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**Title:** Endogenous Economic Policy in Autocratic Regimes and the (In)effectiveness of Foreign Aid (joint with Joel Guttman)

**Abstract:** This paper develops a game-theoretic model of endogenous economic policy in autocratic regimes, and applies the model to study the effectiveness of foreign aid granted to such regimes. In this model, there are three players: the regime, its opposition, and the masses. There are three stages in the game. In the first stage, the regime determines the level of infrastructure and the tax rate. In the second stage, the masses allocate their time between production and helping the opposition. In the third stage, the regime and the opposition simultaneously choose their effort levels in a contest, in which the probability of survival of the regime is determined. It is found that autocratic regimes endogenously sort themselves into "tinpot" regimes that maximize their consumption at the cost of their survival, and "totalitarian" regimes that maximize their probability of survival at the expense of their consumption. Aid granted to tinpots (but not totalitarians) may induce them to **reduce** their investment in infrastructure and increase their tax rates. Preliminary empirical tests support this prediction of the model.