



Credible Power-Sharing Agreements: Theory with Evidence from South Africa and Lebanon

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Abstract. I present a simple model to examine the structure of credible post-conflict power-sharing agreements. I first show that power-sharing is necessary to induce warring factions to choose democratic rule over the status-quo. When warring factions have commitment problems, I show that the agreements require a restructuring of the coercive institutions of the state. The theoretical results are supported by a wide ranging empirical study by Hartzell (1999) on the stability of negotiated settlements of civil wars fought during the post World War II era. I illustrate the results with case studies on Lebanon and South Africa.

JEL classification: D72, D74

1. Introduction

During the last decade, at least 40 countries around the world have experienced major democratic reforms.¹ Transitions are generally characterized by extreme uncertainty about the future. Uncertainty over electoral outcomes, in the form of imperfect knowledge about the distribution of voters' preferences, is magnified by uncertainty over the behavior of political partners due to the absence of credible commitments on their part to a peaceful transition to democracy. In this paper, I study the structure of political contracts instituted during negotiated transitions to democracy when parties have commitment problems. Consider for example pre-electoral negotiations between a party representing an ethnic minority and a party representing an ethnic majority. The minority might fear that there is no guarantee majority leaders will respect the agreement after the elections. The majority party may be very cooperative before the vote and then becomes repressive and non-conciliatory as soon as it takes control of the coercive instruments of the state. Anticipating this, the minority might find it worthwhile to initiate a preemptive civil war or try to secede. Since civil war is costly, the majority may try to avoid this outcome by making a credible commitment never to violate the agreement. The majority would then like to take actions which have commitment values.² As Oliver Williamson (1983: 48–9) puts it,

Transactions that are subject to ex post opportunism will benefit if appropriate actions can be designed ex ante. Rather than reply with opportunism in kind, the wise bargaining party is one who seeks both to give and receive “credible commitment.”

This paper provides a formal framework of the design of self-enforcing political contracts in new democracies. I first describe the political exchange taking place and then explain key restrictions which actors might place on contractual arrangements so that they will be upheld in the future. When democratization is preceded by an internal war, I show that

certain elements of the conflict settlement increase the cost of suppressing political rights in the future and hence encourage the establishment of trust between political partners. One such element concerns the reorganization of the armed forces and other “non-governing” institutions. These theoretical findings are supported by a wide-ranging empirical evidence. For instance, in a recent empirical study on the stability of negotiated settlements to intrastate wars, Caroline Hartzell (1999) finds that settlements that prove stable are those that provide warring factions with institutional guarantees for future security threats.

The paper contributes to the literature on consociational democracy introduced by Arend Lijphart. Lijphart defined consociational democracy as “a government by elite cartel designed to turn democracy with fragmented culture into a stable democracy” (1969: 216). This model of democracy has been used by its proponents as an explanation of political stability in the Netherlands, Belgium and Switzerland, and has served as a normative model for constitutional engineering in ethnically divided countries. However, the consociational paradigm has been criticized for its weak empirical support in Europe (Barry 1975 and van Schedelen 1984). Eric Nordlinger (1972) and Donald Horowitz (1985) have also found the model inappropriate for “deeply divided” societies in Africa, Asia, and the Middle-East.

In my view, “classical” consociational democracy is neither necessary nor sufficient for political stability in ethnically divided societies. This model of democracy can make electoral outcomes so predictable and so meaningless that it could hinder accountability, good governance, and ultimately political stability.³ It might also be useful to point out that none of the new democracies in Africa (Botswana, Benin, Senegal, Mali, among others) is consociational. In addition, by and large, recent experiences of power-sharing in Africa were short terms arrangements designed to end a civil war or a major domestic conflict.

In my model, the players rationally consent to a power-sharing arrangement when the expected leftist or rightist vote is sufficiently low and the enforcement mechanism is sufficiently strong. Under these conditions, the payoffs under democracy are higher than those under the status-quo, and the anarchic prisoner’s dilemma is forestalled by an “exchange of hostages.” Exchange of hostages can mean integration of the military and the guarantee of positions in civil service to all parties. Thus, without endorsing the consociational model in its entirety, I argue that some form of elite power-sharing contract may be necessary to move an unstable political system from anarchy or near anarchy to democratic political order. In addition, since power-sharing arrangements are a mechanism to generate political order, I choose to focus on the enforcement of those arrangements. I explain the empirical regularity that successful power-sharing agreements tend to include major restructuring of the state institutions. That was the case in South Africa where the multi-ethnic distribution of power was backed by a joint control over the armed forces and the broadening of their composition (Griffiths 1995). Other examples include the 1991 power-sharing agreements in Lebanon which were supported by a security arrangement that gives Syria complete political control over the armed forces, the intelligence and the security forces (Norton 1997).

