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Voting for Autocracy: Hegemonic Party Survival and its Demise in Mexico

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Chapter 1: Equilibrium party hegemony

All autocratic regimes face two dilemmas: first, they must deter potential opponents, and second, they must induce some form of political loyalty from the masses. How does a hegemonic party manage to solve elite disputes and keep the party united? Why would voters support an autocratic regime? To answer these questions, I present in this chapter my theory of hegemonic party survival, which will be assessed with systematic empirical evidence in subsequent chapters of this book.

2. Elite divisions and the golden years of the PRI

The PRI experienced a series of splits during its history, the most important of which were those of Juan Andreu Almazán in 1940,[1] Ezequiel Padilla in 1946[2], Miguel Henríquez Guzmán in 1952,[3] and Cuauhtémoc Cárdenas in 1988. These splits occurred because these prominent politicians objected to the party's presidential nominee. The 1988 split was different because it resulted in the formation of a new political party, the PRD.

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[1] Almazán headed the opposition against the PNR's nomination, Manuel Avila Camacho, in 1940. Almazán had support from some sectors in the army and from those who were against the party's shift towards the left during the Lázaro Cárdenas years (Medina, 1978). He officially obtained close to 6% of the vote.

[2] Padilla was nominated by the PDM (Partido Democrático Mexicano). He had belonged to the ruling party, holding an important cabinet position during the Avila Camacho presidency. He officially obtained 19% of the vote.

[3] Henríquez Guzmán organized a strong opposition against the ruling party. He claimed to represent the "real" principles of the Mexican Revolution, which according to him and his supporters, had been betrayed during the Alemán presidency. Henríquez Guzmán was at first supported by Lázaro Cárdenas himself. However, when Alemán named Ruiz Cortínez as the presidential nominee, Lázaro Cárdenas publicly rallied with the PRI. Henríquez Guzmán nonetheless continued his campaign through the Popular Party Front. After the PRI won the presidency, these politicians came back to the party when they where offered positions in the state. Henríquez Guzmán officially obtained 16% of the vote.

To understand how a hegemonic party manages to deter party splits and the factors that account for elite divisiveness, consider the following decision theoretic problem of a politician who is evaluating whether to remain loyal to the hegemonic party or to split. The expected utility of joining the hegemonic party is given by the probability of winning under that party's label, P_I, multiplied by the likelihood of obtaining that party's nomination, N_I, times the utility of office O, minus the costs incurred in running a campaign under the incumbent's label C_I. The utility of office can be thought of as access to government spoils, S_I, plus the opportunity to advance some policy goals or ideology, I_I; and α and δ refer to the weights the politician attaches to spoils and ideology, respectively. Thus, the expected value of running as a member of incumbent party is defined as:

$$E(U_I) = P_I N_I (\alpha\ S_I + \delta\ I_I) - C_I \qquad\qquad (1.1)$$

The expected value of splitting is given by the probability of winning under an opposition party's label, Po, multiplied by the probability of obtaining that party's nomination, N_O. When there are no opposition parties, $P_O N_O$ can be thought of as the probability of surpassing legal barriers to entry such that the politician will be able to form and register his own ad-hoc, candidate-centered organization to challenge the hegemonic party. The utility of winning office as a member of the opposition is also a function of access to government spoils, S_O, plus the opportunity to advance some policy goals or ideology, I_O, weighted by α and δ. The costs incurred in campaigning under the opposition party's label, C_O, can be understood in various ways, including the lack of

access to the government-controlled mass media and to harassment by members of the autocratic party. The expected electoral fraud, $E(F)$, should also be subtracted from the politician's expected rewards of splitting. Thus, the expected value of splitting is:

$$E(U_O) = P_O N_O (\alpha \, S_O + \delta \, I_O) - C_O - E(F)^4 \qquad\qquad (1.2)$$

A politician who is more ideologically oriented is assumed to face a stronger trade-off between the incumbent party and the opposition: if he joins the incumbent, he will have to compromise his ideology in favor of the ideology of whomever happens to become the next president; if he joins the opposition, he will be able to advance his true policy goals, at the expense of access to government spoils.

In this simple choice theoretic framework, splits are less likely as the politician perceives that the chances of winning elections by joining the ruling party are larger than the probability of gaining office by joining the opposition ($P_I > P_O$). When P_O is close to zero, the incentives to split are minimal. This is why hegemonic-party autocracies strive to create an image of invincibility. By winning with margins of victory of 75% or more, a hegemonic party generates a public message that only by joining the party could a politician stand a chance of attaining office and that outside of it there is nothing but limbo. When electoral support begins to wither, potential defectors stand better chances of going on their own and defying the ruling party by mobilizing disaffected citizens to the polls.

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4 To simplify, the framework assumes no repetition of the decision problem. For a formalization of the repetitive decision problem with a very similar framework, see Cox (1997).

During the golden years of the PRI, elections were regularly won by huge margins of victory. One key reason the PRI placed a lot of emphasis in mobilizing voters to the polls even when elections were not competitive was to deter elites from splitting. The PRI developed complex networks of organizations and activities to mobilize voter turnout and distributed particularistic material rewards –everything from land titles to construction materials to public sector jobs—prior to elections. During the golden years of the PRI, official participation rates were extremely high –they averaged approximately two-thirds of registered votes (Klesner and Lawson, 2004: 68). Given that elections were not competitive, high voter turnout was intended to generate a public signal about the regime's strength that was mainly intended to deter disaffected politicians from defecting the ruling party.

In addition, in the ambition theoretic framework, the threat of electoral fraud reduces the incentives to split. Every ruling party politician who split from the PRI in 1940, 1946, 1952 and 1988 alleged electoral fraud. With the exception of the 1988 presidential elections, electoral fraud in these elections played more of a symbolic role – fraud was intended to convince elites of the regime's might rather than to make the difference between the PRI winning or losing. However, the PRI could not have successfully convinced elites of the regime's invincibility simply by stuffing the ballots. Fraud could possibly trick ordinary citizens but not potential ruling party defectors.

Furthermore, splits are less likely when the value of the government spoils given to elites increases -- as the difference between S_I and S_O becomes larger. The PRI offered liberal access to government spoils and opportunities for corruption to the members of the so-called "revolutionary family", who were rewarded with plentiful opportunities to

do business under the umbrella of the state and with profitable contracts. During the years of heavy state involvement in the economy and industrialization promoted by the state, politics constituted the principal road to economic success. Hank González, a famous PRI politician, summarized this trait of the Mexican political system with the following phrase: "A politician who stays poor is poor at politics."[5] Large amounts of government bonuses and direct cash transfers were also distributed to elites prior to elections, as I demonstrate in chapter three. These cash transfers given to elites were meant to pay politicians for their continuous loyalty to the ruling party. Since the PRI was in control of the national government and fiscal resources were extremely centralized, a politician who decided to split could expect to be cut off from access to government spoils and profitable state contracts even if he won an election. Thus, in Mexico opposition politicians were by definition "resource-poor" [materially poor] politicians.

The ambition theoretic framework also spells out that the likelihood of splits within the ruling party decrease when the probability of obtaining the nomination, N_I, increases. The 1933 constitutional reform established the rule of non-consecutive reelection for all elective offices --governors, local and federal legislators and municipal presidents. The constitution also forbade presidential reelection. The rule of non-consecutive reelection contributed to elite unity by increasing the continuation value of remaining within the PRI. Suppose that a politician does not obtain the party's nomination in this electoral period. The politician will remain loyal to the PRI as long as the continuation value (the payoff from the next period forward) is larger than the expected value of splitting. If the politician remains loyal to the PRI, he gets 0 in this

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5 The Spanish phrase is "Un político pobre es un pobre político."

period but he has a probability, p, that he will be rewarded by a nomination in the future. Thus, the rule of non-consecutive reelection allowed the party to offer attractive positions to an ample number of politicians and to continuously circulate elites, making the Mexican autocracy highly inclusionary (Smith, 1979; Camp, 1995).

On the other hand, the rule of non-reelection implied that the president needed to be replaced every six years. As argued in the introduction, the relative frequency with which the PRI replaced the president made the party vulnerable to elite divisions prior to the presidential elections. Castañeda's (2000) insightful analysis reveals that the presidential succession was accomplished by following rules. The PRI endowed the president with the enormous power to nominate his successor through a practice called the *dedazo* (the finger-tap). The president also had the strongest say in the nomination of PRI candidates for other important elective offices, including the Chamber of Deputies, the Senate and the governorships (Smith, 1979; Camp, 1995; Diaz-Cayeros, forthcoming). The president chose his successor among the members of the cabinet. "Whoever had harbored dreams of becoming president, but failed to make it to a first-circle cabinet post by the middle of an administration, simply had no chance" (Castañeda, 2000: p. xix). To encourage these politicians to remain loyal until the end, the president deceived them by making each cabinet member believe he was to be the chosen one. The president also severely punished candidates who made their desire for the nomination *public*. Fidel Velázquez, longtime leader of the CTM, expressed this trait of the presidential succession in the following phrase: "whoever moves first will not be included in the picture".[6] The point was that if a politician from the PRI attempted to defy the president by making public his intention to become the party's nominee before the

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6 The Spanish phrase is "el que se mueva no sale en la foto".

president selected the successor, the politician stood no chance of being chosen. The PRI thus sought to discourage the formation of coalitions around strong candidates that would divide the party.

