), t_l)$, the value of challenging $\gamma V^l(k_i(t), t)$, and the set of crossing points in these functions, defined over the complete possible tenure of minister m . Denote this set Υ . Υ includes all the elements of t such that $\tilde{V}^m(k_i(t-1), t_l) < (\geq) \gamma V^l(k_i(t-1), t-1)$ and $\tilde{V}^m(k_i(t), t_l) \geq (<)$ $\gamma V^l(k_i(t), t)$.*

If $\Upsilon = \emptyset$, then:

1. If and only if $\tilde{V}^m(k_i(t_0), t_l) \geq \gamma V^l(k_i(t_0), t_0)$: $\bar{T}_i = t_0$,
2. otherwise \bar{T}_i does not exist.

If $\Upsilon \neq \emptyset$, then:

1. If and only if at $t \equiv \sup \Upsilon$: $\tilde{V}^m(k_i(t), t_l) \geq \gamma V^l(k_i(t), t)$ then $\bar{T}_i = \sup \Upsilon$,
2. otherwise \bar{T}_i does not exist.

The Lemma provides a simple means by which to calculate a minister's safe date. It requires considering the crossing of the quasi value function of a loyal minister $\tilde{V}^m(k_i(t), t_l)$ with that of a coup challenge $\gamma V^l(k_i(t), t)$ only at the last date where these intersect.¹³ If beyond that date a minister with capacity wants to undertake coups, then by Lemma 1, the minister will undertake coups whenever he has the capacity, and a safe date does not exist. If beyond that date the minister does not want to undertake coups, then he will not do so once the date is reached, but will strictly wish to do so before hand, again due to Lemma 1, thus defining the safe date. If the two value functions never intersect, then the minister is either always safe or never safe, depending on which value function is greater according to

¹³Note that the definition of Υ excludes a situation where the highest intersection point is where the value functions are equal for more than one period. This is a point of measure zero in the model's parameter space. Including this possibility changes no results. It does require introducing more cumbersome notation so we proceed by ignoring it. Details are available from the authors upon request.

condition (2).

Leaders incur costs $\varepsilon \rightarrow 0$ when replacing a minister. Therefore if a minister does not present a coup threat to the leader, and presuming that he was chosen optimally in the previous period, the leader strictly prefers to keep him in the next period. We have already seen that in order to determine whether the minister is a coup threat, at any time t the leader monitors both the minister i 's means and incentives via the safe date. This allows for a simple characterization of ministerial turnover. The following describes how the leader determines ministerial turnover.

Proposition 2. *Consider minister i in post m at time t under a leader of vintage t_l . If*

$$(6) \quad \sum_{\tau=t_i^0}^t m(\tau) c_i(\tau) \geq \bar{c}.$$

does NOT hold, then minister i is reappointed for another period.

If (6) holds, then leader l dismisses m if and only if $t < \bar{T}_i = \bar{T}(m, k_i(t), t_l)$.

The proposition outlines the two-step decision process a leader makes for each minister's renewal. Each period the leader computes coup capacity (6) and the safe date $\bar{T}_i = \bar{T}(m, k_i(t), t_l)$ for all N ministers. He replaces a minister if and only if (6) holds and they are not at their safe date. Otherwise, the minister continues another period.

4 Hazard Functions, Likelihood and Identification

The model allows us to now specify the equilibrium survival and hazard functions. Given our interest in the shape of the time dependence of the endogenous termination risk for ministers, rather than on the role of specific covariates per se, our approach is drastically different to commonly employed proportional hazard models, such as the Cox model. In addition, our survival model tackles head on the heterogeneity across leaders and ministers of different vintages under the same leader in a way that is extremely general, as will become

clear below.

In terms of notation we have so far focused on calendar time t . Let us now introduce useful notation for analysis time (i.e. time since minister i takes office at t_i^0) and use the symbol t' to distinguish analysis time from calendar time, or $t'_i = t - (t_i^0 - 1)$. Stripping away unnecessary indexes, we start by defining the unconditional probability of an insider's termination t' periods after his appointment, $f(t')$. Notice that $f : \mathbb{N}^+ \rightarrow [0, 1]$ is a discrete density function defined over years in office (the sample frequency available to us) and indicate with $F(t')$ its corresponding cumulative function, thus defining the minister's survival function $S(t') = 1 - F(t')$.

The model postulates the presence of three competing and statistically independent termination risks for a minister: i) the minister's endogenous dismissal likelihood $\Pr\left(\sum_{\tau=1}^{t'} m(\tau) c(\tau) > \bar{c}\right)$ before $\bar{T}' = \max[\bar{T} - (t^0 - 1), 1]$ periods ; ii) the minister's idiosyncratic dismissal likelihood $1 - \sigma$; and iii) termination due to the leader's demise (due to $1 - \delta$ or $1 - \rho(t - t_l)$). The data enable us to distinguish whether the minister is terminated under the same leader (and hence must have been victim of an endogenous termination or of a $1 - \sigma$ shock), indexed by $r = 1$, or whether the minister is terminated because the leader changed (and hence due to either a shock $1 - \delta$ or $1 - \rho(t - t_l)$) indexed by $r = 2$ ¹⁴. In a competing risk model it is useful to distinguish the overall hazard for a minister, $\lambda(t', t_l, m) = f(t', t_l, m)/S(t', t_l, m)$, from the risk-specific hazards $\lambda_r(t', t_l, m)$ for risks $r = 1, 2$.

It follows that the survival and hazard functions are:

Proposition 3. *The survival function probability of minister i to t'_i in post m under a leader*

¹⁴For simplicity we exclude co-occurrence of health shock of the minister and leader's exogenous termination (health shocks or otherwise). We are not able to separate endogenous terminations of ministers on the part of leaders from sudden death or incapacitation ($1 - \sigma$), because of lack of data on natural incapacitations for our ministers. We could separate terminations of ministers due to sudden death or incapacitation of the leader ($1 - \delta$) from those due to exogenous threats to the leadership ($1 - \rho(t - t_l)$) because data on natural incapacitations/deaths for all leaders are available, but we chose not to. The literature has already established good benchmarks for δ and we can simplify the estimation by calibrating this (not particularly interesting) parameter.

installed at t_l is:

$$S(t'_i, t_l, m) = \begin{cases} \sigma^{t'_i-1} \delta^{t'_i-1} \prod_{s=1}^{t'_i-1} \rho(t'_i + s - t_l) \Pr\left(\sum_{\tau=1}^{t'_i-1} m(\tau) c(\tau) \leq \bar{c}\right) & \text{if } t'_i < \bar{T}'_i \\ \sigma^{t'_i-1} \delta^{t'_i-1} \prod_{s=1}^{t'_i-1} \rho(t'_i + s - t_l) \Pr\left(\sum_{\tau=1}^{\bar{T}'_i-1} m(\tau) c(\tau) \leq \bar{c}\right) & \text{if } t'_i \geq \bar{T}'_i, \end{cases}$$

where $\bar{T}'_i = \max[\bar{T}_i - (t_i^0 - 1), 1]$.

The probability of a minister to be terminated at t'_i periods is:

$$f(t'_i, t_l, m) = S(t'_i - 1, t_l, m) \times \begin{cases} \left[1 - \sigma \delta \rho(t_i^0 + t'_i - t_l) \Pr\left(\sum_{\tau=1}^{t'_i} m(\tau) c(\tau) \leq \bar{c} \mid \sum_{\tau=1}^{t'_i-1} m(\tau) c(\tau) \leq \bar{c}\right)\right] & \text{if } t'_i < \bar{T}'_i \\ [1 - \sigma \delta \rho(t_i^0 + t'_i - t_l)] & \text{if } t'_i \geq \bar{T}'_i. \end{cases}$$

The hazard function $\lambda(t'_i, t_l)$ indicating the probability of a minister to be terminated during period t'_i conditional on having survived up to analysis time $t'_i - 1$ is

$$\lambda(t'_i, t_l, m) = \begin{cases} 1 - \sigma \delta \rho(t_i^0 + t'_i - t_l) \Pr\left(\sum_{\tau=1}^{t'_i} m(\tau) c(\tau) \leq \bar{c} \mid \sum_{\tau=1}^{t'_i-1} m(\tau) c(\tau) \leq \bar{c}\right) & \text{if } t'_i < \bar{T}'_i \\ 1 - \sigma \delta \rho(t_i^0 + t'_i - t_l) & \text{if } t'_i \geq \bar{T}'_i. \end{cases}$$

The cause-specific hazard functions, representing the conditional probability that a minister is dismissed in the interval $[t - 1, t]$ and the cause is r , are determined by:

Proposition 4. *The hazard function $\lambda_1(t'_i, t_l, m)$, indicating the probability of an insider to be terminated endogenously by the leader during period t'_i or being incapacitated, conditional*

on having survived up to analysis time t'_i in post m , is

$$\lambda_1(t'_i, t_l, m) = \begin{cases} 1 - \sigma \Pr\left(\sum_{\tau=1}^{t'_i} m(\tau) c(\tau) \leq \bar{c} \mid \sum_{\tau=1}^{t'_i-1} m(\tau) c(\tau) \leq \bar{c}\right) & \text{if } t'_i < \bar{T}'_i \\ 1 - \sigma & \text{if } t'_i \geq \bar{T}'_i. \end{cases}$$

The hazard function $\lambda_2(t'_i, t_l)$, indicating the probability of an insider to be terminated due a leader change during period t'_i , conditional on having survived up to analysis time t'_i , is

$$\lambda_2(t'_i, t_l) = 1 - \delta\rho(t'_i + t'_i - t_l) = 1 - \delta\rho(t - (t_l - 1)).$$

Having established the form of the hazard function, the following proposition establishes the general features that it exhibits:

Proposition 5. *The hazard function $\lambda_1(t'_i, t_l, m)$ satisfies the following properties for $m = J, S$:*

1. $\lambda_1(t'_i + 1, t_l, m) > \lambda_1(t'_i, t_l, m)$ for analysis time $t'_i < \bar{T}'_i - 1$ and $\lambda_1(\bar{T}'_i, t_l, m) < \lambda_1(\bar{T}'_i - 1, t_l, m)$;
2. $\lambda_1(t'_i + 1, t_l, m) = \lambda_1(t'_i, t_l, m)$ for $t'_i \geq \bar{T}'_i$;
3. $\lambda_1(t'_i, t_l, J) \leq \lambda_1(t'_i, t_l, S)$ for $t'_i < \min[\bar{T}'_i(S, k_i(t), t_l), \bar{T}'_i(J, k_i(t), t_l)]$.

Recall that λ_2 satisfies the following properties:

4. For any minister $\Delta\lambda_2(t, t_l) < 0$ for calendar time $t < t_l + t_\delta$;
5. For any minister $\Delta\lambda_2(t, t_l) = 0$ for calendar time $t \geq t_l + t_\delta$.

The first feature of λ_1 is that for $t' < \bar{T}'$ the hazard is strictly increasing, as the probability of remaining below the minimal coup capacity decreases over time. This is a common feature of cumulative shock models to which this setup is theoretically close. The second feature is

that once an insider passes the threshold time \bar{T}' , the hazard function drops discontinuously, as the minister's endogenous dismissal likelihood goes to zero, and the hazard rate for $r = 1$ becomes constant. If i is in a senior ministry the drop will come sooner, but the hazards will drop from a higher level, specifically by a shift factor $M_S > 1$ if $m = S$ until the time of the drop. In comparative terms, the hazard function will be higher at the start for senior ministers, then lower after the senior ministers become safe but the juniors have still not reached safety, and then both will eventually plateau to $1 - \sigma$ beyond each critical point. In addition, the critical $\bar{T}' < +\infty$ at which the hazard rate drops comes later for younger leaders for given calendar time t . The hazard function λ_2 is monotonically decreasing in analysis time before calendar time $t_l + t_\delta$ is reached, at which point it becomes constant at $1 - \delta$.

Parametric Specifications

A set of parametric restrictions are required before specifying the likelihood function. First, a process for the leader's fragility to external threats $\rho(t - t_l)$ is necessary. We allow a nonlinear increase over calendar time $[t_l, t_l + t_\delta]$ as $\rho(t - t_l) = \left(\frac{t-t_l}{t_\delta}\right)^\zeta$ with $\zeta > 0$. We also calibrate $\delta = 0.95$, $g = 0.05$, and $H = 1$, as H cannot be separately identified from γ (and with the understanding that the estimated γ will be deflated by the holdup risk). The baseline exogenous ministerial shock is set at $\sigma = 0.90$ ¹⁵. Further, and in order to maximize data availability for the estimation of the model's parameters we impose complete symmetry among junior and senior posts, $M_S = 1$ and $\beta_m = \beta$ for $m = J, S$. Hence the γ parameter identifies a single safe date $\bar{T}(m, k_i(t), t_l)$ $m = J, S$ common to all ministers under leader l and we can show that in this case no information about the exact value of the political capital levels k_l or k_i is necessary to evaluate the incentive compatibility constraints of ministers that determines \bar{T} .

For minister i under leader of vintage t_l observed to leave the cabinet after t'_i periods due

¹⁵With the exception of Congo where it is set to $\sigma = 0.65$ due to the extremely high baseline hazard specific to this country. This is probably due to specific features of the Mobutu's government that the model is only partially able to capture.

to risk r , define the dummy $d_i = 1$ if i is not right censored¹⁶ and 0 otherwise, and the dummy $r_i = 1$ if i is terminated by risk 1 and 0 otherwise. Define the set of structural parameters of the desire and capacity functions $\Gamma = (\beta, t_\delta, \zeta, \gamma, \varsigma_c)$. While parameters (β, t_δ, ζ) are going to be assumed constant across countries and leaders, we are going to allow the parameter ς_c to differ across countries (allowing the accumulation of coup capacity to vary at the national level and indicating it in bold as vector) and the parameter γ to vary at the country-leader level (allowing the coup success likelihood to vary from regime to regime).