The paper is also a contribution to the literature on credible political arrangements (North and Weingast 1989, Weingast, 1994, Montinola et al 1995). In particular, Barry Weingast (1994) shows that the balance rule in the senate can be interpreted as a mechanism to commit

to the protection of the “rights” of smaller states. In this paper, I investigate the rationality of similar political arrangements in the context of new democracies.⁴ I show that balanced and inclusive state institutions can be seen as a mechanism set up by former warring factions to commit to respecting power-sharing agreements.⁵

The new wave of democratization provides interesting empirical evidence regarding the institutional response to commitment problems. In February 1990, President de Klerk of South Africa decided to lift the ban on the African National Congress (ANC), the Pan Africanist Congress, and the South African Communist Party and began negotiations with the ANC. The forum for the negotiations was the Conference for a Democratic South Africa, which took place in an atmosphere of uncertainty and suspicion. The agreement called for a legally mandated five year government of National Unity regardless of the outcome of the 1994 elections, cabinet representation for all parties that won at least five percent of the vote, and participation in the executive branch by the National Party (NP). The agreement was backed by a Peace Accord which implicitly provided military protection for the economic and political interests of both the NP and the ANC. The terms of this accord are: a purge of 23 senior military officers, a cut in the military budget, joint control over the Armed Forces through the Transitional Executive Council, and, finally, integration of members of the ANC’s military wing, the homelands defense forces and other paramilitary forces into the new South African armed forces.

Similar institutional arrangements, consisting chiefly of guaranteed participation by the opposition in government and reorganization of the Armed Forces, have also been observed in Haiti, Liberia and most recently in Sierra Leone. These examples support the following two claims. First, negotiated transitions generally lead to governments that are consensual. Second, some key aspects of the arrangements are put into effect even before the founding elections of the new regime occur and are supported by the reorganization of the armed forces intended to make future suppression of political rights very costly.

This paper proposes a simple model which discusses the rationality of power-sharing in the context of democratic transition. By *Power-sharing*, I mean a temporary arrangement to provide guarantees for incumbents and rebel factions who agree to compete electorally. Section 2 describes the model. In section 3, I discuss the equilibrium contracts with and without legal enforceability. I present empirical tests and illustrations of the main results of the paper in Section 4 and 5. Section 6 concludes.

2. The Model

In this section, I present a simple model for the choice of a credible power-sharing arrangement in the context of democratic transition. The political environment that I consider is a country on the brink of anarchy. The potential for anarchy may be due to the involvement by the ruling government and other segments of the society in a civil war as say in El Salvador in 1989 and Zimbabwe in 1980, or due to intense popular opposition to the government as in South Africa in 1990. There are two active players in this environment: a leftist party L and a rightist party R . Each player is Downsian in the sense that it derives utility from holding office.⁶ At the beginning of the game, the rightist party controls an asset of value θ_R , and the leftist party controls a political asset of value θ_L . I denote by θ the vector (θ_R, θ_L) .

I can consider θ_R as the human resources (political and military) controlled by the National Party in South Africa at the eve of the negotiations for power-sharing in 1994, and θ_L as the human resources controlled by the African National Congress (ANC). I define by x_R the proportion of θ_R that R chooses to invest and by x_L the proportion of θ_L that L chooses to invest.

At the start of the game, the parties have two options: either they continue the civil war, or they initiate democratic reforms and hold elections. Following Jack Hirshleifer (1995:27), I define anarchy as a spontaneous social order “in which participants struggle and conquer resources without regulation by either higher authorities or social pressures (p. 27).” In such an environment, there is no government and no rule of law. Parties engage in conflict and take control of territories and human resources.⁷ Payoff associated with the status-quo or anarchy is a_L for the leftist party and a_R for the rightist party.