Another strategy the PRI employed to deter party splits was to increase the entry costs to the electoral market, making it costly for former ruling party politicians to form opposition parties that would nominate them (this reduced the value of N_O). To enter the electoral market after exiting the PRI, former ruling party politicians needed either to form their own *ad hoc* partisan organizations and obtain permission from the government to register them, or they needed to obtain a nomination from a preexisting opposition party. The PRI tinkered with the electoral rules to raise the cost of entry to disaffected ruling party politicians who failed to obtain the ruling party's nomination. After the Almazán split, the 1946 electoral law required parties to legally register in order to compete in elections; to obtain such a registration, the parties had to form *national* organizations with sufficient members distributed across the states. The 1946 law required a party to possess 30,000 members nationally, with at least 1,000 members in no less than two-thirds of the states (Medina, 1978). After the split by Henríquez Guzmán, the laws were modified, increasing the requirements for obtaining a legal registry. The new law of 1954 required a minimum of 75,000 members nationally, distributed such that the party had no less than 2,500 members in two thirds of the Mexican states (Medina, 1978: 28; and Molinar, 1991: 36).

As important as these autocratic electoral institutions were in deterring potential challenges, they are insufficient to account for the PRI's hegemony and why it succeeded in preventing more splits. During the era of party hegemony, there is scant evidence of

the government denying requests for legal party registration. The Frente de los Partidos Populares (Popular Party Front), which nominated Henríquez Guzmán for the presidency, was denied legal status because it had organized an armed attack on a military barracks in Northern Mexico. In the 1964 presidential elections, they nonetheless presented a presidential candidate and other symbolic contenders who were prisoners in jail since the 1958 railroad workers strike (Bruhn, 1997). Many of its leaders later participated in the 1968 student movement. The Mexican Communist Party was not allowed to compete until it was legalized with the 1978 electoral reform. This reform was also accompanied by an amnesty law that benefited political prisoners and members of the rural and urban guerillas of the 1960s and 1970s. The 1978 electoral reform also introduced the mixed electoral system for electing the Lower Chamber of Deputies. The new electoral law significantly lowered entry costs for opposition parties which were not able to win single-member races. However, no other party, including those parties that arose from splits within the ruling party, was denied a legal registration (Crespo, 2004). The fact of the matter is that during the years of strong dominance by the PRI, few ambitious politicians sought to form opposition political parties.

It is hardly surprising that the overwhelming majority of Mexican politicians belonged to the PRI since only through that party could politicians attain office. Some opposition parties opted to survive as "satellite" PRI organizations. These parties fielded candidates for local elections and some senatorial, congressional and gubernatorial races, but eventually came always to support the PRI's candidate for the presidential race. Such parties where the PARM (Authentic Party of the Mexican Revolution)[7] and the PPS

7Two generals, Jacinto Trevino and Juan Barragán, formed the PARM. A small group of older revolutionary leaders - including the brother of revolutionary leader, Francisco I Madero - who opposed

(Popular Socialist Party), both clearly on the left on ideological grounds. Supporting the PRI presidential candidate became their survival strategy: it not only allowed them to keep their registry, but on two occasions allowed their leadership to reach governorships.[8] These parties, together with the successors of the Communist Party, nominated Cuauhtémoc Cárdenas as their presidential candidate in the 1988 presidential elections. Thus, for many years, the PAN was the only legally recognized opposition party that did not compete as a "satellite" of the PRI.

The ambition theoretic framework also spells out that splits are less likely among less ideologically oriented politicians. The ruling party was ideologically heterogeneous. Analysts traditionally distinguished two major wings in the PRI: the left-wing which in the fashion of President Lázaro Cárdenas (1934-1940) stressed income redistribution, land reform and the party's commitment to social justice; and the right-wing which like President Miguel Alemán (1946-1952) stressed the government's commitment to industrialization and state-led capitalist development (Hansen, 1974:110). Economic polices shifted between presidential terms emphasizing either private over public property; a stronger or weaker role for the government in economic planning; or more or less social spending. Politicians who succeeded in obtaining the party's nomination for elective office had to compromise their ideology in favor of the ideology of whoever happened to become the president.

Miguel Aleman's polices decided to gather in a group called Hombres de la Revolución, which later became the PARM.

8For instance, General Raul Madero, a politician from PARM, obtained the PRI support and became the governor of Coahuila. Francisco Martinez de la Vega, former PPS politician, switched to the PRI and became governor of San Luis Potosí. Governor Julián Gazcón Mercado was elected on the PPS and PRI ticket in Nayarit. His brother ran on the PPS some years later against a PRI candidate. According to most accounts, he won the elections but the then president of the PRI, Munoz Ledo, offered him instead a seat in the senate, which he refused, thus ending his political career. The leader of the PPS, Jorge Cruickshank García, accepted the deal, becoming senator for Oaxaca.

During the golden years of the PRI, ideology played a critical role in accounting for a politician's disposition to join the PAN, for a long time the only truly independent opposition political party. Since the founding of the PAN in 1939, this party embodied the right-wing alternative to the PRI, emphasizing a smaller role for the state in the economy, a larger role for private property and fidelity to Roman Catholicism. Originally, the PAN was born as a coalition of conservative politicians who opposed the left-wing economic polices implemented by President Lázaro Cárdenas - including the nationalization of the oil industry and the increasing expansion of the government's role in economic planning - and of Catholics opposing the Cárdenas education policy (i.e., providing a socialist government-led education to all Mexicans) and the anti-clericalism of the PRI. The PAN thus emerged as a conservative Catholic party. The party's leaders refuse to admit obvious links to Catholic thought and organizations until 1998 when the PAN became a full member of the international Christian Democratic Organization. As Loaeza (2003) explains, "the ambivalence of PAN toward its religious components can be explained by the anticlericalism of the revolutionary regime that explicitly forbade political parties with a religious affiliation" (196). However, this ambivalence should not lead one to underestimate the importance of the ideas and values that Catholicism provided: "this identity enabled PAN to survive the hegemony of the PRI and the indifference of the majority of voters [.....] The "doctrinal" identity of the PAN was the basis of the image of independence that differentiated it from other opposition parties [.....] for decades, a specific and original doctrine within the revolutionary regime was all PAN had in the absence of votes, voters and elected representatives" (Loaeza, 2003: 197).

Finally, splits are less likely as the costs of campaigning as a candidate from the opposition relative to a ruling party's candidate increase ($C_o > C_I$). Until the mid-1990s, campaign finance and media coverage were seriously skewed against the opposition. "Opposition parties were presented in an unflattering light, if they were presented at all, and PRI contenders received much greater share of coverage that they did of the popular vote. Although opposing parties had won some access to modest public financing and airtime in the 1970s, and although the resources available to them had been increased in the early 1990s, in practice opposition parties received very little coverage until the 1990s. Consequently, Mexican voters were exposed to a fairly homogenous media message designed to generate support for the ruling party and discredit the political opposition." (Lawson, 2002: 159) These biases were particularly pronounced in television, where most voters learned about politics. The first time Mexican voters were extensively exposed through the TV to the campaign pronouncements of opposition candidates was in 1994, during the first televised presidential debate.

The Mexican PRI also enjoyed indiscriminate access to the government's revenue to run its campaigns. The PRI's proclivity for vast and illegal campaign expenditures is not well documented. Some scandals, which began to be covered in the 1990s, suggest the massive amount of illegal resources to which PRI politicians had access. In June of 1995, leaders of the PRD charged that the PRI governor of the state of Tabasco, Roberto Madrazo, had spent between $40 and $80 million on his campaign for the 1994 gubernatorial election –at least twenty times the legally allowed amount (Lawson, 2002: 144).

To summarize, to keep the hegemonic coalition united and deter potential splitters, legal barriers to entry and electoral fraud are insufficient instruments. The PRI also needed first to offer sufficient material rewards and access to government office to the multiplicity of ambitious politicians within the party. Second, the PRI needed to mobilize voters to come to the polls in sufficient numbers to win with huge margins of victory and so generate a public message of invincibility. Both of these strategies presuppose that maintaining party hegemony is costly and that co-optation is better than exclusion.

Using this framework, we are now in a position to understand why the Cardenistas split when they did. Ideological considerations played a major role in the Cardenista split of 1988 (the difference between I_O and I_I; was large). As is clear in Bruhn's (1997) account of the emergence of the PRD, Cárdenas and his allies strongly disagreed with Miguel de la Madrid's economic polices. They strongly opposed the government's reduction of spending under the IMF stabilization package, the government's decision to continue to pay the foreign debt, and the policies of trade liberalization and the privatization of state owned enterprises. The Cardenistas instead still believed in the viability of Import Substitution Industrialization (ISI) and the need to maintain a strong, active and nationalistic state.

However, Cuauhtémoc Cárdenas and the group of politicians that left the PRI with him in 1988 did not split from the ruling party only for ideological differences. Belonging to a radically different political group than the market-oriented technocrats that controlled the presidency, these politicians saw slim prospects for furthering successful political careers within the party (for them the likelihood of obtaining the

party's nomination, N_I, was very slim). As Bruhn's (1997) study documents, the Cardenistas explicitly complained about a strong sense of exclusion during the De la Madrid presidency, arguing that the first circle of power was increasingly controlled by a small group of technocrats which left the politicians, particularly those following a different economic ideology, completely outside. Before splitting, the Cardenistas attempted to "democratize" the PRI. Above all, they opposed the *dedazo,* through which the incumbent president selected his own successor. Once they realized their efforts had failed, they opted to exit from the PRI. The split took place at the party assembly in March 1987, a couple of years after they had formed the *Corriente Democrática* to attempt to democratize the PRI's nomination procedures.

To overcome existing barriers to entry Cárdenas did not form a new political party prior to the 1988 presidential elections. Rather, some pre-existing political parties cross-endorsed him (thus he could obtain an opposition party's nomination, N_O). The first party to support his candidacy was the PARM. Most pre-existing left-wing parties also supported Cárdenas. But the nomination procedures within the PRI had always been hierarchical, and there had always been ideological battles within the PRI. What changed in 1988? One of the most consequential variables in the choice-theoretic framework above is the probability of winning as a member of the hegemonic party, P_I, or as opposition, P_O. No matter how hierarchical nomination procedures are or how salient the ideological divisions, if a politician is sufficiently ambitious, his dominant strategy seems to be not to split when there are no real chances of attaining office through other means. What was different in 1988, as we will see in subsequent chapters of this book, was the electoral discontent against the PRI. The anticipation of better electoral prospects outside

the PRI is what ultimately provided Cárdenas and his allies the incentives to exit the party.