Likelihood Function

Define for a minister i given experience at entry of his leader k_i^0 and vintage t_l the vector $\mathbf{x}_i = [k_i^0, t_l, r_i, d_i]$. The likelihood contribution of observing exit at t'_i is then:

$$\begin{aligned} g(t'_i, \mathbf{x}_i; \Gamma) &= f(t'_i, \mathbf{x}_i; \Gamma)^{d_i} \times S(t'_i, \mathbf{x}_i; \Gamma)^{1-d_i} \\ &= [\lambda_1(t'_i, \mathbf{x}_i; \Gamma)^{r_i} \times \lambda_2(t'_i, t_l)^{1-r_i} \times S(t'_i - 1, \mathbf{x}_i; \Gamma)]^{d_i} \times S(t'_i, \mathbf{x}_i; \Gamma)^{1-d_i} \end{aligned}$$

where $S(\cdot)$ and $\lambda_r(\cdot)$ are defined in Proposition (3) and (4), respectively. The log-likelihood for a sample $i = 1, \dots, I$ of ministerial spells¹⁷ is then:

$$(7) \quad \mathcal{L}(\Theta, \Pi, \Gamma) = \sum_{i=1}^I \ln g(t'_i, \mathbf{x}_i; \Gamma).$$

Identification

The apparently simple formulation (7) is deceptive. First, much of the identification here relies on the unobserved safe dates \bar{T}'_i which impose stark discontinuities to the hazard functions. Second, hazard functions are heterogenous across ministers of different vintages.

¹⁶Left censoring is not possible within our sample, as all countries are considered from the start of their postcolonial history.

¹⁷With a slight abuse of notation we indicate with i both the minister and ministerial spells. Typically ministers present only one spell, but certainly not always. The implication in the loglikelihood (7) is that we consider here separate spells of the same minister as different observations with respect to the draws of θ and the initial level of the coup network stock. However, we do maintain memory of the experience of the minister through the initial political capital stock k_i^0 , which also influences the coup incentives and is higher at every subsequent spell of the same individual.

Consider a leader with a safe date six periods from being installed. A minister installed at the same time as the leader faces a different hazard function than a minister installed five periods into the leader’s tenure, as he is five periods closer to the safe date and faces only one period of endogenous risk (relative to six).

We can however take advantage of the useful separability of our problem. We do not observe the amount of political capital of each minister $k_i(t)$, but we have handy observational proxies of political capital for ministers and leaders. Define the observed cumulated experience in government (i.e. number of years served in any cabinet capacity) at calendar time t by minister i , $\tilde{k}_i(t)$ and likewise for the leader l , $\tilde{k}_l(t)$. We can realistically posit that years of experience are a noisy, but unbiased, proxy of political capital:

$$\begin{aligned} k_l(t) &= \tilde{k}_l(t) + \varepsilon_{lt} \\ k_i^m(k_l(t)) &= \tilde{k}_i(t) + \varepsilon_{it} \end{aligned}$$

where ε is a mean zero error uncorrelated across individuals. Recall that at any date t the model implies $k_i(k_l(t))/k_l(t) = \beta/(1 - \beta)$ as a steady relationship between ministerial and leader’s political capital¹⁸. By rearranging and pooling across all leaders/countries in our sample l and all i at t_l it is therefore possible to estimate:

$$(8) \quad \tilde{k}_i(t_l) = \frac{\beta}{1 - \beta} \tilde{k}_l(t_l) + \varphi_{lt_l} + \varepsilon_{it_l}^*$$

¹⁸Although apparently restrictive, the result of constant capital across ministries of type m is a necessary condition for dealing parsimoniously with the lack of clear proxies of political capital of government insiders. Such a metric would be arduous to define for democratic regimes, where political data is much more transparent and readily available than in Africa, but it is even more so in this context. Clearly the observed cumulated experience in government of any politician is only one partial dimension of his/her political capital. Focusing only on previous years in government as a measure of political experience of a minister could underestimate the effective level of political capital. For instance, experience as a party cadre or within particular pre-colonial ethnic institutions (i.e. the role of paramount chiefs in Sierra Leone) are hard to measure, but surely a factor in determining the amount of political capital of leaders and insiders. Our approach is to leverage on multiple observations of career ministers over time in order to pin down the patterns of average political experience within the dictator’s inner circle. This obviously sacrifices some heterogeneity across ministers along the $k_i(t)$ dimension, but it is the consequence of paucity of accurate proxies for $k_i(t)$. Part of this heterogeneity is however recovered in estimation by allowing for country-specific parameters.

where $\varphi_{lt_i} = \frac{\beta}{1-\beta}\varepsilon_{lt_i}$ is a leader-specific fixed effect. The auxiliary regression (8) is particularly useful as it directly delivers estimates for $\hat{\beta}$ independently of the other parameters of the model.

Further, the parameters (t_δ, ζ) governing the hazard λ_2 can also be directly recovered by fitting a parametric hazard model to the leaders' termination data alone (the same data used in Figure 1 and 2 to be precise).

Given the common parameters (β, t_δ, ζ) , the vectors of coup success and coup capacity parameters (γ, ς_c) governing the hazard λ_1 are estimated postulating a safe date for each leader and iterating until a global maximum of the likelihood function is obtained ¹⁹.

5 Estimation

Table 3a reports the maximum likelihood estimates for all countries. One first important parameter that is estimated through the ministerial data is the technological parameter β , which also identifies the bargaining power of the leader relative to his cabinet insiders. We impose a common β for all countries. Diminishing returns to ministerial political capital appear to kick in very early in the data, as the estimated $\beta = 0.055$ imposes a substantial degree of curvature in the production function. This implies a relative insensitivity of the political production process to the experience of the minister. Consequently, in our sample the bargaining power of the minister appears low. The bargaining power of the leader can be computed as $\alpha = 0.945$ relative to ministers.

The country-specific coup capacity parameter ς_c and leader-specific coup success probability γ are essential in determining whether a country exhibits a safe date or not. The absence of a safe date implies the hazard of ministers to be monotonically increasing, as per Proposition 5. If a leader exhibits a safe date, the hazard is non monotonic.

The estimates for ς_c are indicative of the speed at which the coup capacity threshold

¹⁹Given the parsimony of our model, the likelihood function depends on a relatively small number of parameters. This allows for a fairly extensive search for global optima over the parametric space. In particular, we employ a genetic algorithm optimizer.

(6) is met by a government insider. this parameter governs the steepness of the hazard function. Specifically, ς_c identifies the scale of the exponential shocks to the capacity of staging coups, or the speed at which ministers might be building a “power base” (Soest, 2007). The higher ς_c the faster coup capacity accumulates and the faster the leader is bound to fire his ministers. The range of ς_c is varied. For example, the “musical chairs” of Mobutu Sese’s Congo generate a high estimate of 0.61, implying extremely high churning. The more stable Cameroon has a value of 0.36. To see why a scale of 0.61 would imply a high value of churning one has to compute the expected time at which a threshold of 1 is reached²⁰ by the convolution of the coup capacity c shocks. Since the scale of an exponential located at 0 is its expected value, then in Congo there’s an accumulation of 0.61 per period, or equivalently the threshold for coup capacity may be reached in less than 2 years on average. Instead, for $\varsigma_c = .36$ the threshold is reached in about 3 years, and so on. Obviously these figures imply sharply decreasing survival functions, as discussed below.

The vector γ is the most complex part of the parameter space to pin down due to the sharp discontinuity presented by (1). We are however able to identify the parameters in Montecarlo simulations. Given the discreteness of the safe date (measured in years), there is an interval of coup success probabilities satisfying the condition in Lemma 1 and each γ can only be set identified. In part b of Table 3 we report the lower and upper bound on interval of the γ parameters for each leader, ordered over time and by country. In case ministers under a leader are never safe (i.e. they always have an incentive to stage coups), the interval includes the extreme 1 (i.e. coups succeeding surely cannot be ruled out). As an example for how to read Table 3b, Ahmadou Ahidjo corresponds to the first leader of Cameroon and has a γ in a tight neighborhood of 0.10 percent, while Paul Biya, Cameroon’s second leader, has a γ in a tight neighborhood of 0.13 percent, and so on.

The parameter γ ranges from 0.1 to 0.25 percent typically. This does not obviously imply implausibly unlikely coup successes, as one has to remember that this figure has to be scaled

²⁰1 is in fact our normalized value for the coup capacity threat level \bar{c} .

by H . Specifically, the reported bounds on the elements of γ are obtained as the likelihood of success of a coup against that leader multiplied by the holdup probability H . Given that each γ and H are both unobservable and related to the (also unobservable) safe date \bar{T} , it is hard to pin down the exact strength of the coup threat quantitatively. What is reassuring is that the estimates appear larger in countries with more troubled histories of coups and plotting like Congo and Nigeria, than in countries with relatively more stable autocratic governments, like Gabon and Cameroon.

Table 3a also reports the leader’s hazard parameters. We impose a common vector (t_δ, ζ) for all countries, given the typical paucity of leaders per country which would make an estimation by country impossible. Leaders reach a point of constant low hazard δ after $t_\delta = 15$ years in office and along the way we observe a smooth drop in regime fragility ($\zeta = 0.0567$). Both are very tightly estimated parameters.

Concerning the fit, the model is able to capture the non-monotonic nature of the termination hazard functions in countries with safe dates, while accommodating monotonically increasing hazard functions in the remaining countries which do not exhibit safe dates. In Appendix Figure A1 we report the model fit for all countries as well as the nonparametric hazard fit. The model also offers remarkably good fit of the survival functions of the ministers also reported for each country separately in Appendix Figure A2. Survival functions are obviously very important to the estimation of the overall duration of each minister, as evident from our likelihood function, so it is reassuring the fit is tight along this dimension as well.

An important check we perform on our model is what would happen if we were to employ exclusively ministers in top positions for estimation. In Appendix Tables A1a and A1b we report the maximum likelihood estimates restricting the sample to the senior ministers only. Given that senior ministers are the most plausible source of replacement risk for the leader, one may want to make sure that the estimated parameters do not vary wildly relative to the baseline and the fit remains reasonable. In fact, were the estimates extremely unstable

relative to the baseline, this might be a source of concern, given the focus on a subset of the data where coup concerns should be more salient. Tables A1a,b are reassuring in this sense, as the implications of Table 3a,b are largely confirmed, with one model's points estimates typically within confidence bands of the other specification.

6 Alternative Duration Models

This section discusses in more detail a set of relevant alternatives relative to our main model. The goal is to provide support for our modeling choices by rejecting competing theoretical mechanisms that do not match the data.

Consider first what is, likely, the most intuitive of all alternatives: leaders are tantamount to employers hiring workers (their ministers) and try to select the best ones, laying off the rest. This is essentially a pure *selection* mechanism of ministerial personnel based on learning workers' type/match quality on the part of the leader. Without providing an exact microfoundation, which would be redundant, the idea of a selection motive affecting termination risks for ministers would work through a discovery of the minister's type and termination of the bad types. Early on in their tenure bad ministers would be screened out and only talented ministers, which would then likely remain bar some random separation shock, would remain.

This mechanism intuitively delivers a downward-sloping hazard function in time in office under the same leader for any minister. This is, in fact, amply discussed in the vast and related labor economics literature concerned with job separations in duration models of employment (or so called 'inspection good models' with no gradual learning about the employer-employee match, Jovanovich, 1984). Where we can safely reject this alternative is in that it would fail to predict initially or continually increasing hazard rates, which we have shown previously to be a robust feature of the data. This very same fact would reject *learning by doing* on the part of ministers as an alternative mechanism as well. That is, a

setting in which early on in his career a ministers makes a lot of mistakes that could potentially cost him his job, but whose likelihood decreases as he gets more acquainted with his role over time. Again the predicted equilibrium hazard function would be downward sloping in analysis time under this alternative scenario (see Nagypal, 2007).

These alternative mechanisms of selection or learning by doing can be accommodated in our empirical model and formally tested through generalized likelihood ratio tests, such as the Vuong and the Clarke specification selection tests. To see how this is possible, consider the endogenous dismissal likelihood $\Pr\left(\sum_{\tau=1}^{t'} m(\tau) c(\tau) > \bar{c}\right)$. This is essentially the backbone of a cumulative shock model with resistance threshold \bar{c} . Now, let us augment the process of accumulation of shocks by adding n additional shocks $g(\tau)$ for the first $\tau \leq m$ periods in office, but adding no additional shocks after m periods. These additional early shocks essentially load risk of passing the resistance threshold \bar{c} in the first few years for a minister and can potentially describe an early selection hazard *in addition* to the coup risk which is the focus of our model. Moreover, the useful convolution properties that we have emphasized above can be preserved if one is willing to maintain i.i.d. exponential shocks g . In Table 4 we consider three different instances of this selection mechanism: $n = 1, 2$, and 5 additional shocks g are added in period $m = 1$ only. This means that the hazard function can now be construed using $\Pr\left(\sum_{\tau=1}^{t'} m(\tau) c(\tau) + ng(1) > \bar{c}\right)$, also regulating the intensity of the selection strength by increasing n . Were the data willing to accommodate additional selection risk in the first year of office, as the Jovanovich model would imply for instance, then Vuong and Clarke tests would support such alternatives relative to the hazard process implied by our model. As is evident from Table 4, all three alternative models are rejected in favor of our baseline mechanism with p-values less the 1 percent, indicating that these additional mechanism play at best a second order role.

Two additional alternatives can be equally addressed. Let us assume, for instance, that a leader has only partial information about the true political quality (say, valence) of his ministers, but observes informative signals slowly over time. Under rational learning, the

accumulation of information would determine a certain delay in firing low quality ministers, due to the likely use of optimal thresholds in posterior beliefs for determining, with a sufficient degree of certainty, a rational selection criterion. This particular setup may deliver a *selection with delay* hazard function. As it takes time to assess the (initially unknown) quality of every minister in order to keep the ‘good’ ministers and drop the ‘bad’, initially increasing hazards could be generated in equilibrium, while an hazard drop later on could be a simple consequence of the selection dynamics described above.²¹ Where this mechanism would fail empirically would be in matching another important feature of the data: the fact that more experienced leaders tend to systematically hire more experienced ministers and less senior leaders tend to hire less experienced ministers. In fact, any model simply pivoting around selection incentives based on discovering the true type of a minister would likely imply a preference for more experienced ministers by both experienced and unexperienced leaders alike, for experienced ministers are, in many respects, a better known entity.

Another reasonable interpretation for the process of political appointment in neopatrimonialist systems, like the ones in Africa, is what can be referred to as the “*my turn to eat*” hypothesis²². In the words of van Soest (2007) “*neopatrimonial rulers frequently rotate the political elite [...] in order to extend the clientelist network*”, while Snyder (1992) states that “*Mobutu’s patronage network was characterized by such frequent circulation of elites that Thomas Turner likened Zaire’s politics to a ‘game of musical chairs’*. *Elite circulation atomized Zairian elites by pressuring them to focus exclusively on self-aggrandizement during the short period they had access to state power and perquisites.*” Turner and Young (1985), cited by Acemoglu, Robinson, and Verdier (2004), specifically talk with respect to Mobutu of “*Client office holders have been constantly reminded of the precariousness of tenure by the frequency of office rotation, which simultaneously fuels the hopes of those Zairians anxiously*

²¹Non-monotone hazard rates (first increasing and eventually decreasing over tenure) are common in models with job-matching where the quality of the match is unknown at the time of the match formation and is revealed over time through observing one’s productivity on the job. See Jovanovic (1979, 1984) for early examples within the labor economics literature.