If parties choose to initiate democratic reforms, their payoffs will depend on the electoral outcomes and the value of the spoils of office $g(x)$. I assume that $g(x)$ is increasing in each of its arguments and that $g(0, x_L) = g(x_R, 0) = 0$. Since by assumption $g(x_R, x_L)$ is increasing in both x_R and x_L it is straightforward that $x_i = \theta_i$ for $i = R, L$. Thus, the electoral outcome entitles L a payoff of $sg(x)$ and R a payoff of $(1 - s)g(x)$ where s is the leftist party's vote share.

Note that political parties in the model are Downsian in the sense that they derive their utility from spoils of office. However, my model differs from the standard Downsian model in the sense that the total value of the spoils of office in our model is not exogenously given. It can be either high or low depending on the level of resources, θ_i that parties choose to invest in government activities. For example, the value of the spoils of office to be distributed by the ANC and the NP in South Africa depends on the skills of public officials from both parties.

Timeline. The timeline is divided into three dates, t_0 , t_1 and t_2 with the following time sequence of events: (1) at t_0 , parties choose between the status-quo or some kind of democratic institution (with or without power-sharing). If they choose the first option the game ends and payoffs are realized. If they choose the second option, they sign a contract of power allocation contingent on the electoral outcome (2) at t_1 , elections take place and the state s is realized, (3) at t_2 , the contract is executed and payoffs are realized.

Definition 1. Assume parties decide to initiate democratic reforms. A political contract γ is a set $\{sg(\theta), (1 - s)g(\theta)\}$. I define a political regime as the set $\{L, R, \gamma\}$.

Note that in case there is no power-sharing arrangement, we have $s = 0$ or $s = 1$. A political regime is legitimate if a party with the power to create civil disorder decides to cooperate instead. A consensus democracy is a system of government that takes the form proportional representation in the legislature and significant minority representation in public administration or the official army.

Definition 2. A political regime is legitimate if the terms of the contract γ are executed. A regime is illegitimate otherwise. A contractual arrangement is consensual if the majority or winning party concedes part of the government power to the minority or losing party.

3. Theoretical Analysis

I first analyze the benchmark case in which the contractual arrangement signed at t_0 is legally enforceable. This means that there is a higher authority trusted by both parties with the resources to implement the contractual arrangement.⁸ I then adopt the view that the political arrangement involving party L and party R , which can be understood as a constitution, is a Hobbesian social contract.⁹ For now, I focus on the agreement between politicians concerning the allocation of power between parties *contingent* on future electoral outcomes. As implicit in the contractual approach to constitutional design, I assume that there is an established authority with the power to enforce the terms of the agreement. However, following Przeworski (1991), I claim that the central reason for adopting a democratic rule is to resolve conflict or to avoid anarchy. Thus, for parties to reach an agreement, it must be the case that democracy dominates the status-quo. In other words, if the power that can be derived from the electoral process is not always higher than the expected level of “anarchic” power, then anarchy will prevail. The problem facing each party then is to maximize the power it can derive from the democratic process, subject to the constraint that democracy is better than anarchy.

3.1. Contracts with Legal Enforceability

Proposition 1 *There exists $\underline{s} \in (0, \frac{1}{2})$ and $\bar{s} \in (\frac{1}{2}, 1)$ such that the new democratic regime is legitimate if and only if L 's level of power is at least $\underline{s}g(\theta)$ for $s < \underline{s}$ and at most $\bar{s}g(\theta)$ for $s > \bar{s}$. Thus the new government is legitimate if and only if it is consensual.*

The proof of proposition 1 is straightforward as \underline{s} and \bar{s} are easily derived by setting $sg(\theta) = a_L$ and $(1-s)g(\theta) = a_R$. The proposition means that political legitimacy requires “limited government” or power-sharing. The winner has to concede some power to the losing party in order to avoid the occurrence of political anarchy. In order to participate in a new political process, parties must receive at least a level of power which is equivalent to what they expect to get from anarchy. In other words, when democratic reforms are initiated in the shadow of anarchy, parties will tend to favor power-sharing arrangements and the construction of a consensual democracy.