The 1988 presidential elections thus mark a turning point in Mexican politics. There is no doubt that massive electoral fraud was committed against Cárdenas, who claimed the victory. As it will become apparent in chapter eight, the PRI got away with electoral fraud because the opposition failed to present a unified front to challenge the official election results. The PAN seems to have cut an early deal with the incoming president, Carlos Salinas. The rest of the opposition parties that supported Cárdenas refused to confront the results. As Bruhn (1997) documents, these parties were willing to defend their electoral victories in the Lower Chamber of Deputies, but they were not willing to defend Cárdenas' vote in the presidential race.

This book demonstrates that the PRI's electoral support collapsed after the 1994 Peso Crisis, when voters began to defect to the opposition in one local election after another. The opposition won fourteen gubernatorial races between 1994 and 2000. The opposition also won majority control of the Lower Chamber of Deputies in 1997. The growth of the PRD was significant during this period. Its biggest prize was Mexico City, won in 1997 after elections for mayor of the Federal District were introduced for the first time. But the PRD's growth at the local level during this period must primarily be attributed to PRI splits. Despite having no significant presence in the state of Zacatecas, the PRD won the gubernatorial election of 1998 by endorsing Ricardo Monreal, who split from the PRI when this party denied him the nomination. A similar process took place in Baja California Sur: when Cota lost the PRI's primary election, he joined the PRD and won the 1999 gubernatorial race. The PRD also won the gubernatorial elections of

Tlaxcala and Nayarit in 1999. In those cases, a former PRIísta was not only backed by the PRD but also by a coalition among most of the state-level opposition parties. The PRI became so vulnerable to party splits because its popular support had withered.

Prior to the 2000 presidential election, the PRI introduced for the first time in its history a primary election for selecting the party's presidential nominee. Rather than handpicking his successor, President Zedillo allowed the voters to choose the PRI's candidate in an open national primary. Four candidates competed: the interior minister, Francisco Labastida, who was Zedillo's choice; Roberto Madrazo, governor of Tabasco; Manuel Barlett, governor of Puebla; and Humberto Roque Villanueva, a former national head of the PRI. Labastida won the primary election with 55 percent against Roberto Madrazo, with 30 percent. In my choice theoretic ambition theory, a more open nomination process translates into fewer incentives to split. To a large extent, the PRI chose to introduce a primary election rather than having the president hand-pick the candidate so as to avoid a bitter struggle over the PRI nomination that would irreversibly divide the party. None of the losing candidates of the primary election, including Roberto Madrazo, decided to split. Thus, the PRI's ultimate demise in the 2000 elections did not result from divisions within the ruling elite. It rather came as a result of the choices of millions of voters who finally were able "throw the rascals out." Why did it take so long for voters to dislodge the PRI? To answer this question, below I develop a theory to understand voting behavior under an autocratic regime.

2. Modeling electoral support in autocracies

In their seminal analysis of voting choices in Mexico, Domínguez and McCann (1995) propose a "two-stage model" where voters first ask whether to support or oppose the ruling party. The decision in this first stage is mostly explained on the grounds of voters' assessments of what will happen with the national economy if the ruling party loses. It is only in the second stage where issues play a role in accounting for a choice among the opposition parties. My theoretical model builds on this work. It provides insights regarding how voters derive these expectations about the future with and without the ruling party. My model poses three fundamental questions to solve: first, how voters calculate the expected economic performance under the alternative parties; second, how voters calculate their chances of receiving transfers from each of the parties; and third, what shapes voters' calculations about expected levels of post-electoral violence. I define the voters' utility in the following terms:

$$U_i = \beta_i E[p_j] + \alpha_i E[t_j] - \gamma_i ID_{ij}^k - \lambda_i E[v_j] \qquad\qquad (1.3)$$

where, dropping the subscript i, $E[p_j]$ is the expected economic performance of party j if elected. $E[t_j]$ represents the transfers a voter expects to receive by voting from party j. ID refers to the issue distance between voter i and party j in the k issues --the closer a voter is to party j's positions, the higher the chance of supporting that party. $E[v_j]$ refers to the expected level of post-electoral violence that stems from supporting party j. Constants β, α and γ are the weights assigned to "sociotropic evaluations", "pocketbook evaluations", and "policy voting." λ is the voter's aversion to violence. Below I explore how votes derive their expectations about the future.

2.1 A Bayesian logic of learning and the economic history of the regime [9]

When selecting among parties, voters need to assess how those parties will shape future economic performance. Expected party performance, $E[P_j]$ is composed of a set of macroeconomic indicators - growth, inflation, wages, currency stability, interest rates - the party j will deliver if elected. Due to uncertainty about the future and the complexity of the economy, $E[P_j]$ can be represented as a random variable with a normal distribution.

Following Achen (1989, 1992), who builds on Fiorina (1981), I assume that voters calculate expected performance according to Bayesian principles: they hold some prior information, P_{iO}^J, about how party j might perform if elected, which is then updated with campaign promises. The available information about the parties differs considerably. The incumbent has effectively been in office permanently, while the challenger has never governed, at least at the national level. The incumbent's prior, P_{iO}^I, can be constructed from a distribution of the observed economic performance experienced by the individual during his political lifetime while the party has been in power. $\overline{P}_{i0}$ is specifically the mean value of the economic indicators he has observed since he became aware of politics at time *w* so that:

$$\overline{P_{io}^I} = \frac{\sum_{k=w}^{t-1} P_k}{t-w-1} \tag{1.4}$$

The distribution of growth rates is assumed to be normal, $(\overline{P}^I_{i_0}, \sigma_{i0}^2)$. Two new pieces of information are then observed: the current state of the economy, *Pt* and the

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9 This model is inspired in part by Achen's (1992) model of party identification, which builds on Fiorina (1981) and Downs (1957).

incumbent's campaign announcements or the average growth rate it promises to deliver during the following term, A^I_{t+1}, both of which are random variables resulting from normal distributions $N(\mu, \sigma^2)$.

Campaign announcements are not taken at face value. Voters can assess the credibility of the ruling party's promises by looking at its record. In particular, voters are presumed to remember what the incumbent promised to deliver in the previous campaign, A^I_t, and to observe how much the average growth rate it produced, *Pt,* deviated from that promise. If the incumbent is seen to have lied, voters discount the credibility of A^I_{t+1} by a factor δ (where $0 < δ < 1$) so that

$$\delta = \begin{bmatrix} 1 & \text{if} \quad A^1_t \le P_t \\ \dfrac{1}{1+A^1_t - P_t} & \text{otherwise} \end{bmatrix} \qquad (1.5)$$

Hence, voters observe what the incumbent promises to deliver, A^I_{t+1}, qualifying such promise by δ in the manner specified by (1.5). This creates a modified piece of new information, P^I_{Pt+1}, (where $P^I_{Pt+1} = f(δ, A^I_{t+1})$) that voters will use to update their priors.

The expected economic performance of the incumbent during the next term in office, $\overline{P_i}$, is a weighted average of the mean economic performance voter *i* has observed during his lifetime and the two new pieces of information, namely the current state of the economy and the incumbent's campaign promises.[10]

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10 The posterior density function results from the sequential use of a well-known result of Bayesian

$$\overline{P}_i = \frac{1}{w_0 + w_1 + w_2}(w_0 \overline{P}_{i0} + w_1 P_t + w_2 P^I_{pt+1}), \qquad \frac{1}{\sigma^2} = w_0 + w_1 + w_2$$

$$\text{with } w_0 = \frac{1}{\sigma_o^2} \ , \quad w_1 = w_2 = \frac{1}{\sigma^2} \qquad\qquad\qquad\qquad (1.6)$$

It can be seen that the weights of the prior and current information are proportional to the reciprocal of the standard deviations of the data, represented by w_0, w_1 and w_2. This is an appealing result because it can tell us how much information voters can really extract from each observation: the noisier the information, the fewer voters can learn. The economic voting model usually assumes that voters only focus on the most recent piece of retrospective information, applying a myopic decision rule that is well-captured in the phrase "what have you done for me lately?" (V.O. Key, 1966). Here, voters use all the available retrospective information, not only the current state of the economy, and they also learn from campaign promises.

Voters who find the incumbent unreliable or its promises too noisy may be more myopic and less sympathetic during an economic recession. History also matters: if the voter has observed the incumbent party performing in a consistently satisfactory manner, he is expected to be more forgiving if there is an economic downturn during the election year. Yet voters are only expected to be rationally forgiving of an economic recession when the incumbent is reliable and possesses a satisfactory historic record, and when the opposition is not perceived as a superior choice.

In deriving the opposition's expected performance, two serious complications emerge. First, voters' prior beliefs about the opposition party are formed in a state of almost complete ignorance. The argument is not that prior information is completely

analysis when normal distributions are combined (for proof, see Appendix A1.1 in Box and Tiao, 1992: 74).

absent, since voters might still hold *some* beliefs about the opposition party's expected performance. These prior beliefs are, however, generally non-informative. The voter's priors can thus be represented as a diffuse distribution of economic performance of the form $1/\sigma$. The second complication is that voters must update their non-informative priors with current campaign promises, which could very well be interpreted as pure rhetoric, since the credibility of those promises cannot be easily assessed.

The opposition party's expected economic performance during the next term in office results from the combination of a diffuse prior, $1/\sigma$, with a normal distribution, P^O_{Pt+1}, where both μ and σ^2 are unknown:

$$\overline{P^O_i} = \frac{1}{\sigma} P^O_{Pt+1} \qquad\qquad (1.7)$$

This equation shows how hard it is for a party that has effectively been out of office permanently to win over voters purely on the grounds of promised economic performance. The total absence of information about opposition party performance means voters are more likely to discount the opposition's campaign promises as not credible due to uncertainty.