²²We thank Leonard Wantchekon at Princeton University for suggesting this alternative.

waiting just outside the portals of power". More precisely, suppose there is a set of political elites that a country leader has to "feed" with patronage disbursements waiting on the national cabinet's sidelines and that ministerial posts precisely serve this purpose, as vastly documented (Arriola, 2009; Francois, Rainer, and Trebbi, 2014). Essentially, elites are to be assigned positions, be fed, and eventually let go. This mechanism would arguably predict initially increasing hazard rates, as it takes time to extract patronage. It would hardly fit decreasing hazards, however, as the likelihood of a politician being satiated and let go should increase over time. This alternative mechanism would have even more difficulty explaining why more experienced leaders tend to hire more experienced ministers, as evident in the data.

7 Counterfactual Exercises and Welfare

This section explores some important quantitative implications of our model. A critical implication of our theory is that the incentives for leadership survival may be playing a fundamental role in affecting the political horizons of SSA ministers. While we do not model formally how such short horizons translate in to low levels of political investment, there is theoretical and empirical evidence in support of this mechanism. Prominently, a vast theoretical literature pivots on myopic behavior of politicians when subject to electoral or political risks shortening their horizon (see Amador, 2012; Aguiar and Amador, 2011). In addition, Dal Bo and Rossi (2011) show precise quasi-experimental empirical evidence of curtailed political investment in the context of Argentina.

This section explores some relevant counterfactual exercises that may guide our understanding of the quantitative drivers of average ministerial lifetimes in office. Table 5 reports four sets of counterfactuals for each country, in addition to the baseline average minister lifetime under the baseline model for reference.

The first parameterization we explore is an increase in the bargaining power of ministers

versus the leader. We increase the technological parameter β by 10 percent of its estimated value. By reducing the gap between what is captured by the minister and the leader, leadership becomes less appealing and the loyalty of a minister hence easier to maintain. Intuitively this reduces incentives for terminating insiders and the average length of office increases –sometimes substantially as in Cameroon, where it adds a full extra year in office to the typical minister. The reader may think of several policies aimed at adding value to the political capital and the experience of a minister in office that may slow down the setting in of diminishing returns and increase β . These may include administrative training programs or international exchanges for the requalification of top bureaucrats, for example.

Increases in the speed of coup capacity accumulation or higher likelihood of coup success (respectively, ς_c and γ , both increased by 10% of their baseline values) drastically shorten average ministerial lifetimes. This is a symmetric effect relative to that discussed above. By increasing the coup threats stemming from ministers, one forces leaders towards more ministerial churning, strongly reducing their political horizons (and possibly increasing political myopia). These results give perspective to the indirect political effects stemming from covert or explicit foreign interventions in the African continent during the Cold War, many of which were reflected in aid to the organization and implementation of coups. Francois, Rainer, and Trebbi (2014) consider, for instance, the role of France in West Africa and the role of the US and Soviet Union in drastically shaping threats to the leadership of SSA countries. These results strongly complement that intuition.

In the last row, Table 5 reports the effects of shortening the phase of exogenous leader fragility, t_δ . Interestingly, this reduction, by increasing the value of the leadership, makes coup threats more prominent and leads to shorter average ministerial tenures. Again the counterfactual indicates how artificially induced stability of leaders (e.g. several examples of foreign protection of certain African strongmen, including Mobutu Sese, are available) trickles down through the political equilibrium.

While Table 5 emphasizes the potential drivers of ministerial churning, Table 6 reports

the percent output losses due to the employment of suboptimal cabinets on the part of leaders. The choice of weaker ministers due to their low bargaining strength is, in fact, an important feature of our model. Table 6 shows that such welfare losses can be substantial. If we were to endow every leader in each country with the most productive cabinet observed in that country and based on the estimated political capital levels induced by (8), gains hovering around 30 percent of the total political output of the cabinet in a given year could be achievable. The losses range from a minimum of 16.8 percent in Cote d'Ivoire to a maximum of 80.5 percent in Gabon. As we have emphasized in Section 4 of the paper, the balance of strength between the leader and the ministers is the source of these losses.

8 Conclusions

This paper studies the cabinet survival of national ministers in a sample of fifteen sub-Saharan countries since independence. We show that the hazard risks of termination of cabinet members display increasing hazard rates, particularly over the first five years in office, a strikingly different pattern from that found in the same continent for hazard risks of national leaders (which are typically decreasing in analysis time).

We show that this specific pattern of time dependency can be successfully rationalized by a model in which leaders optimally select and dismiss cabinet members based on their value (in terms of ministerial output) and on their threat as a potential replacements for the leader.

The model provides a complete parametric representation of the ministerial hazard functions, which we then estimate structurally to derive information on the bargaining problem between the leader and his ministers and on the dynamic process of coup capacity accumulation in these countries. The fit of the model in terms of hazard risks and survival probabilities is excellent and the model performs well when pinned against several relevant alternatives. We further show that the welfare losses related to ministerial bargaining are substantial.

Overall, these findings speak directly to the debate on systematic political failure in Africa. While the continent's recent economic history is replete with political failures taking many forms, from civil conflict to patrimonialism, some of these failures have been ascribed directly to a political class that appears myopic and rapacious. This, we postulate, may just be a result of the specific institutional environment in which both ministers and leaders operate: an environment in which power is transferred through bloodshed and is particularly threatening to leaders. This paper, by highlighting the role of leadership survival as central to the institutional organization of African national governments, presents a novel mechanism in the analysis of political incentives in these weakly institutionalized systems.

9 Appendix

Proof of Lemma 1

Proof. Since $\tilde{V}^m(k_i(t), t_l) \geq V^m(k_i(t), t_l)$, $\tilde{V}^m(k_i(t), t_l) < \gamma V^l(k_i(t), t)$ implies $V^m(k_i(t), t_l) < \gamma V^l(k_i(t), t)$. Minister m has incentive to mount a coup against l in period t , and will do so if $\sum_{\tau=t_i^0}^t m(\tau) c_i(\tau) \geq \bar{c}$, i.e., he has the capacity at time t . Now consider period $t-1$, and suppose that $\sum_{\tau=t_i^0}^{t-1} m(\tau) c_i(\tau) \geq \bar{c}$, i.e., minister i has capacity to mount a coup against l then. Since $c_i(t)$ is drawn from C , which has non-negative support, i will also have capacity to mount a coup against l in t . Thus, leader l will dismiss i from the ministry in t , since he would mount a coup with certainty if he were to remain. A minister dismissed at t will never re-enter under the current leader because, from (3), $k_i^m(k_l) = \frac{\beta_m}{1-\beta_m} k_l$, and k_l grows at $1+g$ per period, whereas a dismissed minister's capital does not grow when out of office. Consequently, minister m will attempt a coup at the end of period $t-1$. Since m 's coup capacity and experience are public knowledge, l will dismiss m at the start of period $t-1$. Notice that this result does not depend on the relationship between $\tilde{V}^m(k_i(t-1), t_l)$ and $\gamma V^l(k_i(t-1), t-1)$, and follows only from $\tilde{V}^m(k_i(t), t_l) < \gamma V^l(k_i(t), t)$ and the fact of coup capacity at $t-1$. Consequently, in period $t-2$, if m has coup capacity then, he will also have it in $t-1$, and therefore in t . He will be dismissed at the start of $t-1$, and by identical reasoning, he will thus be dismissed at the start of $t-2$. The same argument can be applied to period $t-3$ and so on up to the first period, denote it t_1 , at which $\sum_{\tau=t_i^0}^{t_1} m(\tau) c_i(\tau) \geq \bar{c}$. \square

Proof of Lemma 2

Proof. Suppose $\Upsilon = \emptyset$. Then $\tilde{V}^m(k_i(t_0), t_l) \geq \gamma V^l(k_i(t_0), t_0)$ implies $\tilde{V}^m(k_i(t), t_l) \geq \gamma V^l(k_i(t), t) \forall t > t_0$. Then, provided $\tilde{V}^m(k_i(t), t_l) = V^m(k_i(t), t_l)$ holds, minister i has never an incentive to mount a coup against l . But a necessary condition for there to exist a t such that $\tilde{V}^m(k_i(t), t_l) > V^m(k_i(t), t_l)$ is that there exists a $\tau \geq t$ such that $\tilde{V}^m(k_i(\tau), t_l) < \gamma V^l(k_i(\tau), \tau)$ is satisfied. However, this is not possible if $\Upsilon = \emptyset$ and $\tilde{V}^m(k_i(t_0), t_l) \geq \gamma V^l(k_i(t_0), t_0)$, thus it must be that $\tilde{V}^m(k_i(t), t_l) = V^m(k_i(t), t_l)$. It then follows that $V^m(k_i(t_0), t_l) \geq \gamma V^l(k_i(t_0), t_0)$ and also for all $t > t_0$, so that $\bar{T}_i = t_0$.

Suppose $\Upsilon = \emptyset$. Then $\tilde{V}^m(k_i(t_0), t_l) < \gamma V^l(k_i(t_0), t_0)$ implies $\tilde{V}^m(k_i(t), t_l) < \gamma V^l(k_i(t), t) \forall t$. This implies that $\tilde{V}^m(k_i(t), t_l) > V^m(k_i(t), t_l) \forall t$. But if that is the case, then it must be that $V^m(k_i(t), t_l) < \gamma V^l(k_i(t), t) \forall t$ and \bar{T}_i does not exist.

Suppose now $\Upsilon \neq \emptyset$, and suppose that at $t = \sup \Upsilon$ it is the case that $\tilde{V}^m(k_i(t), t_l) \geq \gamma V^l(k_i(t), t)$. Then, necessarily, because t is $\sup \Upsilon$, it must be that $\tilde{V}^m(k_i(\tau), t_l) \geq \gamma V^l(k_i(\tau), \tau) \forall \tau > t$. But then, necessarily, $\tilde{V}^m(k_i(\tau), t_l) = V^m(k_i(\tau), t_l) \forall \tau > t$, so it follows that $V^m(k_i(\tau), t_l) \geq \gamma V^l(k_i(\tau), \tau) \forall \tau > t$. This proves that then, beyond $\sup \Upsilon$, i will never mount a coup against l . However, for $\hat{t} = \sup \Upsilon - 1$, by the definition of $\sup \Upsilon$ and the supposition that at $t = \sup \Upsilon$ the condition $\tilde{V}^m(k_i(t), t_l) \geq \gamma V^l(k_i(t), t)$ is verified, it must be that $\tilde{V}^m(k_i(\hat{t}), t_l) < \gamma V^l(k_i(\hat{t}), \hat{t})$. Thus it follows directly from Lemma 1 that i will mount a coup against l at \hat{t} and at all earlier dates, if he happens to have accumulated sufficient capacity to do so. Consequently $\bar{T}_i = \sup \Upsilon$.

Suppose $\Upsilon \neq \emptyset$, and suppose instead that at $t = \sup \Upsilon$ it is the case that $\tilde{V}^m(k_i(t), t_l) < \gamma V^l(k_i(t), t)$. Then, necessarily, we have that $V^m(k_i(t), t_l) < \tilde{V}^m(k_i(t), t_l) < \gamma V^l(k_i(t), t)$,

implying that i will mount a coup against l at $t = \sup \Upsilon$ if he has the capacity to do so. It also follows from the definition of $\sup \Upsilon$ that $V^m(k_i(\tau), t_l) < \tilde{V}^m(k_i(\tau), t_l) < \gamma V^l(k_i(\tau), \tau) \forall \tau > t$. It follows directly from Lemma 1 that i will mount a coup against l at all $\tau < t = \sup \Upsilon$ if he has the capacity to do so. Consequently \bar{T}_i does not exist. \square

Proof of Proposition 2

Proof. Since leaders have full information, if (6) fails, then minister i is not a threat, has optimal k , and will not be terminated given ε costs. If (6) holds, the minister can mount a coup. The leader then considers i 's incentive to mount a coup. From Lemma 2, this amounts to comparing t to the safe date \bar{T}_i , which directly implies termination if and only if the inequality in the statement of the proposition holds. \square

Proof of Proposition 5

Proof. At any analysis time $t' \geq \bar{T}'$ the minister is safe and his hazard is flat at $1 - \sigma$. At any analysis time $t' < \bar{T}'$ hazard risk 1 increments are governed by either $c(t')$ or $M_s c(t')$ depending on the ministerial type. Without loss of generality assume $M_s = 1$. We can then indicate the change of the hazard risk 1 as driven by $\Pr\left(\sum_{\tau=1}^{t'_i+1} c(\tau) \leq \bar{c} \mid \sum_{\tau=1}^{t'_i} c(\tau) \leq \bar{c}\right) - \Pr\left(\sum_{\tau=1}^{t'_i} c(\tau) \leq \bar{c} \mid \sum_{\tau=1}^{t'_i-1} c(\tau) \leq \bar{c}\right)$. The hypothesis in point 1 is that this difference is negative. Notice that

$$\Pr\left(\sum_{\tau=1}^{t'_i+1} c(\tau) \leq \bar{c} \mid \sum_{\tau=1}^{t'_i} c(\tau) \leq \bar{c}\right) = \frac{\Pr\left(\sum_{\tau=1}^{t'_i+1} c(\tau) \leq \bar{c}\right)}{\Pr\left(\sum_{\tau=1}^{t'_i} c(\tau) \leq \bar{c}\right)}.$$

Hence we need to show that $\frac{\Pr\left(\sum_{\tau=1}^{t'_i+1} c(\tau) \leq \bar{c}\right)}{\Pr\left(\sum_{\tau=1}^{t'_i} c(\tau) \leq \bar{c}\right)} < \frac{\Pr\left(\sum_{\tau=1}^{t'_i} c(\tau) \leq \bar{c}\right)}{\Pr\left(\sum_{\tau=1}^{t'_i-1} c(\tau) \leq \bar{c}\right)}$.

