

# Can Mortality Drive Monarchs Toward Democratic Reforms?

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## A model of elite-driven democratization

### ① Absolute Monarchy

- Commitment issues due to lack of constraints
- Myopic leaders act opportunistically

### ② Constitutional Monarchy

- Leaders are constrained and able to extract lower rents
- Myopic leaders dissuaded from acting opportunistically

### ③ Mortality

- Leaders can die in office

# Motivation: Long Live the King?



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Jigme Dorji Wangchuck

- Initiated Bhutan's move towards democracy
- Suffered from serious health problems
- Ruled during China's invasion of Tibet
- What motivated his reforms?

Revolution

# Motivation: Long Live the King?

*At the limit, when an autocrat has no reason to consider the future output of the society at all his incentives are those of a roving bandit and that is what he becomes.*

(Olson 1993)

- Existing theories hint at the importance of a leader's longevity
- Moreover they suggest dying leaders should act more opportunistically

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- Mortality lowers a leader's discount factor
- Commitment issues arise from lower discount factor
- Two alternatives paths for such leaders
  - 1 Engage in myopic and opportunistic behavior
  - 2 Attempt to build commitment through institutions

## Research Question:

- Can leaders expecting brief tenures have the incentives to establish democratic institutions?

# Research Question and Results

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- Can leaders expecting brief tenures have the incentives to establish democratic institutions?

## Main Results:

- 1 Mortality can push leaders to democratize
- 2 Democratic reforms outlast a leader's tenure
- 3 Citizens are better off following the rule of a dying leader

## ① Commitment issues of leaders

- **Time horizons and security** Grossman and Noh (1990, 1994), Levi (1988), Olson (1991, 1993)
- **Institutions** Gehlbach and Keefer (2011), Greif et al. (1994)
- **Succession** Abramson and Rivera (2016), Brownlee (2007), Konrad and Mui (2017)

## ② Elite driven democratization Acemoglu and Robinson (2000, 2001, 2006), Bates and Lien (1985), Fearon and Francois (2023), Fleck and Hansen (2004), Lizzeri and Persico (2004)

## ③ Mortality and instability De Mesquita and Smith (2011)

## ④ Democracy and Development Acemoglu et al. (2019)

# Model: Fundamentals

- Infinite Horizon  $t \in \mathbb{N}$  and underlying discount factor  $\delta \in (0, 1)$
- Players:
  - 1 Representative Citizen  $C$
  - 2 Leader  $K$
- Types:
  - 1 Leader  $K$  can be *healthy* or *sickly*
  - 2  $K$ 's type is common knowledge
- Two types of government *Absolute Monarchy* and *Constitutional Monarchy*

- Absolute Monarchy (**AM**):
  - 1  $C$  may engage in production  $Y_t \in \{0; 1\}$  at cost  $c$
  - 2  $K$  chooses the level of taxation  $T_t \in [0, Y_t]$

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- Constitutional Monarchy (**CM**):
  - 1  $C$  chooses  $Y_t$  and proposes  $T_t$
  - 2  $K$  can either accept  $T_t$  or incur cost  $r$  and expropriate  $Y_t$

# Model: Fundamentals

- At the end of each period:
  - 1 A healthy  $K$ 
    - With probability  $\phi \in (0, 1)$ , remains healthy
    - With probability  $1 - \phi \in (0, 1)$ , becomes sickly
  - 2 A sickly  $K$ 
    - With probability  $1 - \rho \in (0, 1)$ , survives
    - With probability  $\rho \in (0, 1)$ , dies
- $K$  discounts the payoffs of his descendants by factor  $\beta \in [0, 1)$
- $K$  may implement **CM**

Payoffs

# Model: Timing

- 1  $C$  chooses  $Y_t$  and under **CM** also chooses  $T_t$
- 2 Under **AM**  $K$  chooses  $T_t$  and under **CM** he chooses repression  $E_t$
- 3 Payoffs are realized
- 4 A leader's type for the following period is determined and he may implement **CM**

# Model: Equilibrium and Strategies

## ① Equilibrium Concept:

- Stationary Equilibrium

## ② Strategies:

- Leader  $K$ :
  - Absolute Monarchy:  $T$
  - Constitutional Monarchy:  $E$
- Representative Citizen  $C$ :
  - Absolute Monarchy:  $Y$
  - Constitutional Monarchy:  $Y, T$

## Proposition 1

If the mortality parameter is high enough, i.e.,

$$\rho > \bar{\rho} \equiv \frac{(1 - \delta\phi)(\delta - c)}{\delta\{1 - \beta(1 - c) - \delta[\phi + \beta(1 - \phi)]\}},$$

then a sickly leader will be unable to extract any tax revenues under **AM** in equilibrium. Moreover  $\bar{\rho} \in (0, 1)$ , is increasing in  $\delta$ ,  $\phi$  and  $\beta$ , and decreasing in  $c$ .

