

## CHAPTER 2 A THEORY OF DOMINANT PARTY FORMATION

The purpose of this chapter is to provide a theory of dominant party formation. In Section 2.1, I define elites and discuss why their inclusion in a model of dominant party formation is necessary. In Section 2.2, I lay out the terms of a two-sided commitment problem between leaders and elites in non-democracies. This two-sided interaction forms the basis of my analysis of dominant party formation. In Section 2.3, I discuss how the commitment problem is overcome. Here I focus on how changes in the balance of resources between leaders and elites increase the likelihood that these actors will make investments in a dominant party institution that can help solve their commitment problem. Ultimately, I argue that dominant parties are most likely to emerge when elites hold enough autonomous political resources (relative to the resources of leaders) that coopting them is necessary, but not so many autonomous resources that they themselves are reluctant to participate in any cooperative bargain.

### **2.1 The Actors: Building a Theory of Dominant Party Formation**

An explanation of dominant party formation can be approached from several possible angles. One is to examine the interests and choices of regime leaders. By regime leader, I mean the individual that serves as the effective head of government in a non-democratic regime. In regimes with nominally democratic institutions this may be the president or the prime minister. In other regimes, military dictators (or juntas), monarchs, or dictators serve as regime leaders. Regime leaders may or may not choose to invest in a dominant party. Explaining the choices of leaders in this regard is the approach pursued by much existing literature (e.g. Gandhi 2008, Smith 2005).

The second approach is to examine the interests of elites. By elites I mean those actors, outside the central leadership of a country, who exercise influence and demand loyalty from citizens and other political actors. In many cases, their elite status is conferred—or simply confirmed—by political office (e.g. regional governors, prominent legislators, ministers, administrators, and the like), while in other cases their influence is not manifested by a formal political position, but rather depends solely on informal stature, as in the case of political bosses, strongmen, caciques, or warlords. In many developing countries, important elite actors draw upon traditional modes of authority, with chiefs, nobles, and clan leaders being prominent examples. In still other cases, political influence derives from economic resources, such as in the case of employers, businessmen, oligarchs, and landlords. In practice, of course, informal modes of influence often translate into formal influence.

Understanding variation in the power of such elites is crucial to understanding politics in the developing world. A rich vein of literature in comparative politics studies such elites, giving particular attention to sub-national elites.<sup>1</sup> Indeed, in the center-periphery conflicts that have wracked much of the developing world, regional elites are often the key actors. Such elites control important political resources, such as entrenched political machines, clientelist networks, hard-to-tax economic assets, or positions of traditional authority that are difficult for leaders to systematically expropriate or control. Subnational elites may be capable of mobilizing citizens

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<sup>1</sup> See Kern and Dolkart 1973, Schmidt 1980, and Duncan Baretta and Markoff 1987, and Hagopian 1996, on Latin America; Powell 1970, Lemerchand 1972, Clapham 1982, Herbst 2000, and Koter 2013 on Africa; Van Dam 1979 on the Middle East, Chubb 1982 on Southern Europe; Cappelli 1989, Matsuzato 2001, Hale 2003 and Alina-Pisano 2010 on the Soviet Union and the post-Soviet states, Weiner 1967 on South Asia; Geertz 1965, Scott 1972 and Sidel 1999 on Southeast Asia)

in elections, on the street, or on the battlefield. They command the loyalties of important sub-elites, such as military officers, opinion leaders, landowners, or enterprise directors. Elites in a country are strong to the extent that they control such resources because these resources give them power over citizens.

For their part, central leaders covet the resources of subnational elites, because these resources can help leaders extract revenue, win votes, implement policy, control social protest, and the like. Regional elites may be individually indispensable (i.e. difficult to repress) and control resources that give them bargaining leverage vis-à-vis the center or, as Migdal (1988) argues, they may be embedded in a broader pattern of effective social control that is costly for leaders to subvert. Thus, leaders must often find accommodation with these elites in order to govern cost-effectively.<sup>2</sup>

When their interests lie in striking temporary bargains with the regime elites may be erstwhile allies. When neutrality or opposition is the best means of protecting their interests they may choose those options. Indeed, throughout history, subnational powerbrokers have often used their resources to stymie the efforts of state leaders to construct strong central states (e.g. Migdal 1988, Sidel 1999, Treisman 1999, Hale 2003).