Define the partial sum of random variables $X_{t'} = \sum_{\tau=1}^{t'} c(\tau) \sim \text{Gamma}(t', \varsigma_c)$, where t' is the Gamma's shape, and is a positive integer, and ς_c its scale. This implies $F_{t'}(x) = \Pr(X_{t'} \leq x) = e^{-\frac{x}{\varsigma_c}} \sum_{i=0}^{\infty} \frac{1}{i!} \left(\frac{x}{\varsigma_c}\right)^i$ (as the distribution is, more properly, Erlang). Since $f_{t'}(x) = \frac{x^{t'-1} e^{-\frac{x}{\varsigma_c}}}{\varsigma_c^{t'} (t'-1)!}$, then $f_{t'+1}(x)/f_{t'}(x) = \frac{x}{\varsigma_c}$. Hence, $f_{t'}(x)/f_{t'-1}(x) > f_{t'+1}(x)/f_{t'}(x)$ and in addition, for any $x_1 > x_0$, it must be that $f_{t'}(x_1)/f_{t'-1}(x_1) > f_{t'}(x_0)/f_{t'-1}(x_0)$. So,

$$f_{t'}(x_1) f_{t'-1}(x_0) > f_{t'-1}(x_1) f_{t'}(x_0).$$

Integrating both sides of this last inequality to x_1 with respect to x_0 we get

$$\int_{\min x}^{x_1} f_{t'}(x_1) f_{t'-1}(x_0) dx_0 > \int_{\min x}^{x_1} f_{t'-1}(x_1) f_{t'}(x_0) dx_0$$

$$\frac{f_{t'}(x_1)}{f_{t'-1}(x_1)} > \frac{F_{t'}(x_1)}{F_{t'-1}(x_1)}$$

REFERENCES

- [1] **Acemoglu, Daron, James Robinson, and Thierry Verdier.** 2004. “Kleptocracy and Divide-and-Rule: A Model of Personal Rule”, *Journal of the European Economic Association*, 2(2/3), pp. 162-92
- [2] **Acemoglu, Daron and James Robinson.** 2005. *Economic Origins of Dictatorship and Democracy*. Columbia University Press, New York.
- [3] **Aguiar, Mark, Manuel Amador.** 2011. “Growth in the Shadow of Expropriation.” *Quarterly Journal of Economics* 126(2): 651-697.
- [4] **Alt, James E.** 1975. “Continuity, Turnover and Experience in the British Cabinet, 1868-1970”, in Valentine Herman and James E. Alt, eds, *Cabinet Studies: A Reader* (London: Macmillan, 1975), pp. 33-54.
- [5] **Amador, Manuel.** 2012. “Sovereign Debt and the Tragedy of the Commons”, mimeo Stanford University.
- [6] **Arriola, Leonardo R.** 2009. “Patronage and Political Stability in Africa” *Comparative Political Studies*, 42(10), 1339-62.
- [7] **Bates, Robert.** 1981. *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies*. University of California Press.
- [8] **Berlinski, Samuel, Torun Dewan and Keith Dowding.** 2007. “The Length of Ministerial Tenure in the United Kingdom, 1945-97” *British Journal of Political Science*, 37(2): pp. 245-262
- [9] **Besley, Timothy, and Masayuki Kudamatsu.** 2008. “Making Autocracy Work” *Institutions and Economic Performance*, edited by Elhanan Helpman (Harvard University Press).
- [10] **Bienen, John, and Nicolas van de Walle.** 1989. “Time and Power in Africa.” *American Political Science Review*, 83(1):19-34.
- [11] **Bratton, Michael and Nicolas Van de Walle.** 1994. “Neopatrimonial Regimes and Political Transitions in Africa” *World Politics*, 46(4) pp. 453-489
- [12] **Bidner, Chris, Francois, Patrick, and Francesco Trebbi.** 2014. “A Theory of Minimalist Democracy” *mimeo* UBC.
- [13] **Bienen, John, Henry Londregan and Nicolas van de Walle.** 1995. “Ethnicity and Leadership Succession in Africa.” *International Studies Quarterly*, 39(1):1-25.
- [14] **Bueno de Mesquita, Bruce, Alastair Smith, Randolph Siverson, and James D. Morrow.** 2003. *The Logic of Political Survival*. MIT Press, Cambridge.
- [15] **Burgess, Robin, Remi Jedwab, Edward Miguel, Ameet Morjaria, and Gerard Padro i Miquel.** 2011. “Ethnic Favoritism” *mimeo* LSE.

- [16] **Dal Bo, Ernesto, Martin Rossi.** 2011. "Term Length and the Effort of Politicians," *Review of Economic Studies* 78(4): 1237-1263.
- [17] **Diermeier, Daniel and Randy Stevenson.** 1999. "Cabinet Survival and Competing Risks" *American Journal of Political Science*, 43(5): 1051-1098.
- [18] **Egorov, Georgy and Constantin Sonin.** 2011. "Dictators and their Viziers: Endogenizing the Loyalty-Competence Trade-Off." *Journal of the European Economic Association* 9(5):903-30.
- [19] **Farber, Henry S.** 1994. "The Analysis of Interfirm Worker Mobility." *Journal of Labor Economics*, 12(4) pp. 554-94.
- [20] **Francois, Patrick, Ilia Rainer, and Francesco Trebbi.** 2014. "How Is Power Shared in Africa?" *Econometrica*, forthcoming.
- [21] **Gandhi, Jennifer and Przeworski, Adam.** 2006. "Cooperation, cooptation and rebellion under dictatorship." *Economics and Politics*, 18(1), 1-26.
- [22] **Gandhi, Jennifer.** 2008. *Political Institutions under Dictatorship*. New York: Cambridge University Press.
- [23] **Geddes, Barbara.** 2003. *Paradigms and sand castles: Research design in comparative politics*. Ann Arbor: University of Michigan Press.
- [24] **Haber, Stephen.** 2006. "Authoritarian government". In Barry Weingast & Donland Wittman, *The Oxford handbook of political economy*. New York: Oxford University Press.
- [25] **Herbst, Jeffrey.** 2000. *States and Power in Africa*, Princeton: Princeton University Press
- [26] **Huber, John D., and Cecilia Martinez-Gallardo.** 2008. "Replacing Cabinet Ministers: Patterns of Ministerial Stability in Parliamentary Democracies." *American Political Science Review* 102 (2): 169-180.
- [27] **Kam, C. and I. H. Indridason.** 2005. "The Timing of Cabinet Reshuffles in Five Westminster Parliamentary Systems." *Legislative Studies Quarterly* 30: 327-63.
- [28] **King, G., J.E. Alt, N.E. Burns and M. Laver.** 1990. "A Unified Model of Cabinet Dissolution in Parliamentary Democracies." *American Journal of Political Science* 34: 846-71.
- [29] **Jackson RH and CG Rosberg.** 1982. *Personal Rule in Black Africa: Prince, Autocrat, Prophet, Tyrant*. UC Berkely Press CA.
- [30] **Jovanovich, Boyan.** 1979. "Job-Matching and the Theory of Turnover" *Journal of Political Economy*, Vol 87 pp. 972-990.

- [31] **Jovanovich, Boyan.** 1984. “Wages and Turnover: A Parametrization of the Job-Matching Model” *Studies in Contemporary Economics: Studies in Labor Market Dynamics*, Vol 11 pp. 158-167.
- [32] **Kotzé Hennie and Caryl Steyn.** 2003. *African Elite Perspectives: AU and NEPAD. A Comparative Study Across Seven African Countries* Konrad-Adenauer-Stiftung: Johannesburg, South Africa.
- [33] **Magaloni, Beatriz.** 2010. “Credible Power-Sharing and the Longevity of Authoritarian Rule.” *Comparative Political Studies* 41(4/5):715–741.
- [34] **Nagypal, É.** 2007. “Learning by Doing vs. Learning About Match Quality: Can We Tell Them Apart?”, *Review of Economic Studies*, 74, 537–566.
- [35] **Olson, Mancur** 2000. *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*, Oxford University Press.
- [36] **Osaghae, Eghosa E.** 1989. “The Federal Cabinet, 1951-1984.” In *Federal Character and Federalism in Nigeria*, edited by Peter Ekeh and Eghosa Osaghae. Ibadan: Heinemann Educational Books.
- [37] **Posner, Daniel.** 2005. *Institutions and Ethnic Politics in Africa*. Cambridge: Cambridge University Press.
- [38] **Posner, Daniel and Daniel Young.** 2007. “The Institutionalization of Political Power in Africa.” *Journal of Democracy* 18(3).
- [39] **Rainer, Ilia and Francesco Trebbi.** 2011. “New Tools for the Analysis of Political Power in Africa.” *NBER Africa Project Volume*.
- [40] **Shleifer, Andrei and Vishny, Robert W.** 1993. “Corruption,” *Quarterly Journal of Economics*, 108(3), pp. 599-617
- [41] **Snyder, Richard.** 1992. “Explaining Transitions from Neopatrimonial Dictatorships” *Comparative Politics*, 24(4), pp. 379-99
- [42] **Tordoff, W. and R. Molteno.** 1974. ‘Government and administration’, in W. Tordoff, ed., *Politics in Zambia*. Manchester : Manchester University Press: 242–87.
- [43] **Tullock, Gordon.** 1987. *Autocracy*. Kluwer Academic Publishers, The Netherlands.
- [44] **Turner, Thomas and Crawford Young.** 1985. *The Rise and Decline of the Zairian State*. University of Wisconsin Press.
- [45] **von Soest, Christian.** 2007. “How does neopatrimonialism affect the African state’s revenues? The case of tax collection in Zambia” *The Journal of Modern African Studies*, 45(04)pp. 621 - 645
- [46] **Wintrobe, Ronald.** 1998. *The Political Economy of Dictatorship*. Cambridge: Cambridge University Press.

Table 1: African Cabinets - Summary Statistics by Country

Country	Time Period Covered	Years Missing	Years with Two Governments	Number of Governments	Number of Leaders in Power	Number of Government-Ministers	Average Size of Government (# posts)	Total Number of Unique Ministers	Average Number of Governments per Minister
Benin	1960-2004	1969, 1975	1968, 1970	45	10	730	16.22	209	3.49
Cameroon	1960-2004	1969, 1975	1968	44	2	1445	32.84	262	5.52
Cote d'Ivoire	1960-2004	1975	1970	45	4	1256	27.91	233	5.39
Dem. Rep. Congo	1961-2004	1972, 1974	1970, 1973	44	4	1352	30.73	515	2.63
Gabon	1960-2004	1975		44	2	1173	26.66	185	6.34
Ghana	1960-2004	1975	1970	45	9	1140	25.33	362	3.15
Guinea	1960-2004	1975	1969	45	2	1213	26.96	244	4.97
Kenya	1964-2004	1975	1970	41	3	1010	24.63	155	6.52
Liberia	1960-2004	1975	1970	45	10	938	20.84	272	3.45
Nigeria	1961-2004	1975	1970	44	11	1499	34.07	473	3.17
Rep. of Congo	1960-2004	1969, 1975	1968, 1970	45	7	918	20.40	239	3.84
Sierra Leone	1960-2004	1972, 1975	1970, 1973	45	9	1109	24.64	288	3.85
Tanzania	1965-2004	1972, 1974	1970, 1973	40	3	1016	25.40	158	6.43
Togo	1960-2004	1975	1970	45	3	757	16.82	199	3.80
Uganda	1963-2004	1972, 1974	1970, 1973	42	6	1037	24.69	205	5.06

Notes: In the "Number of Leaders in Power" column, we count a new nonconsecutive term in office of the same leader as a new leader. Source: Rainer and Trebbi (2011).

Table 2: Summary Statistics for Durations

Variable	N. Obs.	Average	Min	Max
Leadership Spells Sample (All Africa)				
Initial Year	262	1980.084	1941	2004
Spell Durationn	262	8.40458	1	40
Censored	262	0.145038	0	1
Leadership Spells Sample				
Initial Year	85	1978.871	1960	2004
Spell Durationn	85	7.788235	1	38
Censored	85	0.176471	0	1
Ministerial Spells Sample				
Initial Year	5009	1983.994	1960	2004
Spell Durationn	5009	3.185067	1	31
Censored	5009	0.092234	0	1
Risk 1 Exit	5009	0.593931	0	1
Risk 2 Exit	5009	0.313835	0	1

Table 3a: All Ministers. Maximum Likelihood Estimates

	Benin	s.e.	Camero -on	s.e.	Congo Dem. Rep.	s.e.	Cote d'Ivoire	s.e.
β	0.0554	0.0002	0.0554	0.0002	0.0554	0.0002	0.0554	0.0002
ζ_c	0.5639	0.1356	0.3603	0.0214	0.6062	0.3463	0.5415	0.0894
t_δ	15.0000	0.2034	15.0000	0.2034	15.0000	0.2034	15.0000	0.2034
ζ	0.0567	0.0002	0.0567	0.0002	0.0567	0.0002	0.0567	0.0002
logLL	587.807	-	803.936	-	1063.42	-	665.365	-
	Gabon	s.e.	Ghana	s.e.	Guinea	s.e.	Kenya	s.e.
β	0.0554	0.0002	0.0554	0.0002	0.0554	0.0002	0.0554	0.0002
ζ_c	0.3866	0.1234	0.5510	0.0812	0.3443	0.0247	1.2319	0.8232
t_δ	15.0000	0.2034	15.0000	0.2034	15.0000	0.2034	15.0000	0.2034
ζ	0.0567	0.0002	0.0567	0.0002	0.0567	0.0002	0.0567	0.0002
logLL	620.669	-	944.615	-	748.389	-	579.325	-
	Liberia	s.e.	Nigeria	s.e.	Rep. of Congo	s.e.	Sierra Leone	s.e.
β	0.0554	0.0002	0.0554	0.0002	0.0554	0.0002	0.0554	0.0002
ζ_c	0.4788	0.0362	0.8327	0.1009	0.5199	0.0616	0.1847	0.0554
t_δ	15.0000	0.2034	15.0000	0.2034	15.0000	0.2034	15.0000	0.2034
ζ	0.0567	0.0002	0.0567	0.0002	0.0567	0.0002	0.0567	0.0002
logLL	832.763	-	1332.30	-	721.239	-	878.019	-
	Tanzan -ia	s.e.	Togo	s.e.	Uganda	s.e.		
β	0.0554	0.0002	0.0554	0.0002	0.0554	0.0002		
ζ_c	0.1787	0.0207	0.2583	0.6292	0.2842	0.0265		
t_δ	15.0000	0.2034	15.0000	0.2034	15.0000	0.2034		
ζ	0.0567	0.0002	0.0567	0.0002	0.0567	0.0002		
logLL	603.696	-	487.196	-	660.708	-		

Notes: The logLL reported is specific to the contribution of the country.