Note that parties are not seeking an insurance scheme against electoral defeats. They are simply trying to “save” the democratic process and thereby avoid creating situations similar to those witnessed in Afghanistan, Zaire or Somalia. This attempt ends up limiting the relevance of the electoral process since the losing party is given a level of power which may not reflect the “will of the people.”

The literature in comparative politics (Lijphart 1977 and Horowitz 1985) usually ties consensus models of democracy to ethnic division. In this paper, I show that the critical factor behind the use of this model of democracy might be the likelihood of a collapse of the democratic process. Parties in this paper are assumed to be symmetric and to have fairly equal chances of winning the election. Neither of them represents an ethnic minority and there are no restrictions on how many votes either party could possibly receive. They opt for a power-sharing arrangement not because one party was destined to lose the election, but

because they want to make democracy more attractive than anarchy. Thus ethnic division is neither a necessary nor a sufficient condition for the adoption of a consensus model of democracy.

3.2. *Contracts without Legal Enforceability*

The power that can be derived from anarchy is more volatile than the power that can be derived from a democratic process. In an anarchic political system, a party may be decimated or conversely, it may gain complete control of the political system. Under these circumstances, risk-averse parties are likely to lean toward the democratic process. However, while “anarchic” power is trivially enforceable, “democratic” power may not be enforceable at all. The winning party may renege on its promise to form a consensus government as soon as it takes control of the state. It might also want to undermine the power of the minority and keep itself in power for a long period of time. In this section, I investigate how parties resolve this conflict between risk-sharing and self-enforcement. I examine types of actions parties design *ex ante* to surmount commitment problems or the types of restrictions that are placed on the contractual arrangements so that they will be upheld in the future. In other words I want to design a self-enforcing rule for power-sharing between parties. For this purpose, I adopt Russell Hardin’s view that the most important element of a constitution is that it depends for its enforcement not on an external power but on sanctions and incentives internal to the political system.¹⁰

Incentives for parties to keep their promises depend on how their opponents will react if they do not. If anarchy were to result from a breach of contract, then parties would probably keep their promises. This is because the payoff they receive by staying in the democratic process will then outweigh the expected return associated with anarchy. Now, assume that after the elections, one of the parties finds out that it can successfully grab the share of power that its opponent is entitled to. This party will then fully enjoy the spoils of office, which is preferable to power-sharing.

In this section, I show that these commitment problems will be surmounted if the contractual space is extended to allow *ex ante* or pre-electoral exchange. That is, before the elections take place, the rightist party R has the option of giving up y_R units of resources and the leftist party L has the option of giving up y_L units of resources. I define by $x_R = \theta_R - y_R$ and by $x_L = \theta_L - y_L$ where y_R and y_L help generate state power $c(y)$. I assume that the state power is used to inflict cost on any party that violates the agreement. I also assume that state power is relatively ineffective if only one party contributes to its creation and functioning. That is, for a given $y = (y_R, y_L)$ I have

$$c(y) > c(0, y_L) = c(y_R, 0) = c(0, 0) = 0.$$

Thus, for state power to be effective, some form of joint control over its coercive institutions is required.¹¹

Define by p , the probability that the party which violates the agreement succeeds in completely controlling the government. The payoffs of L and R are now respectively $sg(x)$ and $(1 - s)g(x)$ if the agreement is respected. In addition, a party which violates the

agreement gets $pg(x) - c(y)$ while the other party gets zero. The following proposition summarizes the structure of the equilibrium contract:

Proposition 2 *Assume neither L nor R can commit to respect the terms of the contract. Then there exists a pre-electoral arrangement involving joint control over the “non governing” or state institutions, which is incentive compatible for both parties.*

Proof: The premise is that the state is weak so that the allocation of government power ($s, 1-s$) is not readily enforceable. I will focus on the most interesting case where $p \geq 1-\underline{g}$ where $1-\underline{g} \geq \bar{s}$. That is, the probability that a party can succeed in taking complete and sole control of the government is very high, so that the parties have to commit a positive amount of their human and military resources to the creation state power, $c(y)$. The state power will be used whenever there is an attempt by the winning party to abuse its power or an attempt by the minority party to violently overthrow the regime. To prevent this, the contributions of the parties to state power, $y = (y_R, y_L)$ have to be such that

$$\underline{g}g(\theta - y) \geq pg(\theta - y) - c(y),$$

and

$$(1 - \underline{g})g(\theta - y) \geq pg(\theta - y) - c(y);$$

since $(1 - \underline{g}) \geq \underline{g}$, I have

$$\frac{c(y)}{g(\theta - y)} \geq (p - (1 - \underline{g})). \quad (1)$$

Since both $c(\cdot)$ and $g(\cdot)$ are increasing in their respective arguments, there exists y such that (1) is satisfied. ■