Thus, the hegemonic party has an important advantage over the opposition party due to asymmetries of retrospective information. The role of voter uncertainty in discouraging support for the opposition has been amply recognized by Mexico experts (Cinta, 1999; Buendía, 2000; Morgenstern and Zechmeister, 2001). In a sense σ can be interpreted as the amount of voter uncertainty with respect to opposition parties. This uncertainty is not fixed. An opposition party that has held office at the local level might be regarded as less uncertain than one that has not had previous local experience. Also,

uncertainty is a function of media coverage, with less coverage contributing to increased voter uncertainty. Finally, a party that continuously changes its policy stances might be regarded as more uncertain than one that is more consistent over time.
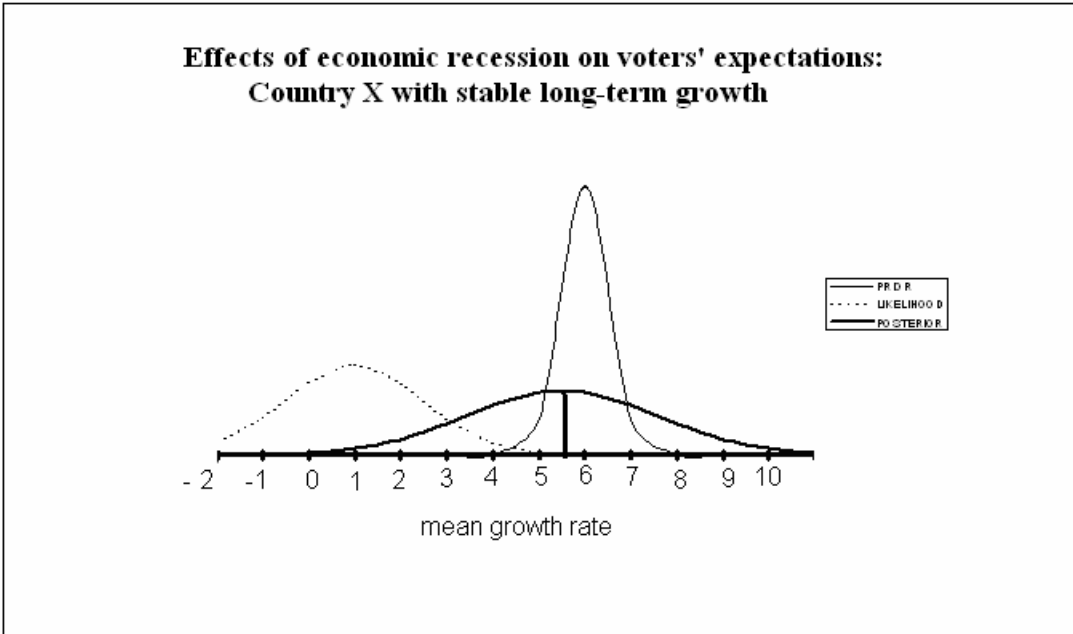
To illustrate some of the implications of this model, suppose countries X and Y have each been governed by hegemonic parties for more than 30 years. To simulate the model I assume that prior beliefs are a function of the mean growth rates observed by the voter since he first became politically aware. Of course voters care about a wider set of economic indicators. All voters, that is, desire a healthy macroeconomic system composed of many indicators – growth rates, inflation, the value of the currency, employment and the like. However, since voters might attach different weights to each of these indicators, to simplify the problem the simulations concentrate only on growth rates.

In both countries the average growth rates have been 6%, but in country X growth rates have been very consistent over time, while in country Y they have been erratic, going from boom to bust to boom again for several years. Now suppose that there is an economic downturn during the election year, with growth rates dropping to 1% in both countries. The model tells us that the average citizen in country X will still expect the hegemonic party to deliver, if reelected, average growth rates largely consistent with its past performance record, while the average citizen in country Y will expect mediocre economic performance. Figures 1.1 and 1.2 illustrate these issues by showing the posterior density functions for the hypothesized average citizens in both countries. The curves are the average citizen prior beliefs (the average of growth rates observed during the individual's life since political awareness), the likelihood density function (the current
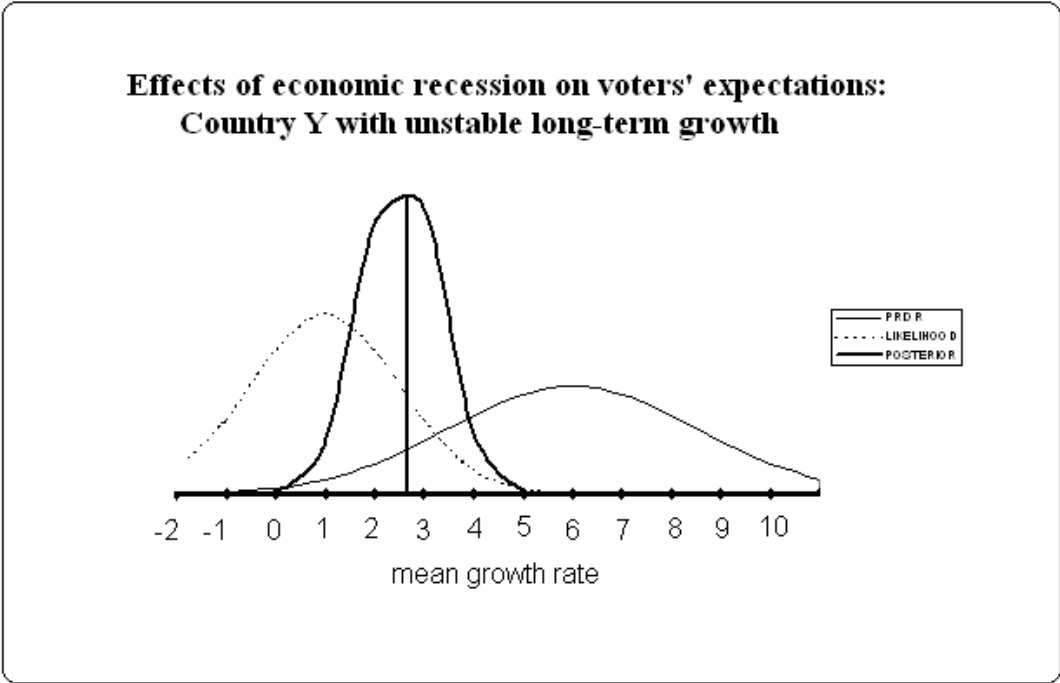
information composed of the current growth rate and the ruling party's campaign announcements) and the posterior density function (the average growth rate the individual expects the ruling party to deliver during the next term in office). The average citizen's prior density function in country X with stable growth rates is given by the normal distribution, $N(6\%, 0.5^2)$, and that of country's Y with unstable growth patterns by $N(6\%, 2.5^2)$; for citizens in both countries, the new observation, which is graphed as the likelihood function, is the growth rate in the election year given by $N(1\%, 1.5^2)$.

We see that after an identical observation - the current economic downturn - the average citizen's beliefs about the expected performance of the parties differ considerably. Although in both countries citizens *a priori* believe that the hegemonic party will deliver a reasonably high annual average growth rate of 6%, the current downturn dramatically reduces posterior beliefs in country Y, yet not in country X.

Naturally, the economic crisis can hurt party Y's re-election chances much more. In a sense, citizens in country X did not pay much attention to the recent economic downturn to form their expectations: their posterior opinion of the expected party performance dropped by less than 1%. Citizens in country Y, on the contrary, were much more myopic. This is because the party's performance record is too noisy, forcing voters to focus only on the most current information to make their inferences.

Effects of economic recession on voters' expectations:
Country X with stable long-term growth

PRDR
LIKELIHOOD
POSTERIOR

-2 -1 0 1 2 3 4 5 6 7 8 9 10
mean growth rate

Figure 1.1

Effects of economic recession on voters' expectations:
Country Y with unstable long-term growth

PRDR
LIKELIHOOD
POSTERIOR

-2 -1 0 1 2 3 4 5 6 7 8 9 10
mean growth rate

Figure 1.2

To illustrate the role of voter uncertainty with respect to the opposition, figure 1.3

simulates the model with a set of election year growth rates for an incumbent that holds a

good performance record. The prior density function is given by the normal distribution, $N(6, 1.87^2)$, which roughly approximates to that of the Mexican PRI from 1940 to 1965, the years of the so-called "economic miracle" of steady high growth rates. The figure also considers two types of challengers, an "unknown opposition" and a "known opposition," each competing in different party systems, a hegemonic-party system and a competitive party system, respectively. Thus, the unknown opposition has never been in office, while the known opposition has. The expected performance of the unknown opposition party is derived from equation (1.7), which uses a diffuse prior and updates it with current campaign announcements. I assume that the challenger mimics the incumbent's campaign promises.[11]