γ for leader:	Liberia		Nigeria		Rep. of Congo		Sierra Leone	
	lower	upper	lower	upper	lower	upper	lower	upper
1	0.0016	0.0016	0.0000	0.0009	0.0015	0.0016	0.0014	1.0000
2	0.0015	0.0016	0.0000	1.0000	0.0018	1.0000	0.0000	0.0012
3	0.0018	0.0019	0.0009	0.0009	0.0020	0.0020	0.0000	1.0000
4	0.0000	0.0015	0.0009	0.0009	0.0000	0.0015	0.0017	1.0000
5	0.0000	1.0000	0.0000	0.0009	0.0000	0.0015	0.0014	0.0014
6	0.0000	1.0000	0.0000	0.0009	0.0016	0.0017	0.0014	1.0000
7	0.0000	1.0000	0.0000	0.0009	0.0015	0.0016	0.0000	1.0000
8	0.0017	0.0018	0.0000	1.0000	-	-	0.0000	1.0000
9	0.0000	1.0000	0.0009	0.0009	-	-	0.0014	0.0015
10	0.0000	1.0000	0.0000	1.0000	-	-	-	-
11	-	-	0.0010	0.0011	-	-	-	-
γ for leader:	Tanzania		Togo		Uganda			
	lower	upper	lower	upper	lower	upper		
1	0.0016	0.0016	0.0018	0.0019	0.0014	0.0014		
2	0.0015	0.0016	0.0020	1.0000	0.0015	0.0016		
3	0.0015	0.0015	0.0026	1.0000	0.0000	1.0000		
4	-	-	-	-	0.0000	1.0000		
5	-	-	-	-	0.0000	0.0012		
6	-	-	-	-	0.0015	0.0015		
7	-	-	-	-	-	-		
8	-	-	-	-	-	-		
9	-	-	-	-	-	-		
10	-	-	-	-	-	-		
11	-	-	-	-	-	-		

Notes: Upper and lower bounds for the probability of coup success are reported.

Table 4: Tests of model with n selection shocks relative to 0 selection shocks

#shocks	Vuong statistic	p-value	Clarke statistic	p-value
1.0000	2.7284	0.0064	2658.0000	0.0000
2.0000	3.1962	0.0014	2799.0000	0.0000
5.0000	5.2407	0.0000	2842.0000	0.0000

Table 5: Average minister lifetimes under counterfactual parameterizations

Counterfactuals	Benin	Camero -on	Congo Dem. Rep.	Cote d'Ivoire	Gabon	Ghana	Guinea	Kenya	Liberia
Baseline	2.89	5.34	2.22	4.69	5.69	2.90	5.01	5.67	2.76
β increases by 10%	3.12	6.32	2.28	5.24	5.88	3.09	6.03	6.06	3.12
ζ_c increases by 10%	2.86	5.20	2.21	4.63	5.53	2.83	4.90	5.68	2.71
γ increases by 10%	2.61	3.99	2.16	4.21	5.43	2.64	4.01	5.02	2.41
t_δ decreases to 12	2.77	4.12	2.15	4.31	5.53	2.78	4.17	5.36	2.46

Counterfactuals	Nigeria	Rep. of Congo	Sierra Leone	Tanzan -ia	Togo	Uganda
Baseline	2.61	3.21	3.09	5.16	3.47	3.72
β increases by 10%	2.91	3.59	3.13	5.75	3.47	4.21
ζ_c increases by 10%	2.58	3.13	3.00	4.98	3.28	3.66
γ increases by 10%	2.23	2.83	3.00	4.06	3.45	3.30
t_δ decreases to 12	2.38	2.96	3.02	4.06	3.44	3.46

Table 6: Output losses

	Benin	Camero -on	Congo Dem. Rep.	Cote d'Ivoire	Gabon	Ghana	Guinea	Kenya	Liberia
Percentage	25.6	48.8	35.8	16.8	80.5	19.3	46.3	53.1	36.0

	Nigeria	Rep. of Congo	Sierra Leone	Tanzan -ia	Togo	Uganda
Percentage	27.4	42.3	33.1	36.8	72.9	31.3

Notes: Actual output as a percentage of counterfactual output levels under the most productive cabinet observed in the country over period 1960-2004 are reported.