Note that power-sharing arrangements will fail if $c(y)$ is low, that is, if the enforcement mechanism is weak and ineffective as it was the case in Lebanon in 1975.¹² Pre-electoral contributions to the joint “military force” are investments that will be lost if parties break the contractual relationship. These investments are similar to hostages used to support the post-electoral exchange or, in other words self-imposed punishments in the event that the agreements are violated. A typical self-enforcing power-sharing agreement will be backed by a reorganization and/or decentralization of the armed forces in order to prevent any violation of the agreement in the future. There are many examples of such arrangements. In South Africa, before the 1992 elections, the ANC gave up its guns and dissolved its military wing in exchange for joint control of the Armed Forces. In El Salvador, the FMLN agreed in 1989 to a gradual demilitarization in exchange for a major restructuring of the Army. The new democratic governments of Chile and Nicaragua conceded the leadership of the Armed Forces to the incumbents, Pinochet and Ortega respectively.

Consensus theories of democracy were introduced by Lijphart (1984) as an explanation of political stability in many small European countries. As a normative model, it has been used for constitution design in ethnically divided countries and is generally viewed as a potential solution to ethnic divisions. I derive this model of democracy in the more general political environment of an unstable democracy. I show that when the survival of the political process

is at stake, then winning or losing the election becomes secondary. When the new political system is unsettled, a consensus government is a way of providing incentives for parties to choose democracy over anarchy. This does not contradict Lijphart's views on consensus government. He wrote (1984: 29)

In Western democracies, it is an accepted practice in time of emergency for opposition parties to sink their differences and join together in forming national government. In plural societies, of course, it is the nature of the society that constitutes the "crisis"; it is more than a temporary emergency and calls for a long term grand coalition.

However, in my view, ethnic diversity should not be equated with anarchy or political instability. Even though pluralistic societies are more likely to be politically unstable than homogeneous societies, consensual democracy should be considered as a solution to political instability, not to ethnic cleavages. In fact, if ethnic minorities have no political resources at the time of the negotiations for a regime change, it is unlikely that power-sharing will ever be adopted as a model of government. In contrast, when an ethnically homogeneous democracy such as France faced serious outside challenges in the 1930s and in the 1950s, the political leadership opted for consensus governments (e.g. France, Great Britain and Sweden during the second World War).

4. Empirical Analysis and Case Studies

4.1. *Civil War Settlement, State (Re)Building, and Democratization*

The main testable implication of the paper is that post-conflict power-sharing agreements that generate democratic political order are likely to be backed by internal security arrangements or an effective state-building mechanism. The question of security arrangements in the context of civil war settlements has been investigated by a number of scholars (Walter 1997, Stedman 1996, and Hampton 1996). However, none of these studies really focussed on *internal* security arrangements. As Caroline Hartzell (1999) noted, this is a serious limitation, since external security arrangements may fail to provide satisfactory guarantees for all political actors. The external enforcer may be ineffective like the United Nations during the 1983 peace-keeping mission in Lebanon, and the 1991 peace-keeping mission in Angola. It may lack credibility like with France during the collapse of the 1979 civil war settlement in Chad. Therefore, a credible settlement should address the question of "who will control the coercive powers of the state once the central authority has been reconstructed." (1999: 7). Internal security measures or state-building processes may take the form of an integration of the antagonists' armed forces or a decentralized and federated command structure for the armed forces. The following hypothesis captures the theoretical argument highlighted in Proposition 2.

Hypothesis. Power-sharing agreement backed by a joint state building mechanism (institutionalized settlement) has a significant impact on the success of democratic transition (the stability of negotiated settlements).