**Effect of voter uncertainty on voters' expectations**
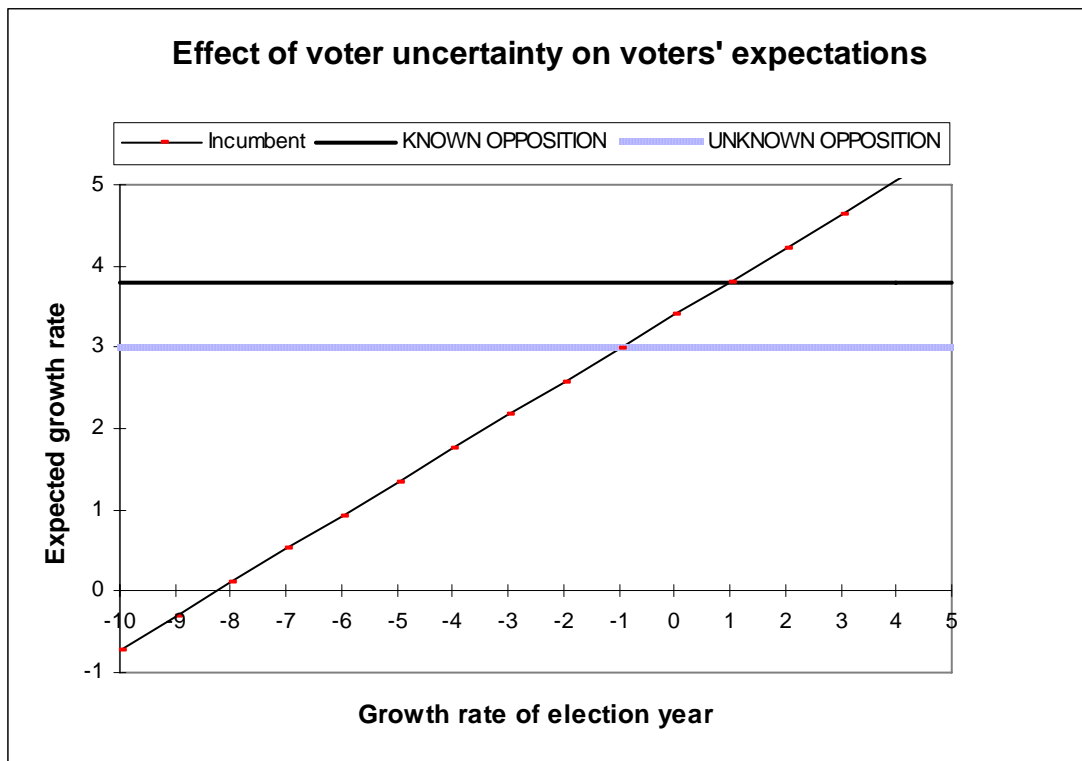
Figure 1.3

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11 Unless otherwise stated, for the purpose of calibrating the model, σ^2 for the challenger is assumed to be equivalent to $1/w_2$.

Since the known opposition has previously been in office, its expected performance can be calculated by applying almost the same equation as that used for the incumbent. That is, for this opposition party, the prior information is given by the average growth rate produced when in office, which voters update with one new piece of information, the current campaign promises. In this simulation, the economic record of the known opposition party is assumed to be slightly lower than that of the incumbent (average of 5% with same variance). Campaign announcements (the new information) are 6% and voters partially believe the incumbent's promises ($\delta = 0.66$). The lines in the figure correspond to the voter's mean posterior density function (or the mean growth rate he expects each of the parties to deliver during the next term in office). The horizontal axis is the growth rate of the election year –the higher it is, the higher the growth rate the voter expects the incumbent to deliver if reelected. The vertical axis refers to expected mean growth rate.

The higher the growth rate during the election year, the higher the incumbent's chances of winning and, conversely, the more severe the economic recession, the more likely the incumbent will lose. Figure 1.3 shows that this is true for *both* the competitive and the hegemonic-party systems. However, clearly the threshold needed for the incumbent to lose the election is smaller when it faces a challenger that holds previous experience in government. The difference between the points at which the unknown and the known opposition parties' expected performance intersect with that of the incumbent might be called the accountability failure of hegemonic-party systems due to the asymmetric retrospective information and voter uncertainty.

In the model, voters can punish the ruling party for being unreliable and betraying its campaign promises. Because there is no retrospective information on the opposition, voters will not be able to actually "grade" its reliability -how much its words resemble its actions. This is the only *ex-ante* asymmetry that can work against the ruling party. To illustrate this point, figure 1.4 simulates the model assuming two types of ruling parties, one "unreliable" and the other "reliable". The unreliable ruling party has deviated from its promises -the actual growth rate at time t was much smaller than the announced growth rate for that period such that $\delta = 0.1$. The reliable ruling party closely delivered what it promised such that $\delta = 0.9$. Both ruling parties possess the same record -a prior density function of $(6, 1.87^2)$ and suffer an economic recession of -1% during the election year. It can be seen that no matter how much the unreliable ruling party assures it will produce future economic prosperity, voters no longer believe its promises to turn things around. By contrast, because voters trust the reliable ruling party, they will give it a chance to fix things up.

The model also provides important clues as to who is more likely to start punishing the regime due to an economic crisis. Citizens differ in their prior economic information on the ruling party's performance because they possess different-"length" past political experiences, meaning that each has observed different averages and variances of growth rates depending on their age. In particular, older voters might have observed different periods of party performance --realignment eras, economic booms, recessions or even wars-- not directly experienced by the young. Consequently, if the party's historical record is good, older voters will be less likely to defect from the party in times of economic crisis.
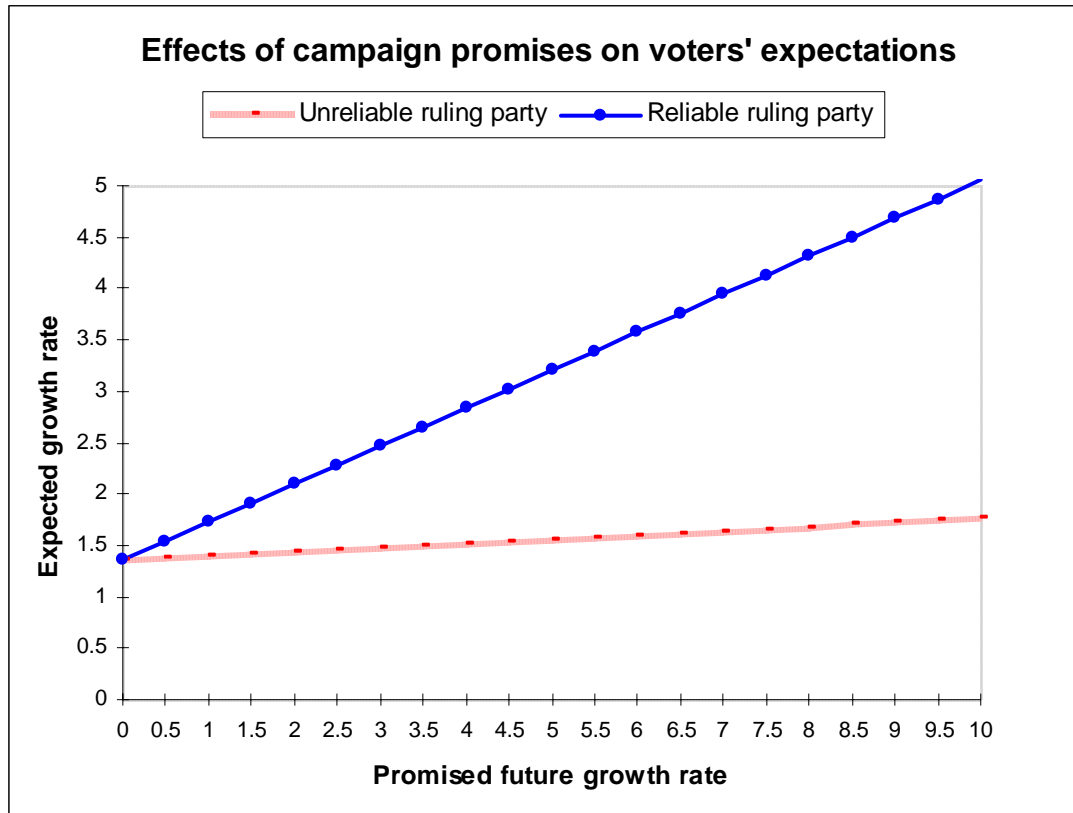
Figure 1.4

To illustrate this point, consider the Mexican historical economic record. Before the debt crisis, all voters had experienced average annual growth rates of 6% or more. The debt crisis generated extremely low prior beliefs among the younger generation, those who became aware of politics once the recession had started. These voters did not experience the so-called economic miracle of stable and high economic growth. When they started to be aware of politics (roughly in the late 1970s and early 1980s), the economy was at the verge of a bust that lasted for almost eight years. During the Salinas' presidency, macroeconomic stability was achieved but the economy barely grew. The 1994 Peso Crisis represented another serious setback. Thus, voters born roughly after 1960 only experienced deteriorating economic conditions and macroeconomic instability

under the rule of the PRI. My model provides a rationale for why the Mexican younger generation was significantly more predisposed to defect from the PRI.

To summarize, with respect to how economic performance shapes support for the hegemonic party, my approach predicts that economic growth should help the regime survive. However, despite a current economic downturn, voters can rationally believe that the ruling party will be more capable than the opposition of handling the future of the national economy when (1) the economic history of the regime has been consistently good; (2) the autocrat has kept its promises such that voters can trust that it will be able to turn things around despite recession; and (3) the opposition is too uncertain. When these conditions hold, voters will be more *forgiving* of economic recession, allowing the autocrat a chance to turn things around in the future. This is how Mexican voters behaved, as I further demonstrate in this book, prior to the 1994 Peso Crisis.

However, my model does not predict that voters will always be tolerant to economic recession. Since voters learn from experience, they can become *vindictive* when the economic history of the regime has fallen below a "threshold of acceptability" such that they no longer trust the ruling party's competence *and* reliability. The 1994 Peso Crisis, as I demonstrate in chapters five and seven, made voters react in this manner, eventually leading to the PRI's demise.

2.2 The Punishment Regime: side-payments and deterrence[12]

Back in 1994, a 65-year-old peasant from the state of Morelos told me: "I have always voted for the PRI because only this party can win. Why would I support the

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12 The deterrence model is from Diaz-Cayeros, Magaloni and Weingast (2004). This section draws heavily from Diaz-Cayeros, Estévez and Magaloni (forthcoming).

opposition if it can't win? They told me that this time they would also give us checks [he was referring to cash transfers within the then recently instituted Farmers Direct Support Program (PROCAMPO) designed to support small-scale farmers].[13] I must thus vote for the PRI to get my check." With this impeccable logic, the 65-year-old peasant expressed the reasons why most of Mexico's poor people supported the ruling party.