An elite-centric approach to dominant party formation would place the emphasis on the incentives of elites to join a party. They may see no reason to affiliate with the party or they may

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<sup>2</sup> For the elite resources to have meaning, it must be difficult or costly for regime leaders to expropriate those resources. Clearly, the respective powers of leaders and elites are often endogenous to one another, but as I discuss in Chapters 3, 4, 6, and 8, exogenous factors such as ethnicity, geography, historical legacies, and economic structure make it more likely that elites will develop the political machines and clientelist networks that are hard for leaders to displace. In those chapters, I also discuss plausibly exogenous factors that may determine the autonomous resources of leaders.

have an interest in tying their fates to the regime's party project. A third approach is to assume that both elites and leaders matter and examine the process of dominant party formation as a strategic interaction between these two sides. The argument here embraces the final approach.<sup>3</sup>

### *Elites, Society, and Dominant Party Formation*

This section discusses why it is important to consider the role of elites in a study of dominant party origins. But first it is useful to clarify how an elite-based explanation might differ from a society-based explanation. Most literature attributes the longevity of dominant parties to their ability to retain mass support (e.g. Magaloni 2006, Smith 2005, Greene 2007). It is hard to argue with this perspective, especially in electoral authoritarian regimes; when dominant parties win a plurality of votes then, *ipso facto*, they do not lose.<sup>4</sup> But as proponents of society-based theories themselves have pointed out (e.g. Magaloni and Krichelli 2010), such theories provide less insight into dominant party *origins*. After all, if a dominant party does not exist in the first place, how can mass support for that non-existent party explain its origins? Society-based explanations often have a hard time explaining why leaders and elites would create a party that

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<sup>3</sup> To be sure, I am not the first to focus on elites as central actors in the process of dominant party creation. Slater (2010) also highlights the importance of elite collective action in the construction of a dominant party and further posits that elites will engage in this party-based collective action when they feel threatened by endemic contentious politics. The account of hegemonic electoral performance offered here shares this emphasis on elites, but differs in two ways. First, as I outline in the next section, I cast the problem of dominant party formation as a two-sided commitment problem whereby elites are engaged in a strategic interaction with regime leaders. Second, the incentives that elites have to invest in a dominant party are different in my account, emanating from their relative strength vis-à-vis leaders. Importantly, I identify the factors that make elites important to the decision over whether to form a dominant party.

<sup>4</sup> The relevant question in this line of literature then becomes: how do party leaders attain and maintain social support? This topic is taken up by various authors (e.g. Blaydes 2011, Magaloni 2006, Greene 2007).

might then strive to attain mass support. A focus on leaders and elites can help us understand why actors would create such institutions in the first place.<sup>5</sup>

To be sure, important explanations of dominant party origins do focus on society-based variables (e.g. Huntington 1970). As discussed, both Smith (2005) and Gandhi (2008) argue persuasively that leaders create parties when they face puissant social oppositions that need to be coopted. In many settings, such explanations help us understand key aspects of the dominant party formation process, especially those aspects that pertain to how policy influence is accorded to social groups. But by their very nature, such explanations tell us less about why and when leaders and elites would enter into power-sharing deals with each other under the aegis of a dominant party. Thus, explanations of dominant party origins that focus only on the cooptation of social forces are incomplete because they leave out the incentives of elites to commit to the dominant party.

Empirically, it is clear that elite coordination is a necessary condition for dominant party formation, but the same cannot be said about a strong social base. For while it is very difficult to locate examples of dominant parties that do not subsume a large portion of the elite, it is easier to locate examples of dominant parties that got their start as a collection of elites and either never developed or took some time to develop a strong grassroots presence (e.g. the PDP in Nigeria, the True Whig Party in Liberia, Iran Novin in Iran, OTAN in Kazakhstan, ARENA in Brazil, the Jatiya Party in Bangladesh, or United Russia in Russia). Indeed, as early as 1978, Bienen had

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<sup>5</sup> None of this is to say that society does not play a role in the argument that this book pursues. As I will argue, the popularity of regime leaders plays a role in determining the relative strength of leaders and elite and, in turn, their incentives to invest in a dominant party.

argued that many of the ruling parties in Africa were not nationally integrating, mass-based organizations—as the literature then assumed—but rather were collections of elites organized around patronage-sharing agreements. Such dominant parties win elections by relying not just on programmatic appeals, but also on some combination of clientelism, repression, abuse of state resources, and local machine politics (e.g. Blaydes 2011, Magaloni 2006, Greene 2007, Koter 2013, Reuter 2013). As a result, their electoral support base may shift from election to election.

