

Civil War and the Social Contract

by

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Abstract : In this contract-theoretic model the government promises a transfer to its potential opponent in return for not engaging in a civil war. Two causes of civil war are identified. First, imperfect credibility increases the cost of the required transfer, and may make it unfeasible. Second, asymmetric information faces the government with the classic trade off between efficiency and rent-extraction, and civil war is used as a screening device. However, the latter problem can be solved by creating a mixed army, at a cost. The model determines also whether a military regime or a redistributive state prevails in a peaceful equilibrium. A statistical illustration is presented, using African data.