Figure 1

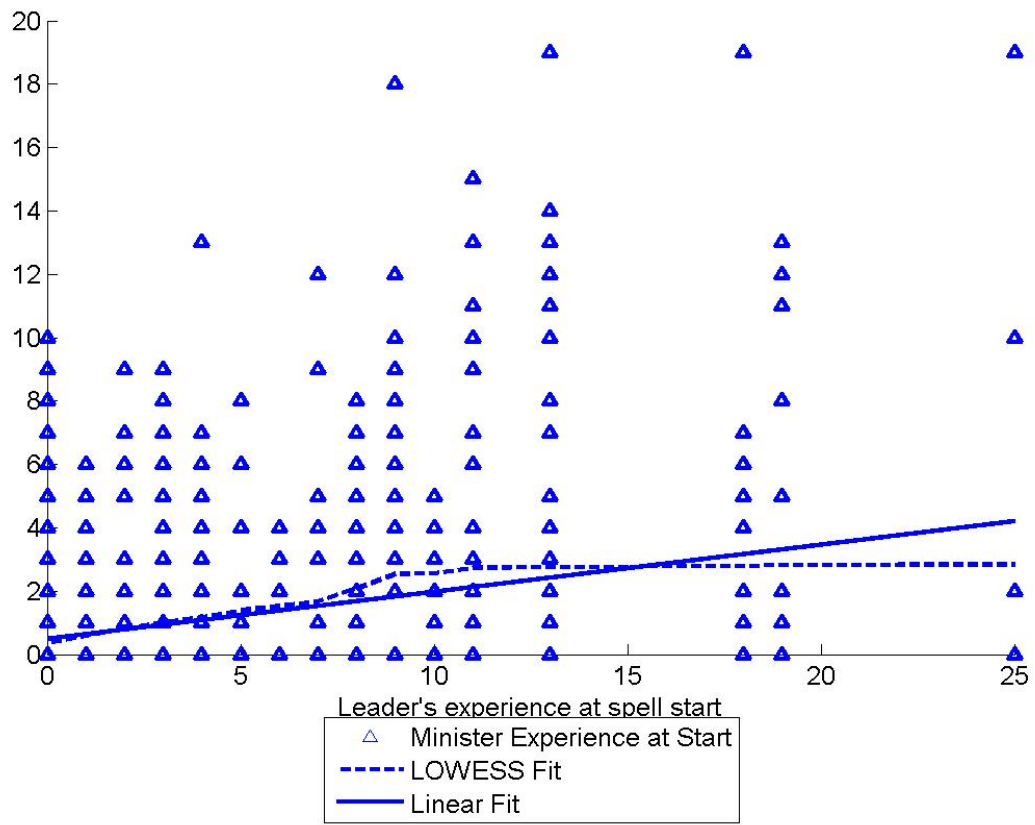


Figure 2

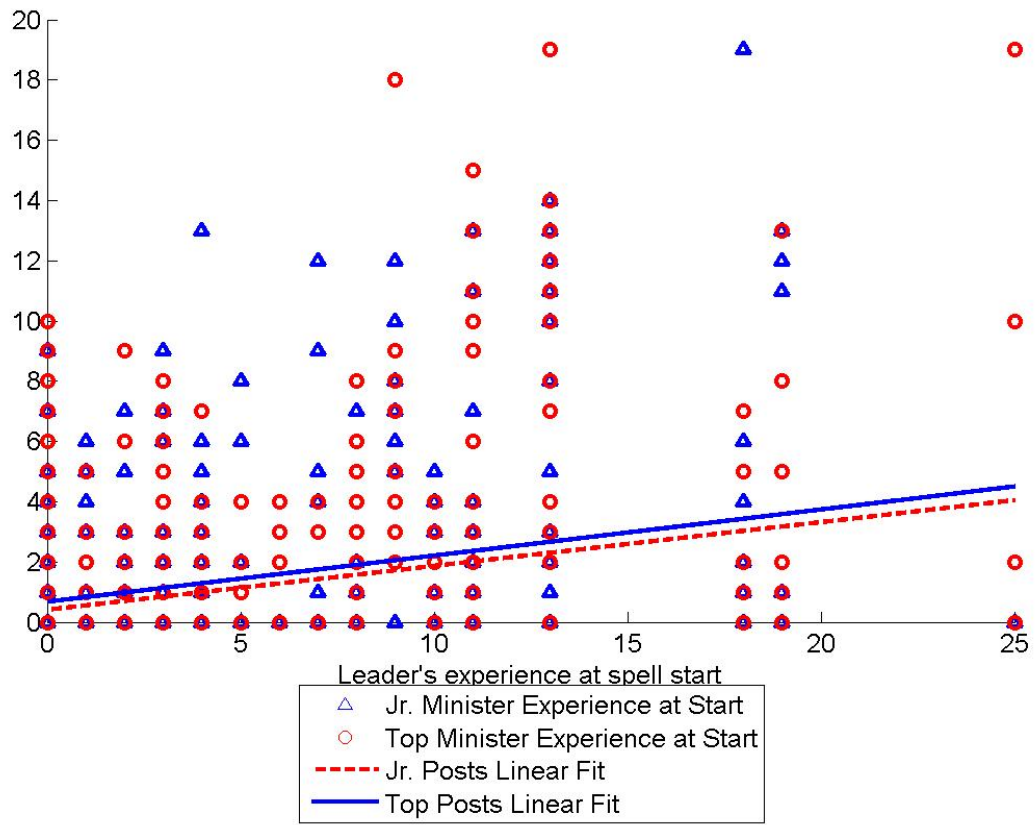


Figure 3

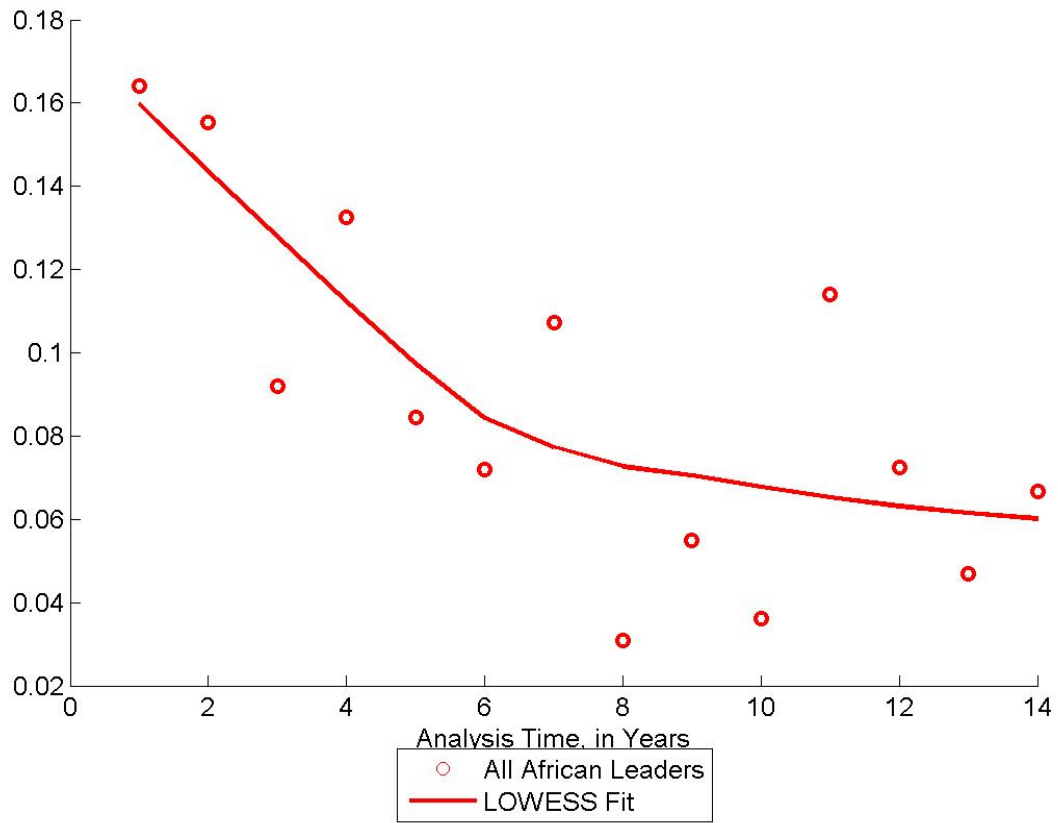


Figure 4

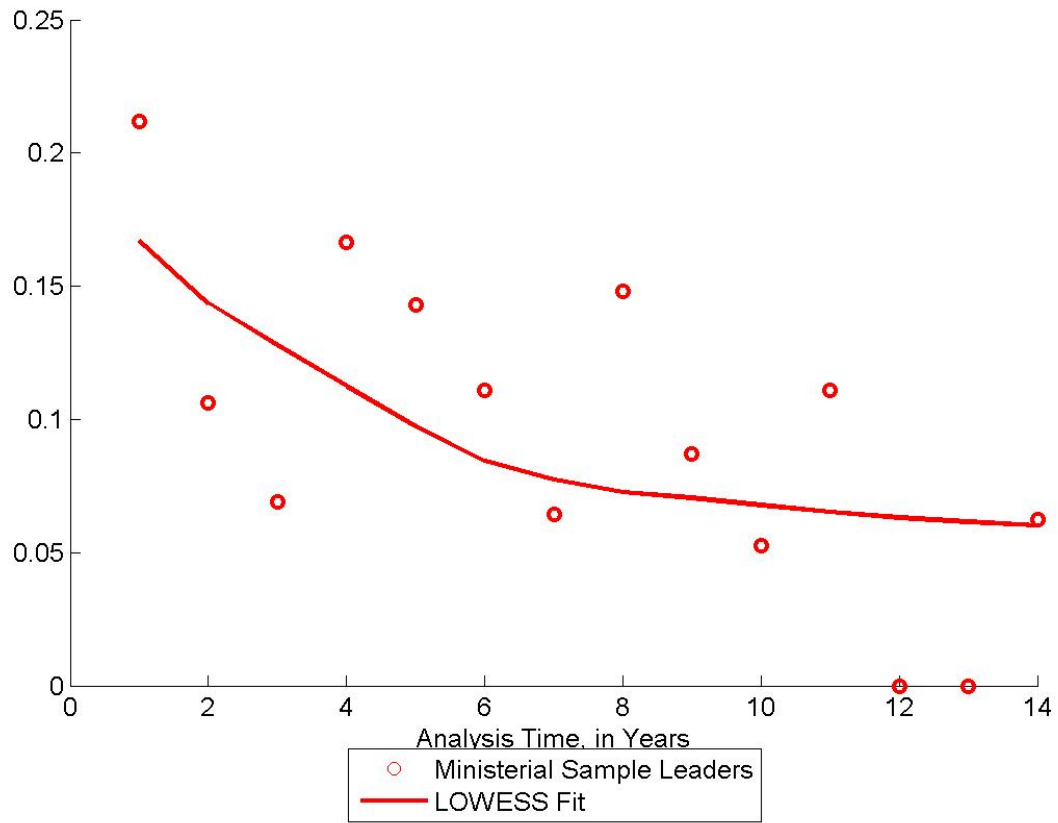
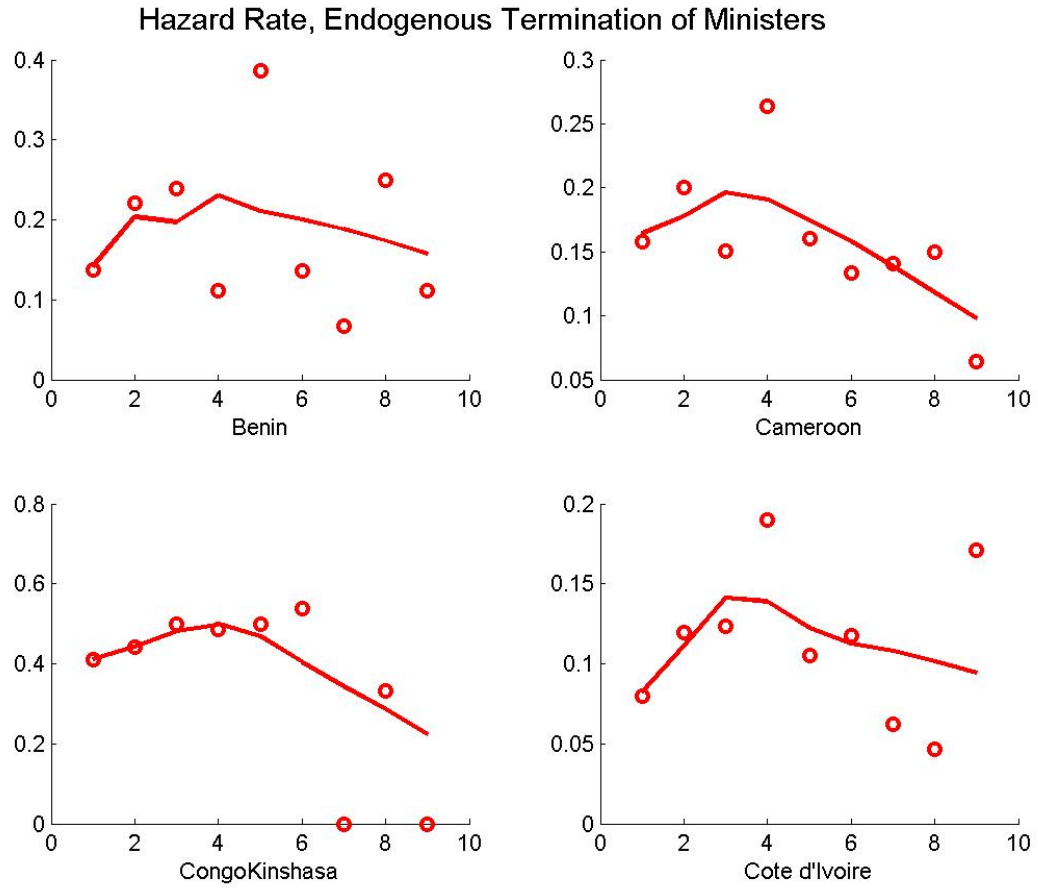


Figure 5a



Notes: Analysis time in years; LOWESS fit

Figure 5b

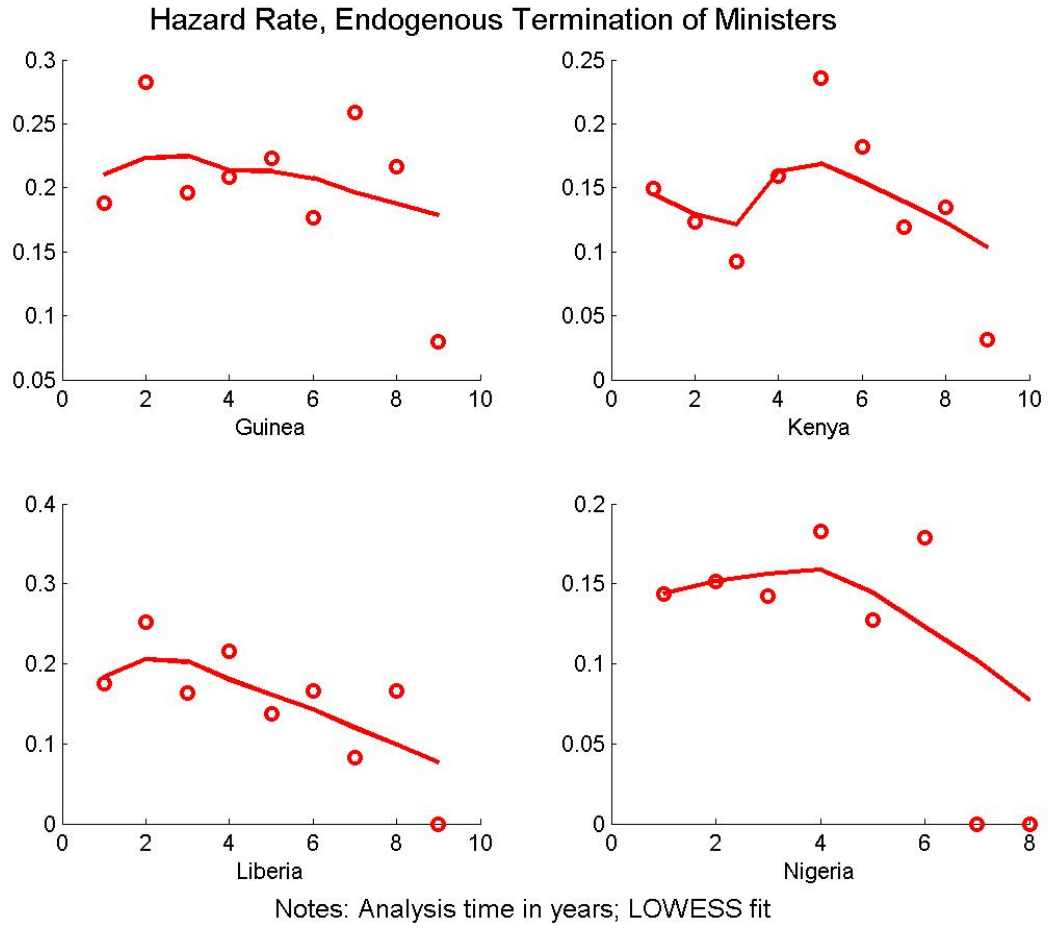
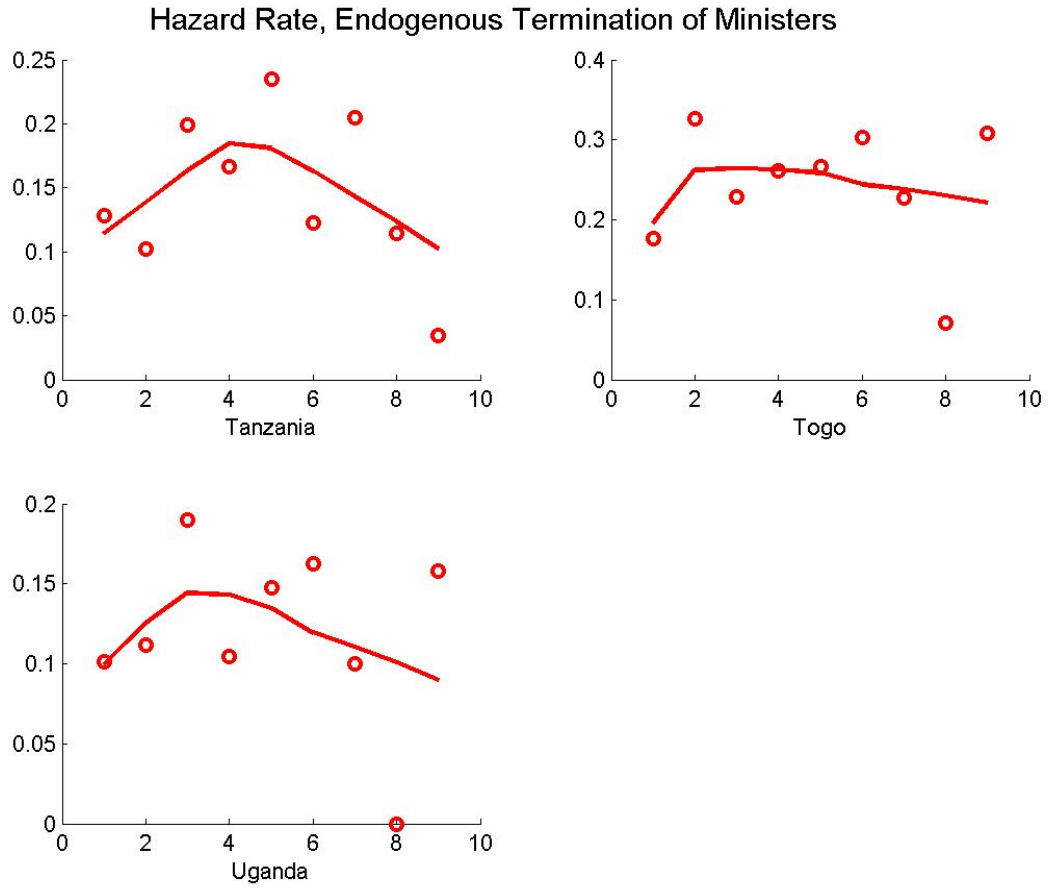


Figure 5c



Notes: Analysis time in years; LOWESS fit

Figure 5d

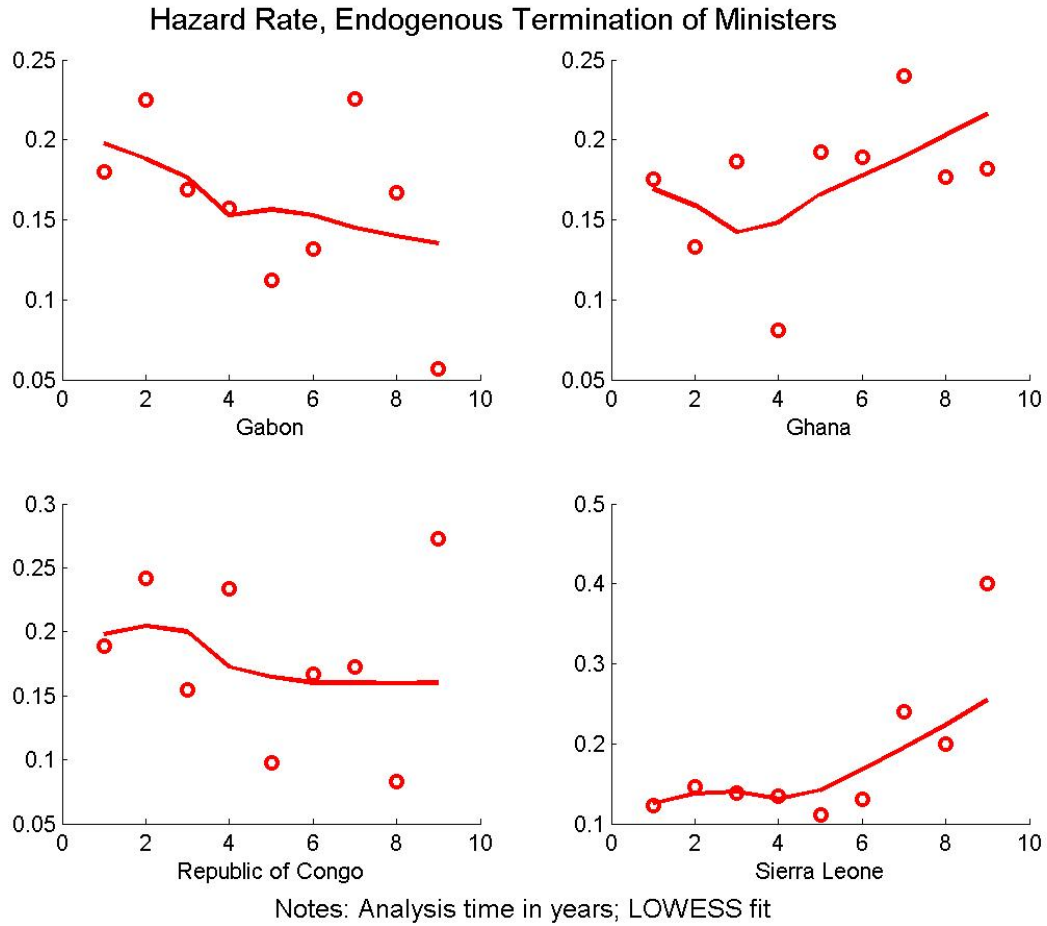
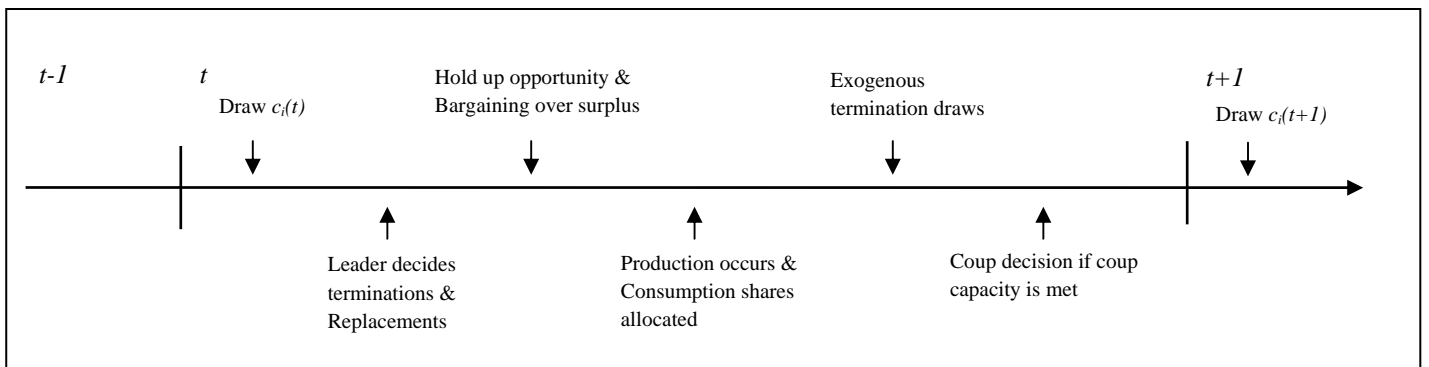