Voters are not only concerned about societal outcomes. Like this 65-year-old Mexican peasant, voters also care about government transfers or targeted side-payments such as cash transfers, food subsidies, credit, land-titles, and the like. The voting literature refers to these as *pocketbook* evaluations and these are particularly relevant, I argue, for accounting for voting behavior by the poor. Most scholars agree that government transfers (which are broadly incorporated in the notion of patronage) are a central device autocracies can use to ensure their survival.[14] Yet there is no systematic attempt to incorporate patronage within a theory of voting behavior (Chandra, 2004, is one of the few exceptions). My approach provides a simple mechanism, based on deterring defection, which explains why patronage is such a powerful device for constructing political order. By incorporating patronage into a model of voting behavior, my approach also permits me to evaluate how support for the hegemonic party should change in response to deteriorating economic conditions, modernization and urbanization, and changes in government polices.

I begin by placing voters in a strategic interaction game with the autocratic hegemonic party, which unilaterally controls fiscal transfers and government programs.

13 PROCAMPO replaced price supports for basic grains with direct cash payments.
14 Specially see Huntington, 1968. The vast literature on clientelism also stressed the role of patronage for the construction of political order. The body of literature on clientelism is considerable. See Lemarchand and Legg (1972); Scott (1972); Lemarchand (1972); as well as the edited volumes by Schmidt, S.W. *et al.* (1977); and Gellner and Waterbury (1977).

Voters must decide between supporting the ruling party or the opposition. The ruling party observes voters' behavior and targets side-payments, rewarding supportive voters with patronage funds or punishing defecting voters by withdrawing these funds. The game results in four possible outcomes, which I label A - D. The representation of the sequential game is presented in figure 1.5 below.

I assume that the player Incumbent prefers to reward its supporters and to punish its opponents (it prefers outcome A over B, and D over C). This assumption about the incumbent's behavior, which is supported by empirical evidence in chapter four, rests on the supposition that hegemonic-party regimes seek to maximize the number of votes despite the economic costs of sustaining on oversized coalition so as to deter elite splits and opposition entry. Voters can thus infer that if they support the opposition, they will be punished: they will not receive land from the government, or their subsidies will be cut, or they will be excluded from the government's housing program, or their locality will be punished by the central government with fewer fiscal funds, or they will not receive a direct cash transfer.
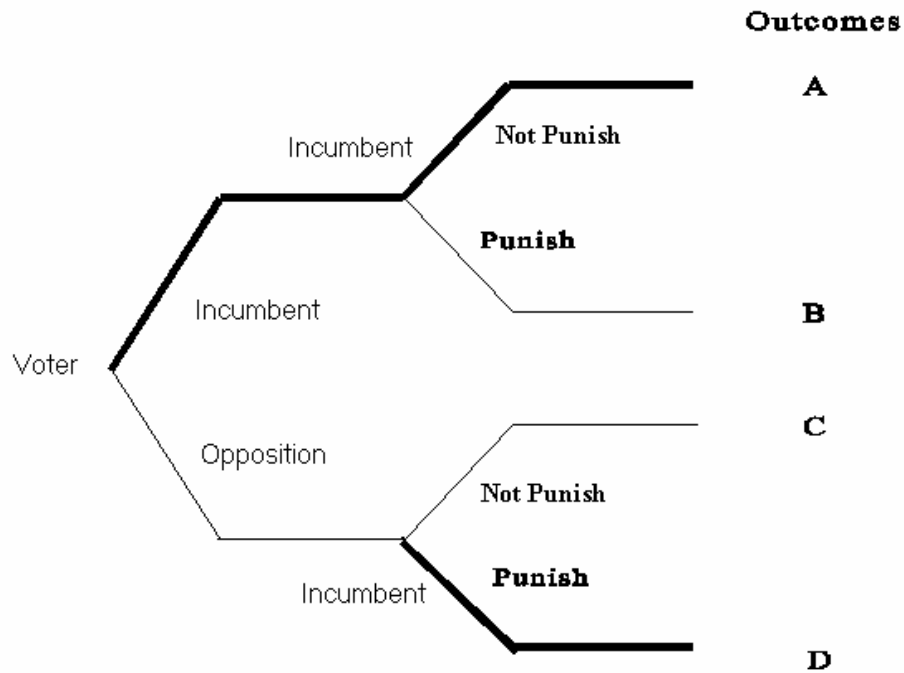
Figure 1.5 Deterrence game and the punishment regime

The literature refers to this form of political exchange as "clientelism" (Scott, 1972; Lemarchand, 1972; Kitschelt, 2000). Clientelism is characterized by dyadic personal relationships that are asymmetric but reciprocal: the patron delivers desired material benefits to its clients in exchange for services and loyalty to the patron. In his classic study, Scott (1972) argued that patron-client links are based on inequality, which arises from the fact that "the patron is in a position to supply *unilaterally* goods and services which the potential client and his family *need for their survival* and well being" (p. 125, emphasis added). As a monopolist for critical resources, such as protection, access to arable land, fertilizers, or water and irrigation, the patron is in a position to exploit his market power and demand compliance from those who wish a share of those

goods. However, if the client did not need these goods so badly, or if she had savings and alternative sources of income to finance her needs, or if she could incur in the costs of exiting to another jurisdiction to secure the needed services, the client would not succumb to the patron's domination.

The effectiveness of this "punishment regime" in deterring voter defection largely depends upon the ruling party's ability, first to *screen* between supporters and opponents, and second, to *target* benefits only to those who will vote for the party. The easier it is to target voters with excludable benefits, and the more closely a party can monitor the voters' choices, the more the deterrence logic applies. This is why clientelistic linkages normally entail the provision of excludable material benefits (Kitschelt, 2000).

Stokes (forthcoming) lucidly argues that clientelistic linkages presuppose a commitment problem: once a party gives a transfer to a voter, how can it make sure that she will abide by the implicit bargain and deliver her vote? Diaz-Cayeros, Estévez and Magaloni (forthcoming), argue that public goods are a riskier political investment because they generate a stronger commitment problem.[15] Once delivered to voters, public goods can be consumed by opposition voters and they cannot be withdrawn. Private outlays such as jobs and other transfers can better solve the commitment problem: if the voter defects after receiving the transfer, the ruling party can always withdraw the private transfer and cut her off from the party's spoils system.

A political party requires a dense organizational network to mitigate the commitment problem, namely that the voter receives the transfer and fails to deliver support. The PAN explicitly prompted voters to behave in this fashion with its creative campaign slogan *"agarra lo que te dan y vota por el PAN"* [take what they give you and

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15 On the commitment problem see also Robinson and Verdier (2002).

vote for the PAN]. To screen loyal voters, the Mexican PRI employed a multiplicity of organizations and agents, ranging from party unions within the CTM and the CNC, to local party bosses, caciques, schoolteachers, and *presidentes ejidales* (the heads of the *ejidos*, a form of communal landholding). During its golden years, the ruling party also resorted to violating the secrecy of the ballot. The PRI could get away with this illegal practice because the opposition did not possess a sufficiently dense organizational network to monitor elections, particularly in rural areas, where the ruling party used to run uncontested (Molinar, 1991). As the opposition grew stronger, the PRI's leeway to violate the secrecy of the ballot gradually disappeared.

Vote-buying works better when people's votes can be observed. This is the reason why clientelistic networks are far more effective in small rural communities than in large impersonal cities. In rural settings, local party brokers and caciques possess more *local knowledge* about voters −with whom voters hang out; what their political opinions are; and which political rallies they show up to. The story of the large cities is different because it is harder for the ruling party to monitor voting behavior and to target loyal core supporters.

By 1988 Mexico was predominantly urban and vote-buying through the party's clientelistic machine became exceedingly expensive, due to the transaction costs than needed to be overcome for effective targeting and to the amount of individual transfers needed to ensure election victories. During the Salinas presidency, the PRI instituted the poverty relief program, the National Solidarity Program (PRONASOL), in an attempt to recover the support of the heterogeneous electorate. PRONASOL distributed private excludable benefits to individuals through the party's clientelistic networks, but the

program also provided public works directly to the communities. These *geographically targeted* public goods reduced transaction costs and were more cost effective per beneficiary, although they involved higher political risks (Diaz-Cayeros, Estévez and Magaloni, forthcoming). The literature refers to this form of political exchange (the exchange of public works for political support) as pork-barrel politics or patronage politics.

2.3 The calculus of voting and the tradeoff between ideology and transfers

Given that the voter's utility function is defined as $U_i = \beta_i E[p_j] + \alpha_i E[t_j] - \gamma_i ID_{ij}^k - \lambda_i E[v_j]$, the utility of voting for the ruling party autocrat increases as the economy grows; as the size of the financial punishment increases; and as the ideological distance from the ruling party is smaller. Leaving the issue of violence aside for subsequent discussion, a voter will be indifferent between voting in favor of one of the opposition parties, say party O, and the ruling party, I, when

$$\beta_i E[p_O - p_I] - \gamma_i(ID_{iO} - ID_{iI}) = \alpha_i T_{iI}^* \qquad (1.8)$$

Where the left hand side represents the utility differential for voter i between one of the opposition parties and the ruling party that is attributable to economic performance and ideology, while the right hand side is the voter's "price" –the minimum transfer necessary to make her vote for the ruling party. For a voter to choose to defect to the opposition the utility differential attributable to economic performance and ideological proximity must *outweigh the expected punishment of foregone financial resources*. The voter will support the ruling party "sincerely", either because he expects the ruling party to be better than the opposition at handling future economic performance, or because he

prefers the ruling party to the opposition on ideological grounds –although, as demonstrated by Domínguez and McCann (1995), ideology rarely accounts for support for a hegemonic party. The voter might also support the ruling party "strategically," because of fear of economic punishment. Equation 1.8 allows me to derive the following propositions about the calculus of voting under autocracy.