- Mortality leads to rapacious behavior, in line with existing theory
- Apart from constraints under **CM**,  $C$  can punish  $K$  at some severity

Parameter Restrictions

## Proposition 2

If the mortality parameter is sufficiently high, i.e.  $\rho > \bar{\rho}$ , then in an equilibrium a sickly leader can extract positive tax revenues by implementing a **CM**, provided that  $r \geq \bar{r}$ , where

$$\bar{r} \equiv \frac{c - \delta[1 - \rho(1 - \beta)]}{1 - \delta[1 - \rho(1 - \beta)]}.$$

Moreover,  $\bar{r} \in (0, c)$  is increasing in  $c$  and  $\rho$ , and decreasing in  $\delta$  and  $\beta$ .

- Democratization helps solve a leader's commitment issues

Equilibrium refinement

## Proposition 4

In equilibrium, if  $r \geq \bar{r}$ , after the death of a sickly leader, constitutional monarchy is maintained and the representative citizen is able to earn a positive payoff whenever a leader is healthy.

- Proposition 4 shows that Absolute Monarchy will not be restored after the death of a sick  $K$
- Moreover, it reveals that  $C$  will be strictly better off following the rule of a sick  $K$

# Analysis: Reinterpreting Revolutionary Threats

- This model complements existing theories of democratization
- Previous works link revolutionary threats to democratization
- These works focus on the direct effects of such threats
- Alternatively, my model suggests an indirect effect of such threats

- I developed a simple theoretical model that explains why dying leaders may benefit from democratic reforms
- This model complements existing theories which would predict the opposite
- Possible extensions:
  - 1 Inner circle and coup attempts [appendix](#)
  - 2 Unobservable health issues
  - 3 Succession as alternative instrument

# Thank You! Obrigado!

*Bhutan is not unique, of course, in having a “revolutionary” ruler decide to introduce basic reform programs directed at the modernization of a traditional system. Most monarchical polities, both surviving and extinct, went through the same experience at some point in their history. What makes Bhutan somewhat atypical, however, is the virtual nonexistence of competing elite groups ready to undertake this task, and thus heavy dependence upon a strong-willed and determined monarch for the introduction and implementation of such programs.*

(Rose 1977)

# Appendix: Flow Payoffs and Value Functions

- Flow Payoffs

- ①  $u_t^K = T_t[1 - 1(r_t > 0)] + \{(1 - E_t)T_t + E_t[Y_t - r]\}[1(r_t > 0)]$

- ②  $u_t^C = (1 - E_t)[Y_t - T_t] - cY_t$

- Value Functions

- ①  $V_H = T_t + \delta[\phi V_H + (1 - \phi)V_S]$

- ②  $V_S = T_t + \delta[(1 - \rho)V_S + \rho\beta V_H]$

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- 1 **Assumption 1:**  $\beta < \frac{(1-\delta\phi)c}{\delta[1-c+\delta(1-\phi)]}$
- 2 **Assumption 2:**  $\phi > \frac{c}{\delta}$

Back

## Proposition 3

If  $\rho > \bar{\rho}$  and  $r \geq \bar{r}$ , then in any Leader-Preferred Equilibrium:

- a healthy leader will retain the regime with which he begins each period.
- a sickly leader will implement a constitutional monarchy.
- a leader's expected discounted payoff is maximized at  $r^*$ , where

$$r^* \equiv \bar{r} + \frac{\delta\rho\beta(1-c)}{1-\delta\phi} \left[ \frac{1-\delta[1-\rho+\phi]}{1-\delta[1-\rho(1-\beta)]} \right].$$

- a leader's expected discounted payoff increases between  $\bar{r}$  and  $r^*$ , and decreases thereafter.

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## Appendix: Inner Circle and Coup Attempts

*Most unavoidably, and therefore first, on the list of risks of being deposed is the simple, inescapable fact of mortality. Dead leaders cannot deliver rewards to their coalition. Dying leaders face almost as grave a problem. If essential backers know their leader is dying, then they also know that they need someone new to assure the flow of revenue into their pockets.*

(De Mesquita and Smith 2011)

- Inner circle may prefer replacing sickly leaders over democratizing
- Which conditions push democratization as opposed to a coup?

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