Hypothesis 1 has been formally tested by Hartzell (1999) in the context of civil war settlements. The data includes all civil wars fought between 1945 and 1997 that ended through negotiated settlements and met the following criteria set up by Small and Singer (1982): first, the conflict generated at least 1,000 battle deaths per year; second the national government was one of the parties to the conflict, third there was an effective resistance on the part of both the government and its adversaries during the course of the conflict and fourth the conflict occurred within a defined political unit. Hartzell coded a peace agreement as stable if there was no new civil war for at least 5 years. This led to the elimination of the civil wars that were settled after 1992 and to a total of 23 agreements for analysis. The dependent variable in her analysis is *settlement stability*. The key independent variable is *settlement institutionalization* constructed on the basis of the following key elements of *power-sharing* arrangements:

- (1) balanced and inclusive armed forces, public administration, courts,
- (2) electoral proportional representation and
- (3) redistributive policies. The other independent variables are: *nature of the conflict*, *superpower conflict* and *third-party guarantor*.

The results clearly support my theoretical argument (Table 1 in appendix). The main finding is that power-sharing backed by state-building (institutionalized settlement) is the most likely arrangement to prove stable. Hartzell also finds that the probability that a negotiated settlement will prove stable increases by 21.8 percent when a third party guarantor exists and 21.5 percent in the absence of superpower conflict, and by 30.4 percent when there is power-sharing backed by state-building. Thus, without rejecting Walter's (1997) claims that enforcement guarantees by outside powers are key to successful settlements, my model supports Hartzell's results: long-standing political stability requires internal security mechanisms.

In the following section, I present two examples that illustrate crucial aspects of power-sharing agreements as discussed in Proposition 2. The empirical analysis gives us reason to believe that certain institutional arrangements can give credibility to power-sharing arrangements and reduce the likelihood that political players will attempt to renege on the electoral contract in the future. However, the precise sequencing and unfolding of the logic can only be detailed in case studies.

4.2. Internal Reform of the Armed Forces: The Case of South Africa

The recent transition in South Africa clearly illustrates the process leading to a consensus government. The negotiations between the African National Congress (ANC) and the National Party (NP) began in 1992, at the end of a decade of intense repression, fierce opposition, and international pressure during which the country was on the brink of anarchy. Going into the negotiations, the NP had complete control over the official army and the bureaucracy. The ANC had strong grassroots support, strong international recognition but a relatively weak military wing. The negotiations led to an agreement to share power between the NP and the ANC.¹³

The NP agreed to power-sharing because it had no chance of winning any election in the short term with universal franchise. It was also unlikely that this party could represent

a credible opposition to the ANC in the near future. So, for the NP, agreeing to share power in a democratically elected government was the safest and possibly the only way to push its political agenda. The ANC agreed on power-sharing because the “NP commands vast state and military resources and continues to enjoy the support of powerful economic forces.” Thus, it was in the best interest of the ANC to provide political protection for “white” economic interests. In addition to this economic pressure, white extremists were also leaning toward terrorist activities. Also, the ANC, representing the black majority, needed to win not only the elections but also political legitimacy. For this purpose, the party needed to forge a broad consensus, which it could obtain only by agreeing to share power. Consistent with the theory developed in this paper, the ANC and NP agreed on major restructuring of the state coercive institutions. As Maphai (1995) wrote, the NP and the ANC agreed on a plan to reduce the ranks of the South African National Defense Force (SANDF) from 135,000 to 75,000 by 1999 with the clear intention of altering the racial and political composition of the armed forces. By 1995, eleven members of the ANC’s military wing had been appointed generals in the new army.¹⁴

4.3. *Third Party Enforcement: The Case of Lebanon*

The power-sharing arrangement between Christians and Muslims collapsed in 1975 when fighting erupted between the Right-wing Phalangist party and the Palestinian guerilla groups. The fighting exacerbated tensions between the Maronist Christians and nationalist Muslim who were pressing not only for a more pro-Palestinian and pro-Arab government but also for a revision of the previous power-sharing arrangement to reflect Muslim population gains (Banks and Miller 1998). The tensions led to a two-year civil war that prompted the intervention of Syria in 1976. Syrian intervention however did not pacify the country: by mid-1981, in addition to the weak Lebanese military, the Syrian army, and Israeli military units, an estimated 43 private armies were operating in Lebanon. In late 1982 and early 1983 a multinational peacekeeping force comprised of American, French, and British units helped stabilize the situation around the capital of Beirut. The peacekeeping forces withdrew in 1984 following attacks on US and French peace keeping missions. This led to an increased political and military role for Syria. This role became even more preponderant after General Aoun, a Christian military leader, declared a “war of liberation” against Syria. Aoun’s rebellion was defeated, and eventually Lebanon and Syria were forced to the bargaining table (Banks and Miller 1998).