Figure 6: Timing



Appendix Table A1a: Senior Ministers Maximum Likelihood Estimates

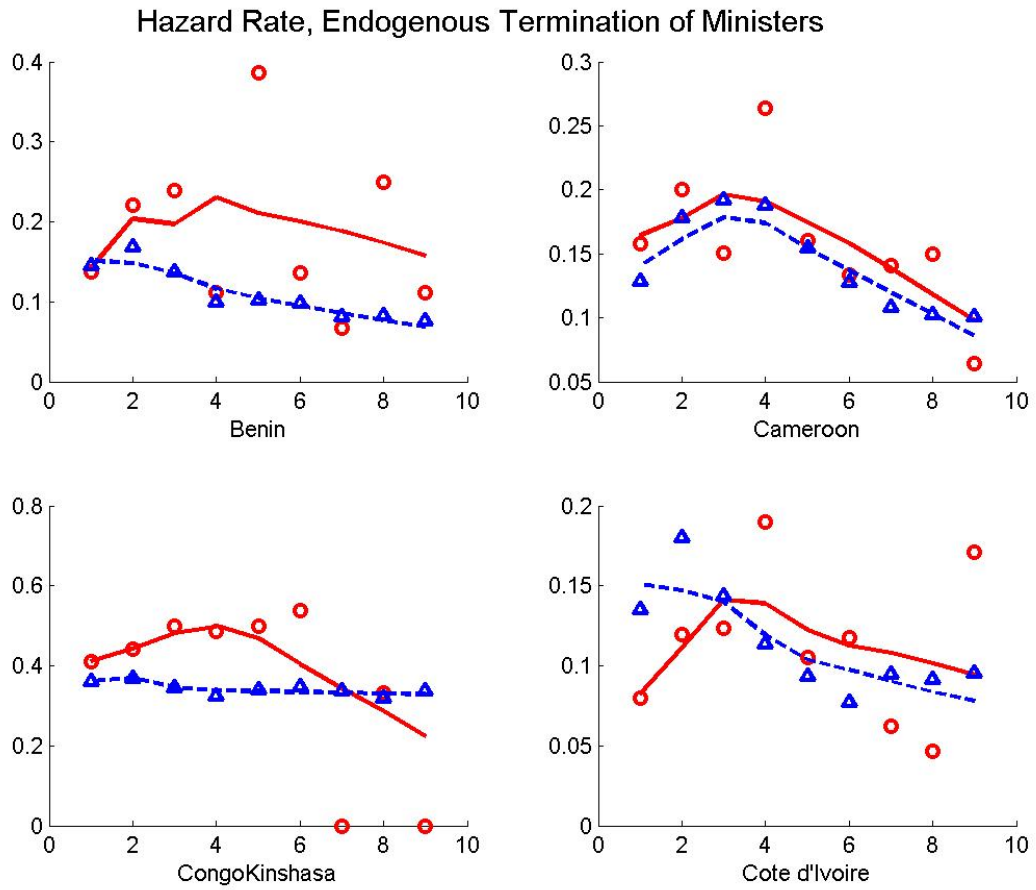
	Benin	s.e.	Camero -on	s.e.	Congo Dem. Rep.	s.e.	Cote d'Ivoire	s.e.
β	0.1033	0.0006	0.1033	0.0006	0.1033	0.0006	0.1033	0.0006
ζ_c	0.4808	0.1751	0.2784	0.0260	0.3444	0.5415	0.7392	0.3254
t_δ	15.0000	0.4453	15.0000	0.4453	15.0000	0.4453	15.0000	0.4453
ζ	0.0567	0.0007	0.0567	0.0007	0.0567	0.0007	0.0567	0.0007
logLL	233.044	-	232.928	-	285.325	-	222.918	-
	Gabon	s.e.	Ghana	s.e.	Guinea	s.e.	Kenya	s.e.
β	0.1033	0.0006	0.1033	0.0006	0.1033	0.0006	0.1033	0.0006
ζ_c	0.2954	0.1031	0.4797	0.1329	0.2934	0.2737	0.2234	0.0866
t_δ	15.0000	0.4453	15.0000	0.4453	15.0000	0.4453	15.0000	0.4453
ζ	0.0567	0.0007	0.0567	0.0007	0.0567	0.0007	0.0567	0.0007
logLL	201.421	-	223.228	-	215.602	-	195.464	-
	Liberia	s.e.	Nigeria	s.e.	Rep. of Congo	s.e.	Sierra Leone	s.e.
β	0.1033	0.0006	0.1033	0.0006	0.1033	0.0006	0.1033	0.0006
ζ_c	0.8489	0.1830	1.9989	1.9396	0.4247	0.0805	0.5934	0.1510
t_δ	15.0000	0.4453	15.0000	0.4453	15.0000	0.4453	15.0000	0.4453
ζ	0.0567	0.0007	0.0567	0.0007	0.0567	0.0007	0.0567	0.0007
logLL	305.431	-	303.001	-	267.436	-	242.161	-
	Tanzan -ia	s.e.	Togo	s.e.	Uganda	s.e.		
β	0.1033	0.0006	0.1033	0.0006	0.1033	0.0006		
ζ_c	0.1985	0.0355	0.2097	0.7527	0.3018	0.0463		
t_δ	15.0000	0.4453	15.0000	0.4453	15.0000	0.4453		
ζ	0.0567	0.0007	0.0567	0.0007	0.0567	0.0007		
logLL	270.308	-	195.292	-	247.075	-		

Notes: The logLL reported is specific to the contribution of the country.

γ for leader:	Liberia		Nigeria		Republi c of Congo		Sierra Leone	
	lower	upper	lower	upper	lower	upper	lower	upper
1	0.0000	0.0030	0.0000	0.0018	0.0031	0.0033	0.0000	0.0025
2	0.0030	0.0032	0.0000	1.0000	0.0037	1.0000	0.0000	0.0025
3	0.0035	0.0036	0.0018	0.0019	0.0041	0.0042	0.0000	1.0000
4	0.0000	0.0030	0.0000	0.0018	0.0000	0.0031	0.0000	0.0025
5	0.0000	1.0000	0.0000	0.0018	0.0000	0.0031	0.0025	0.0026
6	0.0000	1.0000	0.0000	0.0018	0.0037	1.0000	0.0028	1.0000
7	0.0000	1.0000	0.0000	0.0018	0.0031	0.0033	0.0000	1.0000
8	0.0032	0.0033	0.0000	1.0000	-	-	0.0000	1.0000
9	0.0000	1.0000	0.0018	0.0019	-	-	0.0029	0.0030
10	0.0000	1.0000	0.0000	1.0000	-	-	-	-
11	-	-	0.0000	0.0018	-	-	-	-
γ for leader:	Tanzan -ia		Togo		Uganda			
	lower	upper	lower	upper	lower	upper		
1	0.0032	0.0033	0.0037	0.0040	0.0028	0.0029		
2	0.0031	0.0032	0.0037	0.0040	0.0032	1.0000		
3	0.0030	0.0031	0.0053	1.0000	0.0000	1.0000		
4	-	-	-	-	0.0000	1.0000		
5	-	-	-	-	0.0000	0.0025		
6	-	-	-	-	0.0030	0.0031		
7	-	-	-	-	-	-		
8	-	-	-	-	-	-		
9	-	-	-	-	-	-		
10	-	-	-	-	-	-		
11	-	-	-	-	-	-		

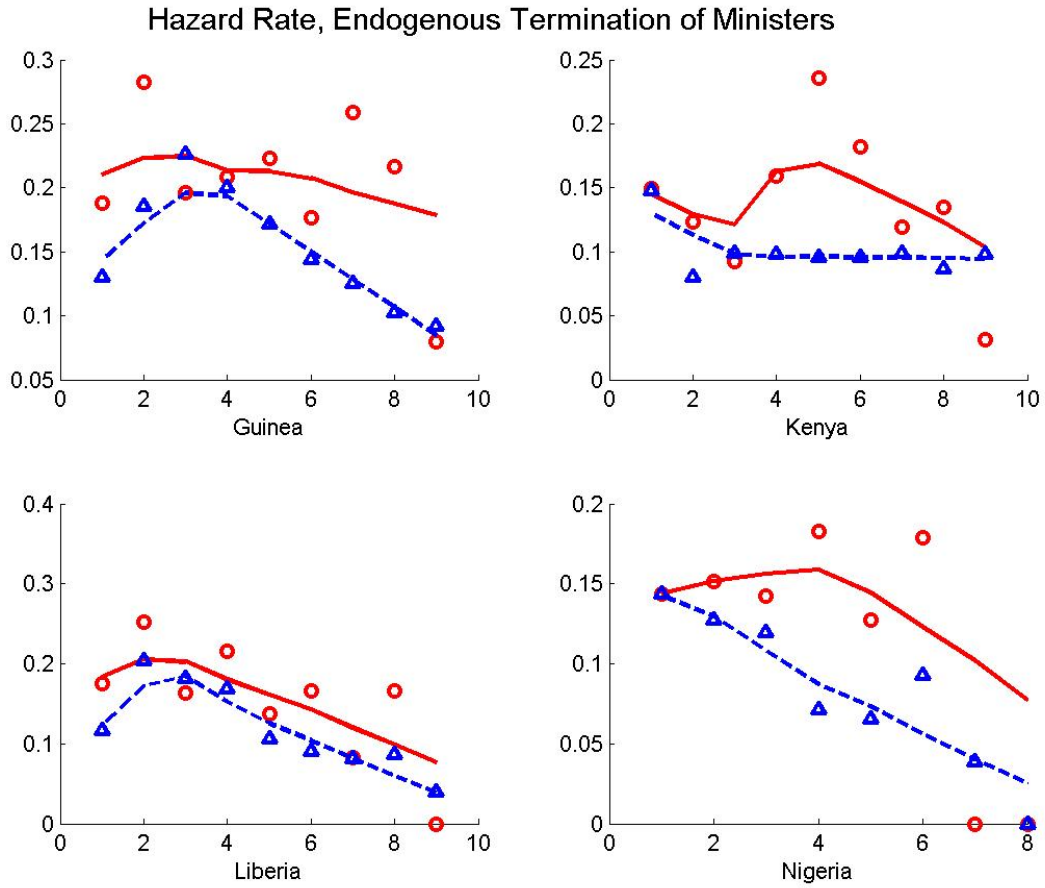
Notes: Upper and lower bounds for the probability of coup success are reported.

Appendix Figure A1a



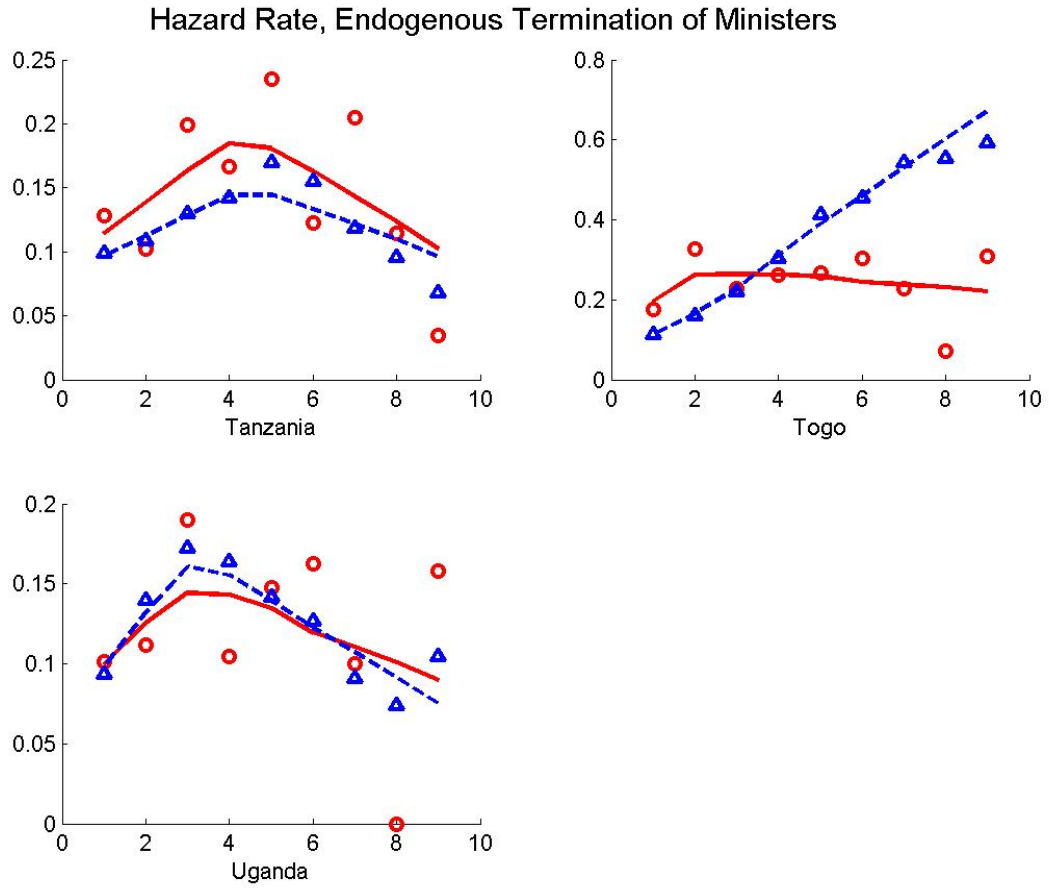
Notes: Analysis time in years; LOWESS fits; Solid line = Data; Dashed Line = Model