1. The prize necessary to buy off political support, T_i^*, increases as the ideological distance between the voter and the ruling party becomes larger. Voters may care about a series of economic policy issues such as taxation, social policy, tariffs, or the exchange rate. I call this the *socioeconomic* dimension of party competition. If the parties are primarily ethnic-based, I assume that ethnicity maps into some meaningful economic policy divisions. For example, as Bates (1989) argues, ethnic groups tend to be geographically concentrated and their interests are largely shaped by what they produce. Export crop producers possess dramatically different preferences with respect to exchange rate polices than those producing food for the internal market. In authoritarian settings, voters may also care about a series of political issues ranging from democratization to protection of human rights, freedom of expression, political participation and electoral reform. I call this the *regime dimension* of party competition. Voters' preferences on the socioeconomic and on the regime dimensions are independent of each other –i.e., voters may intrinsically value democracy and civil liberties, or they may value democracy because of its ability to reduce corruption and increase government accountability. The ruling party will need to devote more transfers to buy-off voters who are most committed to democracy and political reform. It will also need to devote more resources to buy off those who oppose the government's economic policies the most.

2. The prize necessary to buy off political support increases as the voter is less concerned about financial punishment. The weight attached to transfers, α, can vary inversely with voters' income. This is a standard assumption is the literature on distributive politics. As Dixit and Londregan (1996) note, higher marginal utility among the poor make them "more willing to compromise their political preferences for additional private consumption" (1144). This means that middle and high-income voters will be more likely to make "ideological investments" in democratization despite the risk of financial punishment. By contrast, poorer voters who mostly care about transfers are most likely to support the autocratic ruling party. The implication of this result is that hegemonic-party autocracies will have the poor and those most dependent upon the party's spoils system for their survival as its most loyal followers -- a point that has been extensively established by experts of Mexico (Ames, 1970; Klesner, 1988; Molinar, 1991; Cornelius, 1975) and also highlighted in the context of Africa (Cowen and Laakso, 2002). The middle class and the rich, instead, will be more predisposed to support the opposition. Wealth allows voters, so to speak, to make "ideological investments", choosing to support the opposition despite the risk of economic punishment.

3. T_i^* increases as the economic situation deteriorates. Deteriorating economic conditions compel hegemonic-party autocracies to increasingly rely on vote buying and patronage to survive in office. Conversely, as the economy improves, T_i^* decreases because voters will be more predisposed to "sincerely" support the ruling party. This conclusion applies also to rich and middle class voters, who will rationally support autocrats that can make them prosper. Note, however, that economic growth has conflicting effects on authoritarian survival. Because voters support governments that can

make the economy prosper, in the short-term economic growth can strengthen the autocratic regime. Yet since economic growth also increases the income of voters, in the long term economic growth can eventually work against the autocrat, because wealth liberates voters from their dependence on the state and permits them to make ideological investments in democratization despite the risk of economic punishment.

4. The more fiscal resources, subsidies and economic regulations are under the government's control, the more leeway the autocrat will have to buy off electoral support and deter voter exit. This is consistent with the finding in the comparative literature that oil wealth can inhibit democratization (Ross, 2001; Karl, 1997). By the same token, market-oriented reforms and trade liberalization are expected to weaken hegemonic-party autocracies, as these polices imply that the ruling party loses its monopoly over economic sanctions and selective pay-offs in the form of government regulations, subsidies, tariffs, and the like. Indeed, as Dresser (1994) explains for the case of Mexico, "the system of resource allocation that evolved in Mexico during the era of Import Substitution Industrialization (ISI) created a broad-based 'populist distributive coalition' of organized interests ….The coalition flourished on state business such as public credit, production subsidies, tariff protection, tax incentives and purchasing contacts" (145). There is consensus in the literature on Mexico that the efficacy of this "social pact" began to erode in the 1980s and 1990s, with the economic recession and the market-oriented reforms that followed. These polices implied a fundamental restructuring of the traditional alliance of interests.

5. Vote-buying should primarily be directed toward the poor and more ideologically akin voters. In the Mexican context of a divided opposition, this means that

it should be less expensive for the PRI to sway voters who are likely to defect to the left-wing opposition party, the PRD, than those who might defect to the more ideologically-distant PAN. At the mass level, there is no doubt that PRD supporters and PRI supporters look more alike in terms of social composition, both parties drawing support among poorer and left-leaning voters, as I demonstrate in chapters six and seven. At the elite level, however, PAN and PRI politicians appeared more alike ever since the government began to follow neoliberal policies in the mid-1980s.[16]

6. Because the effectiveness of this "punishment regime" in deterring voter defection largely depends upon the ruling party's ability to screen between supporters and opponents, it follows that hegemonic-party autocracies will receive more support in smaller, rural localities, where it is easier to acquire *local knowledge* about voters and where the party's clientelistic networks are likely to be more effective. It is in these settings that party autocrats also tend to more easily get away with violating the secrecy of the ballot. As urbanization and voter heterogeneity increase, support for the autocrat should diminish.

2.3. Mass coordination dilemmas

Democratization requires massive coordination on the part of voters. There are two types of mass coordination dilemmas voters need to overcome to dislodge a hegemonic-party autocracy. The first is confronted by ruling party voters who support the ruling party out of fear of economic punishment. The elderly peasant from the state of

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16 However, PRI politicians were ideologically heterogeneous. The national leadership and their closer allies, including most of the "successful" candidates, were more right-wing since at least 1982. The rest were very leftist, which explains why most of the former ruling party politicians who split have defected to the PRD, not to the PAN.

Morelos cited above fits this characterization. Without the assurance that many other voters will support the opposition, these ruling party voters are likely to play it safe and support the incumbent. Democratization requires first, that ruling party supporters defect *en masse*. I call this type of voting behavior "strategic defections," which are motivated by the perception that the hegemonic party can lose. Chapter seven explores strategic defections by ruling party voters in the 2000 presidential elections.

The second mass coordination game entails deciding which opposition party to support. When opposition party elites do not form electoral fronts, mass opposition coordination is extremely hard to achieve. To represent both of these coordination dilemmas, the deterrence model in section 2 of this chapter can be extended in a natural way. First, let the game be about N voters or N electoral districts, simultaneously making decisions whether to support the hegemonic party or the opposition. Nothing assures that they will coordinate on their decision.

Second, the aggregate decisions of these voters or districts determine whether the hegemonic party or the opposition controls the national government. The preferences of the hegemonic party over the outcomes are the same as in the previous model: it seeks to punish defectors with fewer fiscal funds, and to reward its supporters with transfers. I assume that the opposition's preferences mirror those of the ruling party's.

Finally, there are two or more opposition parties, O_1, O_2, O_3, ... O_n. I assume that these parties hold common political stands on a regime/anti-regime dimension in that they all seek to renegotiate the rules of the game, defeat the autocrat, and establish a democratic system; these parties differ on their economic policy stances, some standing to the left and others to the right of the autocrat on a second, socioeconomic dimension. If

the parties are primarily ethnic-based, I assume that ethnicity maps into some meaningful economic policy divisions. The policy space is thus multidimensional. If the number of voters supporting the ruling party exceeds a certain threshold d, $VI > d$ the ruling party wins control of the national government. But the threshold d can be very low if coordination dilemmas are not overcome. It can be shown that coordination is more likely when the following conditions hold:

1) Coordination requires that voters perceive that the hegemonic party autocrat can effectively be defeated. If voters cannot infer that other voters are also willing to defect, coordination is likely to fail due to the threat of punishment. This assumes that the ruling party can somehow monitor people's votes. Monitoring is reasonable for a subset of voters who live in smaller rural localities, where local party bosses possess more local knowledge to identify supporters and often violate the secrecy of the ballot.

2) In systems with a divided opposition, there are no rational reasons to cast a strategic vote in favor of the strongest opposition party when opposition voters perceive that only the autocrat can win. "Strategic voting" (or abandoning one of the trailing opposition parties in order to support one of the front-runners) requires that the ruling party can effectively lose, for otherwise the voter will be wasting his vote in supporting a challenger that has no real chance (on the logic of strategic voting see Riker and Ordeshook, 1968; Riker, 1982; and Cox, 1997). Perceptions of invulnerability are thus essential to prevent opposition coordination and mass wagon effects against the regime.

3) Coordination is more likely the less the opposition vote, Vo, is divided among opposition parties, where opposition fractionalization, $Vo = Vo_1 + Vo_2 + Vo_3 + \ldots Vo_n$, can be expressed as the effective number of opposition parties, namely $No = \sum \dfrac{1}{(Oi)^2}$.

As No increases, the threshold needed for the hegemonic-party autocrat to win, VI > d, becomes smaller. Thus, hegemonic parties thrive where the opposition is divided.

4) Coordination against the hegemonic party is more likely when the difference between the number of votes of the strongest and the second strongest opposition party increases such that voters can strategically rally behind the strongest opposition party. When two, three or more opposition parties are equally strong, voters will have a hard time coordinating to support the strongest challenger. Thus, for coordination to take place, the ratio between the second strongest and the strongest opposition party should be closer to zero than to one (Cox, 1997). [17]

5) Opposition coordination requires that voters set aside their ideological (or ethnic) differences to dislodge the autocrat. Naturally, if the strongest opposition parties both lie either to the right or to the left of the autocrat, or if the opposition is not divided along ethnic lines, voters will have an easier time coordinating to dislodge the autocrat. Yet, contrary to what Riker (1976) argued for the case of India, coordination is still possible even when the ruling party lies in between both opposition parties in the socioeconomic dimension. Since party competition tends to be multidimensional, in this case voters might still be able to coordinate, provided they more heavily value the regime/anti-regime dimension as opposed to the socioeconomic or ethnic dimensions.