In the aftermath of Aoun’s defeat, the Arab League proposed a conference at Taif in Saudi Arabia, where members of the Lebanese parliament would meet with representatives from other Arab countries. Discussions focused on two themes: internal reforms and relations with Syria. The new agreements weakened the symbolic power of the presidency and altered the balance between Christians and Muslims from a ratio of 6 : 5 to parity in the Parliament and throughout the government.

The Taif agreements made Syria the arbiter of all internal and external Lebanese affairs (Norton 1997). The composition of the 1990 government of national unity was determined in Damascus, not Beirut. Syria approved appointees to the open seats in the newly expanded parliament. Pro-Syrian aspirants were named to key positions in the army, security services,

and intelligence units. Syria made the final decision on all key political and diplomatic appointments. Syria's role was further strengthened by the May 1991 "Treaty of Brotherhood, Cooperation, and Coordination." The accords established institutions that supersede, and in some cases violate, both the Lebanese constitution and the Taif agreements. Provisions of the security agreement opened the entire Lebanese security structure, from firefighters to intelligence agencies, to Syrian penetration. Even more revealing, the agreement authorized punishment for those, including journalists, who criticize or otherwise "threaten" Syrian interests (Norton, 1997).¹⁵

As the current analysis shows, the 1975 civil war was not generated by a lack of balance in the 1958 power-sharing arrangement: the 1989 arrangement was as "unfair" to Christians Maronites as the 1958 arrangement was to Muslims. Yet, the 1989 arrangement has held for 10 years and there is no sign of potential violence in the country in the near future. In my view, the key difference in the two arrangements reside in their enforcement. While the Taif agreement has been backed by 25,000 Syrian soldiers, the enforcement of the 1958 accords relied on a weak and divided domestic army and police force. As Richard Dekmejian wrote, "the bifurcation of the army and the police between the predominantly Maronite officer corps and the mostly Muslim soldiery made it virtually impossible to maintain a credible coercive instrument." (1979: 252)

5. Concluding Remarks

This paper discusses the rationality of power-sharing arrangements in the context of democratic transition. I show that when electoral uncertainty is magnified by the likelihood of collapse of the political process, parties are likely to choose at least some level of consensus over opposition politics. When there is limited enforceability of the power-sharing arrangements, I derive restrictions such that these arrangements will in fact be upheld in future periods. I point out the critical importance of an *ex ante* joint contribution in enforcement.

The framework developed in this paper can help address a variety of issues of constitutional design and enforcement. According to Dankwart Rustow (1970), democratic transitions usually arise from an interminable but unwinnable struggle followed by the desire of key elites to negotiate a settlement. He claims that the outcome of this bargain can well assume the form of a constitution. An essential provision of this constitutional arrangement should be the security of the minority party. The civil order necessary for economic and political development can be secured only if the arrangement is designed to allay the fears of all rival political groups. In such an environment, the constitution is a "form" to contain the country's diversity. I can then claim that the contractual arrangement that I have analyzed is a constitution. It results from a bargain in the first period between rival political groups, and is designed to secure political stability or to contain potential conflicts. However, for this interpretation to hold, the contract enforcing mechanism must be specified. I show that the contract will be self-enforcing if there is an enforcement contract between parties before electoral uncertainty is resolved.

Appendix

Table 1. Probit analysis of negotiated settlement stability: Hartzell (1999).