Appendix Figure A1b



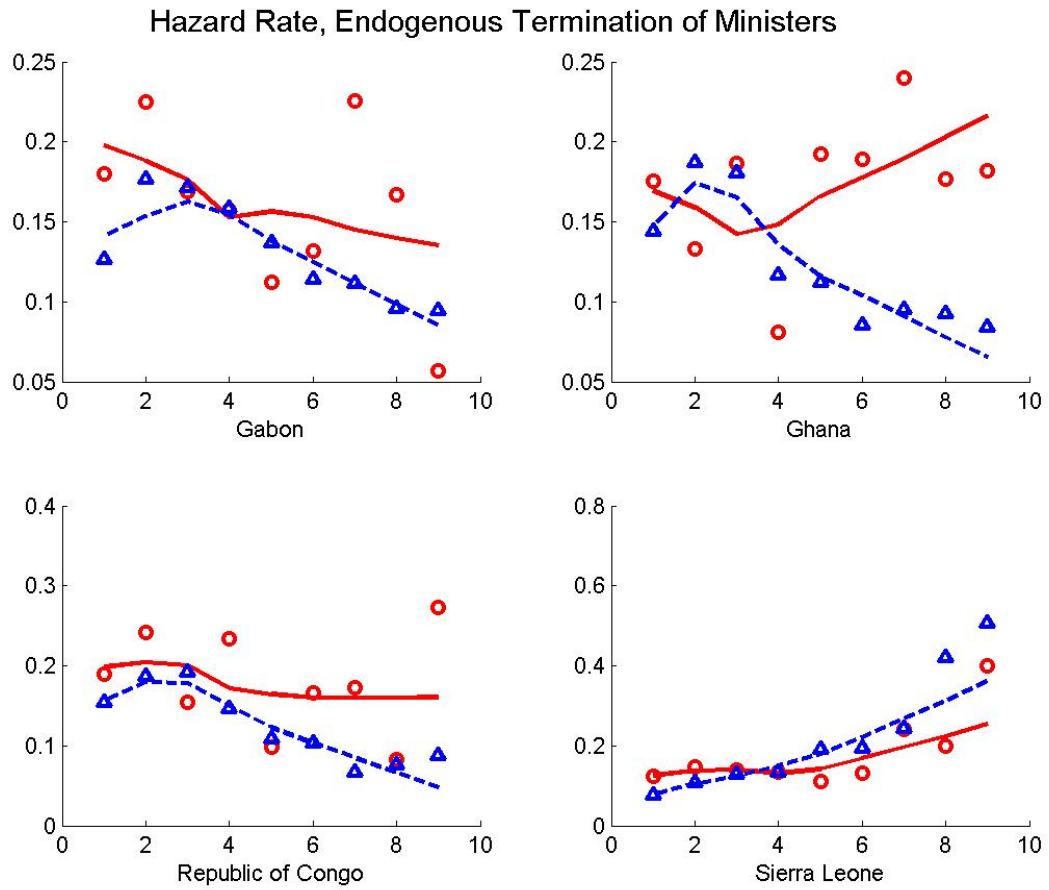
Notes: Analysis time in years; LOWESS fits; Solid line = Data; Dashed Line = Model

Appendix Figure A1c



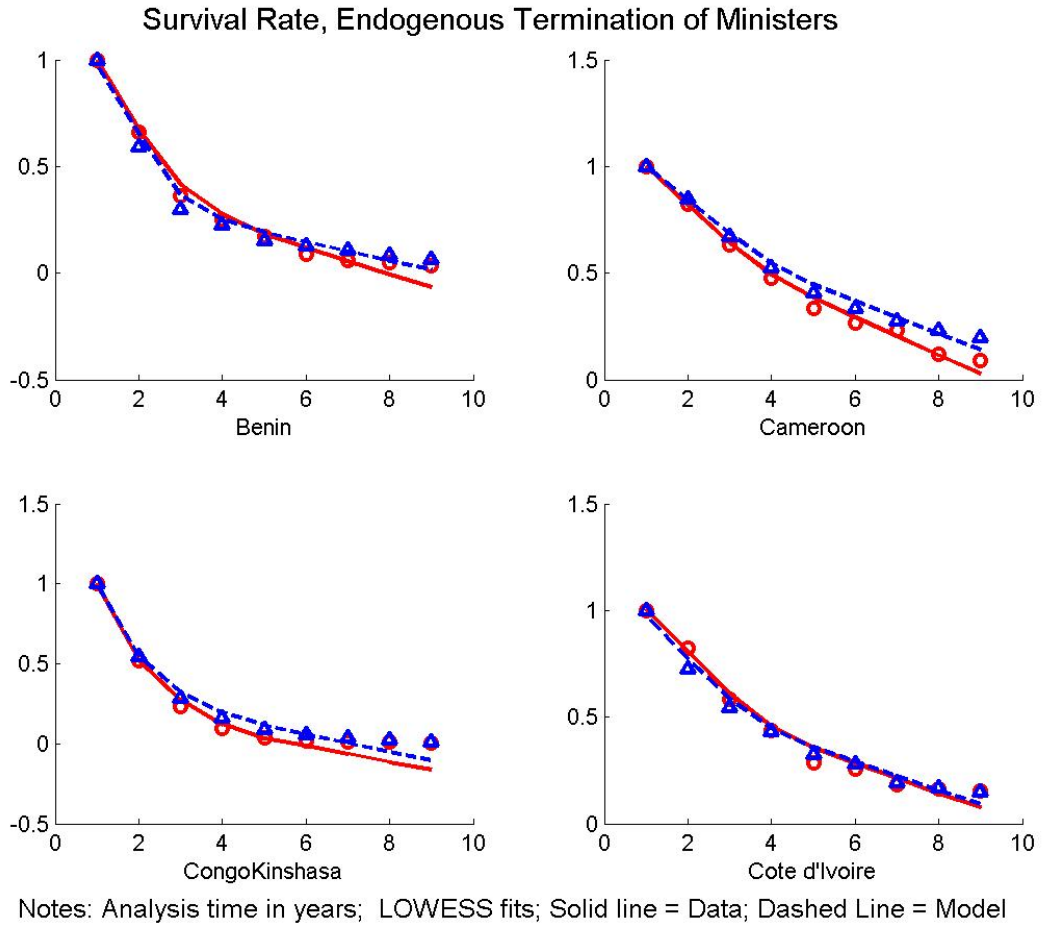
Notes: Analysis time in years; LOWESS fits; Solid line = Data; Dashed Line = Model

Appendix Figure A1d



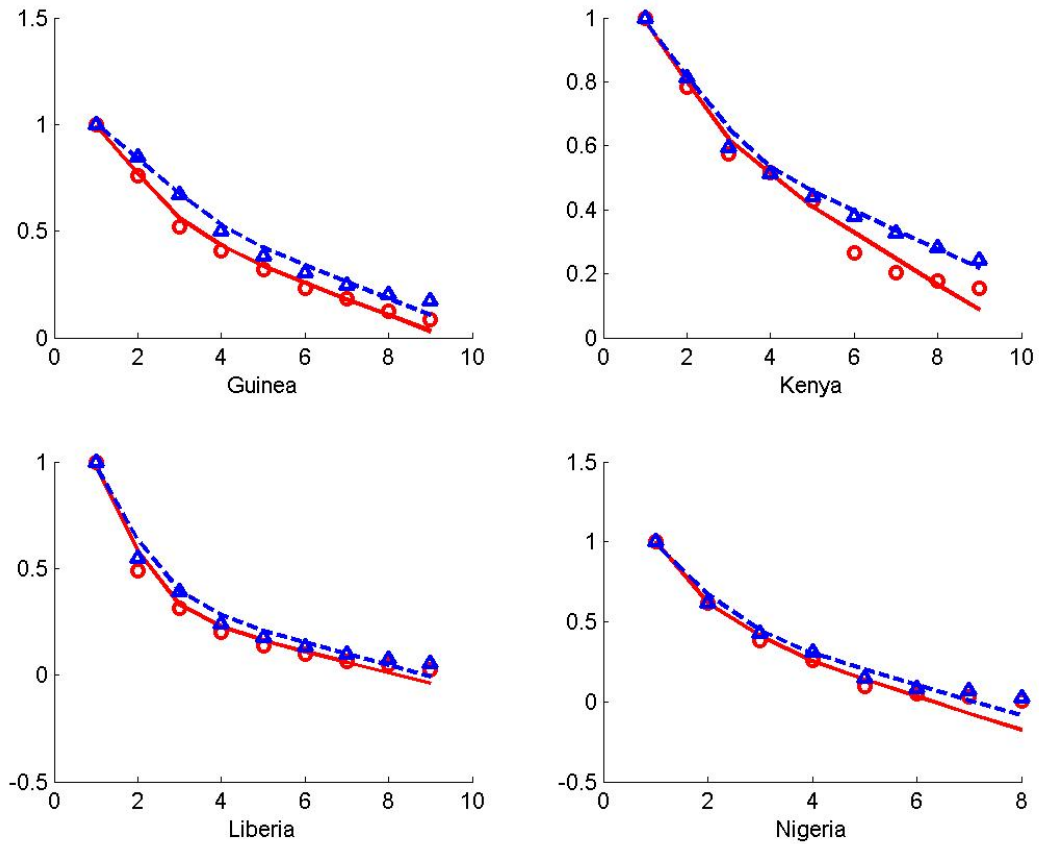
Notes: Analysis time in years; LOWESS fits; Solid line = Data; Dashed Line = Model

Appendix Figure A2a



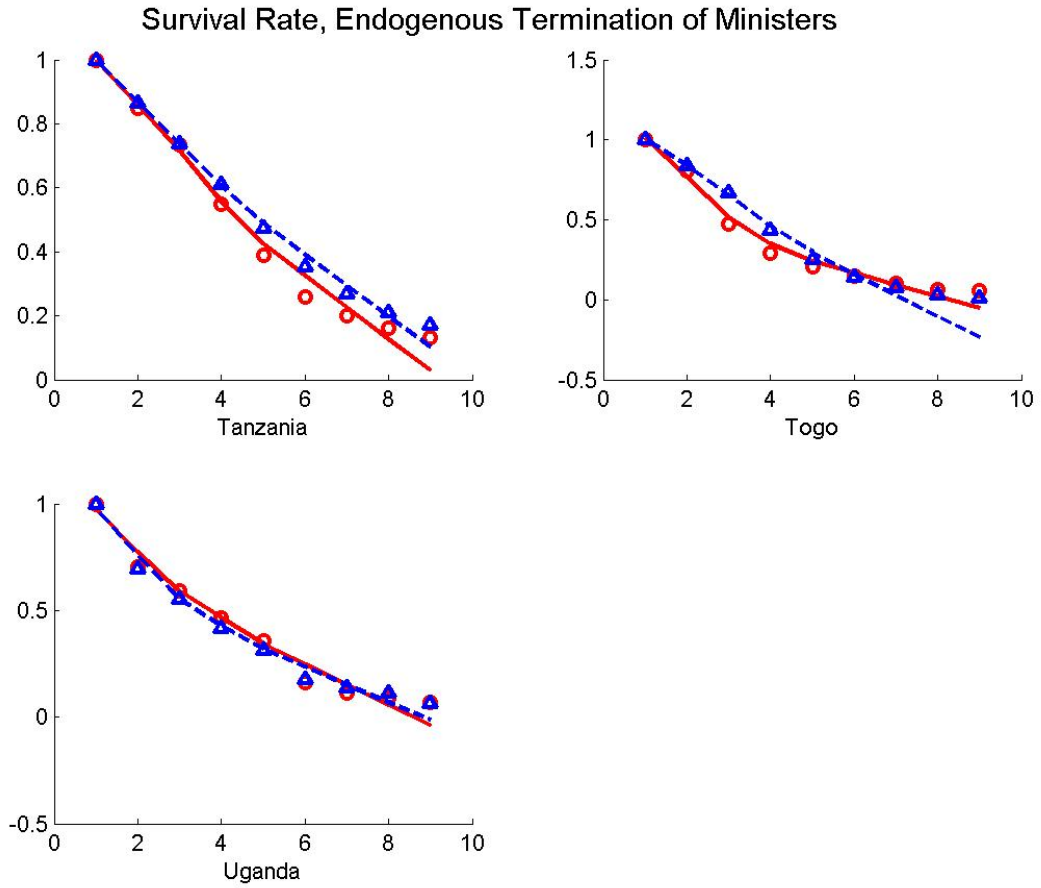
Appendix Figure A2b

Survival Rate, Endogenous Termination of Ministers



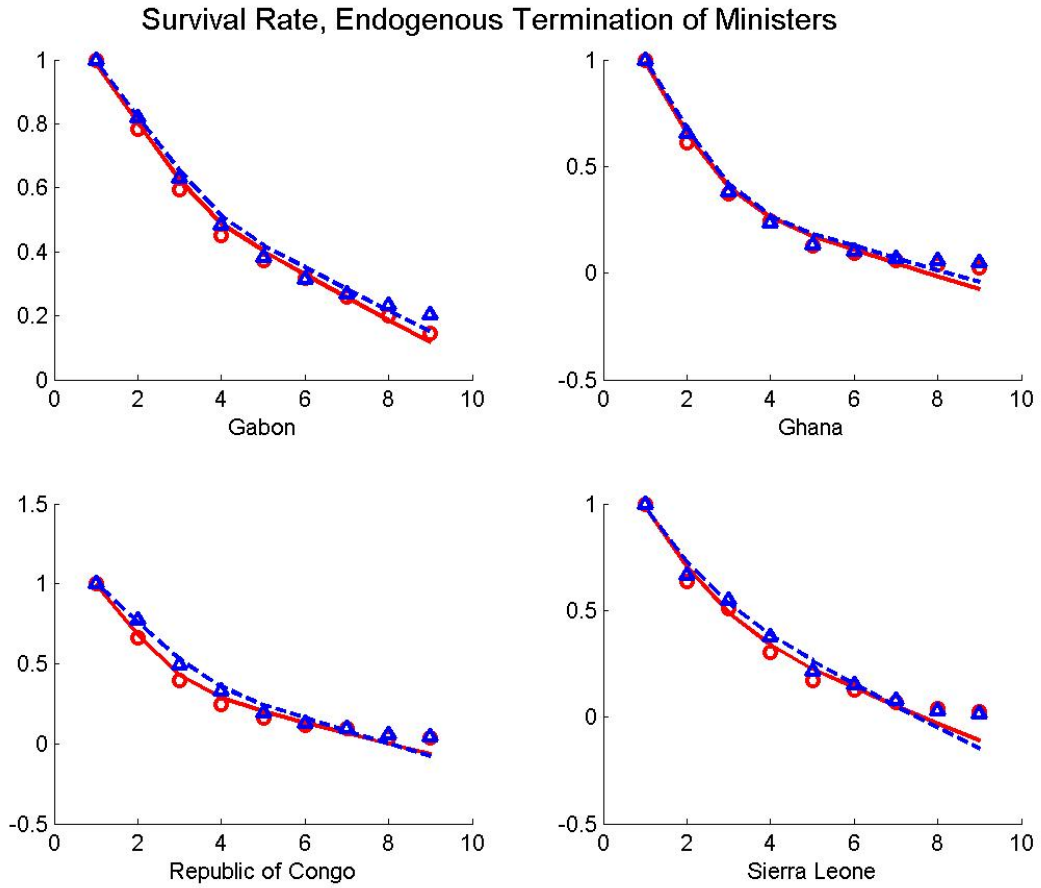
Notes: Analysis time in years; LOWESS fits; Solid line = Data; Dashed Line = Model

Appendix Figure A2c



Notes: Analysis time in years; LOWESS fits; Solid line = Data; Dashed Line = Model

Appendix Figure A2d



Notes: Analysis time in years; LOWESS fits; Solid line = Data; Dashed Line = Model