One way to assess how voters value these dimensions is by constructing complete voter preference profiles (Magaloni, 1996). If a voter first prefers a left-wing opposition party, O_L, to a right-wing opposition party, O_R, and he prefers both of these to the

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17 Cox (1997) proposes the second-to-first loser vote ratio (SF ratio) to assess coordination failures. Duvergerian equilibria, where voters successfully coordinate behind the strongest contenders, take place when the SF ratio is closer to zero. Non-Duvergerian equilibria (coordination failures) occur where the SF ratio is close to one.

hegemonic party autocrat, I, such that his complete preference ranking is $O_L > O_R > I$, it is clear that he will be willing to set ideology aside, casting a strategic vote in favor of the right-wing opposition party if this is the strongest challenger. I call this type of voter a non-ideological opposition voter, whose priority is to dislodge the autocrat.

If, on the contrary, the voter's complete preference ranking is $O_L > I > O_R$, ideology will prevent him from casting a strategic vote to dislodge the autocrat. I call this type of voter an ideological opposition voter, whose priority is to support whichever opposition party is closest to his policy preferences even if this party has no chance of defeating the autocrat. Opposition coordination requires that there be more non-ideological than ideological voters among the supporters of the trailing opposition party.

The same logic can be applied to cases where the opposition is divided along ethnic lines. In these cases, opposition coordination will be harder to achieve when there are serious ethnic rivalries among opponents such that voters rather waste their votes or support the ruling party than an opposition party of a different ethnic identify.

6) As in all tipping games, information dissemination about the preferences of the other players, and the relative standing of the alternatives at the polls, is essential for coordination to take place (Lohmann, 1993; Cox, 1997). Yet in hegemonic-party autocracies, there are normally no independent sources of information because the government controls the mass media. Control of the media is an important tool in preventing voter coordination and diminishing snowballing effects because it enables the autocrat to project an image of invincibility.

*5.4. The game of fraud and expectations of post-electoral violence*

In hegemonic-party autocracies, voters must make their choices without being certain of whether the players will respect the election results or if a violent confrontation might occur. An additional difficulty voters confront is that the "game of fraud" takes place in a state of imperfect information: it is not possible to know for certain whether the ruling party actually won or lost.

The strategic calculation of voters can be more fully appreciated in the following simplified version of the transition game I present in chapter eight. The simplified version of the game, which only includes the strategy sets with two opposition parties that coordinate their actions, is given in figure 1.6.

The voter must choose without knowing if the ruling party will win or lose. The box at the second node represents the aggregate decisions of the N voters. If the number of voters supporting the ruling party exceeds d, $V_I > d$, the ruling party wins control of the national government; if $V_o > d$, then the opposition wins control. Once the aggregate decisions of the voters determine which party holds national office, the parties decide on their strategies: the ruling party can either choose to refrain from stealing the elections (not fraud) or can steal the elections from the opposition (fraud). The opposition must then decide how to respond: it must either accept the official results, or contest them through mass demonstrations and rallies.

The ruling party must decide whether to commit fraud or not. If the ruling party commits fraud, the unified opposition challenges the official results. If the ruling party holds clean elections, the opposition accepts the results. Looking down the game tree, the ruling party refrains from committing fraud if it wins and the opposition accepts its defeat. This outcome is denoted with the letter A. In the fully specified game with a

divided opposition, the ruling party can commit fraud even if it wins so as to boost its vote margins when it anticipates that the opposition parties will not coordinate in contesting the results.
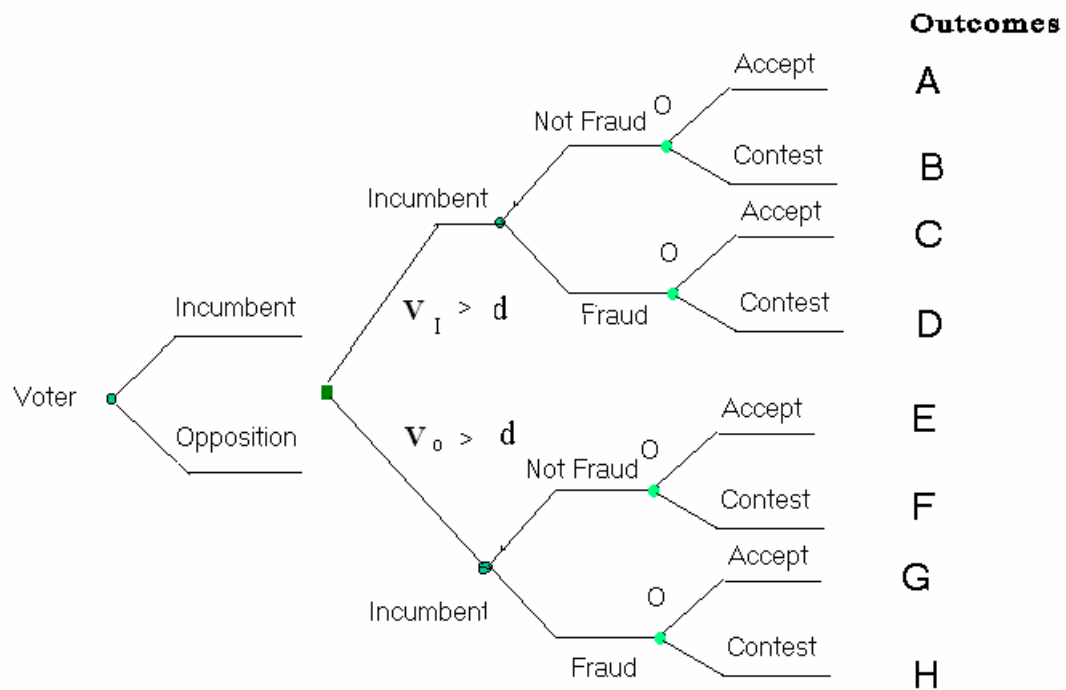
Figure 1.6 Simplified version of the transition game with a unified opposition

The real risks emerge when the ruling party loses: will it accept defeat and yield power peacefully, or will it chose to steal the elections from the opposition, even if this entails serious post-electoral conflict? A peaceful alternation of political power in office is denoted as outcome E: the ruling party loses, refrains from committing fraud, and the opposition possesses no incentives to contest the results. But the other possibility is that the ruling party chooses not to allow the opposition to take office, by stealing the elections through electoral fraud or possibly by using the army. In the simplified version of the game with a unified opposition, the opposition contests the official results, and

post-electoral conflict results (outcome H). The conflictual outcome can range from political instability, resulting from a temporary lack of a legal government, to violence or in the most extreme cases, civil war. To simplify, I will denote such outcome as Violence. In the fully specified game with a divided opposition, the ruling party can get away with stealing the elections when the opposition fails to coordinate to contest the electoral fraud.

In the simplified version of the transition model, the voter must consider two possible outcomes, retaining the existing political regime with no post-electoral violence (outcome A) or a lottery between violence (outcome H) and alternation of political power with the opposition winning (outcome E). The expected value of the voter's decision can be represented as:

$$Ei[I] = pR$$

(1.9)

$$E_i[O] = (1 - p)[(1 - q)A - qV]$$

where p stands for the probability that the ruling party will win a majority of the vote. R is the value of keeping the existing political regime with no post-electoral conflict. The term inside the parentheses is a lottery between the alternation of political power in office (A) and violence (V), where $V \geq 0$ - ranging from simple post-electoral conflict to outright civil war. The probability of violence occurring is q.

The implication of this expression is surprisingly stark: the expected costs of post-electoral conflict (where $V > 0$) are discounted from the opposition. This derives from the fact that the voter knows that, by supporting the opposition, she can trigger an authoritarian response from the ruling party. In this game, the risks of violence are insignificant when the opposition cannot win (e.g., when p is close to one). Yet as the opposition strengthens the risk of violence become more salient. The costs to the voter of the regime's authoritarian response can range from simply not having her vote counted to

having to follow opposition leaders into the streets to defend the vote to, in the worst case, being physically threatened in the parties' feuds.

In my model, there are two types of opposition voters, categorized by their preconceptions regarding the existing political regime and their tolerance for violence, represented as λ in the vote equation 1.3. More tolerant to violence and highly distrustful of the democratic credentials of the regime, *radical opposition voters* will support opposition parties that challenge the electoral fraud. By contrast, *moderate opposition voters,* who are more concerned about political stability, will be suspicious of allegations of electoral fraud, and they will side away from parties that engage in post-electoral battles. This assumes that voters possess not way of knowing the actual election results. One key quandary in the transition game is that allegations of electoral fraud and post-electoral mobilization can paradoxically work at discouraging support for the opposition.[18]

To dissuade the ruling party from rigging the elections, the opposition must be endowed with a high enough number of *radical voters* that develop an unwavering commitment to democratization for its own sake and place that commitment over the disagreements they might have on other issues. If the opposition's electoral base is mostly *moderate*, the ruling party will find it easier to co-opt one of its opponents into acquiescing to the electoral fraud.

The "tragic brilliance" of the authoritarian equilibrium is that the population plays an active role in sustaining it. Despite deteriorating economic conditions, voters might continue to support the autocratic regime because of fear of economic punishment and because of the uncertainty of the opposition. Fear of economic punishment works to

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18 In their study of mass politics in Mexico, Domínguez and McCann (1996) were the first to highlight this paradox. One of the key electoral implications of the perceptions of electoral fraud they found was voter abstention, which had effects that were not neutral, but tended to harm the opposition. "A significant number of voters believe the opposition's claims about the pervasiveness of electoral fraud and stay home on election day, making it easier for the PRI to win" (Domínguez and McCann, 1996: 164). In this book I do not model voter abstention.

discourage support for the opposition among the poor. Richer voters, by contrast, will pay more attention to the state of the national economy, and they will side away from oppositon parties due to uncertainty about their competence to handle future economic performance. Fear of violence is yet another element that works in favor of the autocratic regime, which will be able to co-opt *moderate voters* into acquiescing with electoral malpractice and fraud. Furthermore, once voters are finally ready to defect to the opposition, they need to overcome a series of coordination dilemmas, putting their ideological or ethnic differences aside to dislodge the ruling party. The more voters are divided along ideological or ethnic lines, the harder it will be to vote the rascals out of office.