Independent Variables	Coefficient	z
<i>Settlement institutionalization</i>	1.645	2.30*
Nature of conflict	-.912	-0.73
Superpower conflict	1.164	0.86
Third party guarantor	1.183	1.03
Constant	-2.406	-1.56
Number of observations	23	
Log-likelihood	-6.001	
Chi-Square	16.27	
Percentage correctly categorized	86.9	
Percentage reduction in error	77.5	
Pseudo R^2	.57	
Probability > Chi-Square	0.0027	

* $p < .01$

Notes

1. According to Huntington (1991), this new wave of democratization is the third and most important in the history of the world. The first wave began in 1782 and brought into being 29 democracies including the United States. The second wave followed the victory of the allies in World War II and reached its peak in 1962 with 36 countries becoming democratic.
2. Fearon (1993) asks similar questions.
3. For Jung and Shapiro (1995) "consociational systems undermine the functional, legitimacy-enhancing, and public-interest role of the opposition." Horowitz (1991) raises similar questions.
4. The importance of this question arises even from a casual reading of the transition literature. For instance, Jung and Shapiro (1995) investigate the type of political institution likely to be created following negotiated transitions to democracy. Based on outcomes of negotiated transitions in South Africa, Chile, Mongolia and elsewhere, Jung and Shapiro show that incumbents are more likely to prefer consensus politics to opposition politics. In their view, opposition leaders accept power-sharing "because it will bring immediate access to power, and that the terms of the agreement can be abrogated later." This raises the interesting question of how parties *commit* to respecting the terms of power-sharing arrangements.
5. The paper contributes more broadly to the literature on constitutional arrangements. Ordeshook (1992) analyzes the commitment values of constitutional arrangements by comparing two competing views of constitutions. The first, offered by Tullock, presents a constitution as a long term social contract and the second, offered by Hardin, considers it to be a coordinating device. Hardin claims that conceiving of the constitution as a coordination device allows for a more satisfying view of the way that constitutions become self-enforcing. If a constitution were a contract that bound generations across periods, then there should be an exogenous force, a "third party," to guarantee the enforcement. In the absence of such a neutral force, agents might discuss the matter beforehand and agree on a particular pattern of play. If each believes that the other will abide by the implicit agreement, both will have an incentive to act accordingly. Writing a constitution then is "an act of coordination which is maintained through its self-generating incentives and expectations." (1982: 6)
6. This assumption has also been made by Dahl. He considers politicians as instruments of their desire of power, because power is not only directly satisfying but also "has a great instrumental value and a wide variety of satisfactions depend upon it." (1956: 8)
7. Current examples of anarchic political systems include Afghanistan and Somalia

8. The crucial role of the third party enforcer in the implementation of post civil war agreements has been extensively studied by Walter (1997). For example, the United Nations was the third party enforcer during the process of transition to democracy in El Salvador (1991–1994).
9. The concept of constitution as social contract has been used by Brennan and Buchanan. They claim that “The rules of political order. . . can be legitimately derived only from agreement by members of the polity.” (1985: 26).
10. He writes: “The point of establishing a constitution is to put obstacles in our way in order to force us to move along certain paths, not on others.” (1989: 116).
11. This assumption can be justified by noting that if the officer corps of the South African Army is one hundred percent white or one hundred percent black, then either the ANC or the NP would have an incentive to violate the 1994 power-sharing agreements. Both parties would anticipate this outcome and the agreements would never come to life. To prevent this scenario, the South African power-sharing agreement stipulated that one of every five army officers be appointed by the ANC (Maphai, 1996).
12. See Section 4 for a discussion of the Lebanese case.
13. In November 1992, the National Executive of the ANC wrote: “the (NP) regime commands vast state and military resources, continues to enjoy the support of powerful economic forces. (There is a need) to accept that even after the adoption of the new constitution, the balance of forces and the interests of the country may still require us to consider the establishment of a government of national unity.”
14. An alternative explanation for power-sharing in South Africa has been provided by Jung and Shapiro (1995). They argue that both sides opt for power-sharing for reasons having to do with intra-party politics among different factions within the government and the opposition. After a difficult start, the negotiations between the government reformers and the opposition moderates reached a point where both groups became identified with a successful transition and relied on one another for their own political survival.
15. The Taif accords led to improved security. Except for the Hezbollah, the militias have largely disarmed. The ports, highways, and the Beirut airport are under government supervision. Customs duties are once again fulfilled by the government rather than by private militias which previously controlled most legal and illegal ports. However, while Taif weakened politically some communities such as the Shia or the Druse, it strengthened other communities such as the Sunnis. By weakening the presidency and its veto power, the Taif accords also weakened the Christians. The presidential veto power was the only remaining security for the Christians.

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