Thus, considering elites (as well as leaders) as actors can help us understand how interactions between leaders and elites affect the calculus of dominant parties in non-democracies. Understanding such dynamics appears crucial to understanding the origins of those parties that got their start—and sometimes remained—elite-based organizations. But even where some impetus to formation comes from society, focusing on elites helps us understand the elite power-sharing elements of dominant party formation.

Here it might also be appropriate to address how my theory relates to those dominant parties that got their start as revolutionary organizations or anti-colonial liberation movements. The CPSU, the Chinese Communist Party (CCP), and the Cuban Communist party are prime examples of the former, while the Popular Movement for the Liberation of Angola (MPLA), the Mozambique Liberation Front (FRELIMO), and Tanganyika African National Union (TANU) are examples of the latter. In such cases, certain elements of the party organization pre-date the regime itself. On the one hand, my theory of dominant party formation is less applicable situations where a leader comes to power already constrained by a preexisting party. Still, I think that my argument offers some insight into the reasons that leaders and elites remain

committed to investing in a dominant party as a key feature of the regime at the point when the regime is constituted. After all, history shows that leaders and elites retain significant agency in such transitional periods and the decision to retain or jettison a dominant party at those crucial junctures is clearly a conscious one.<sup>6</sup>

It is also worth noting, however, that, contrary to much of the conventional wisdom, dominant parties with anti-colonial or revolutionary origins are not the modal category of dominant party, especially in the post-Cold War era.<sup>7</sup> Of the 128 parties in my global sample of dominant parties (see Chapter 8), 9 were revolutionary movements that pre-dated the authoritarian regime they established, and 38 were once anti-colonial liberation movements or, at least, dominated politics in the colony prior to independence. Meanwhile, 60 parties (47% of the sample) were established by the authoritarian regime in power at the time. And, with the end of both colonialism and the Cold War, only 3 of the 41 dominant parties that got their start between 1980 and 2006 have their origins in revolutionary or anti-colonial struggle. It seems clear that, in the future, very few newly-emerged dominant parties will have revolutionary or anti-colonial origins.

A final reason why an elite-based theory helps advance our understanding of dominant party origins has to do with how regime support is generated. It is well-known that public

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<sup>6</sup> Indeed, even the Bolsheviks, the paradigmatic example of a revolutionary dominant party, were so riven by doctrinal schisms, local conflicts and center-periphery tensions in the first years after the revolution that the continued existence of the party was constantly in doubt (e.g. Daniels 1969, Service 1979, Rigby 1981). And as the present argument would suggest, the unruliness of local officials was one of the most oft-cited threats to the continued existence of the party.

<sup>7</sup> Misperceptions about the prevalence of revolutionary parties may be due to the geopolitical significance of some of the countries where revolutionary parties ruled (e.g. the Soviet Union and China). While the potential misconception about the number of anti-colonial parties is probably due to the fact that much of the early literature on dominant parties, focused on Africa, where in the 1960s and 1970s, anti-colonial parties were the modal variety of ruling party.

opinion in non-democratic regimes is heavily influenced by elites (e.g. Geddes and Zaller 1989). This is part of what makes what makes them undemocratic. Propaganda is spread. Government censors restrict the free flow of information. Voters are coerced and votes are bought. And in many regimes elite opinion leaders outside the ruling group—patrons, strongmen, chiefs, governors, economic elites, warlords, landlords, and the like—exert a heavy influence on citizens' political preferences (e.g. Lemarchand 1972, Sidel 1999, Schmidt 1980, Hale 2003, Sharafutdinova 2013, Koter 2013). My own work on Russia has shown that vote totals for United Russia depended heavily on the ability of powerful governors to mobilize votes for the party (Reuter 2013). Thus, it is not difficult to see why elite coordination in a dominant party would help generate support for that party. Even if social support were taken as a prerequisite for dominant party formation, elite commitment is one key determinant of that social support.

### *Elite Commitment and the Study of Political Parties*

The literature on party formation in democracies pays close attention to the problem of securing elite commitments. Parties harness together the ambitions of rivalrous elites, solving commitment problems among them. John Aldrich's (1995) account of why parties emerged in the United States is the most well-known example of such rational choice work on party development. According to Aldrich, legislators share a long-term interest in collaborating on policy logrolls. But their own short-sightedness and the lack of a commitment device lead legislators to defect from these logrolls ex post by voting their preferences myopically. In this setting, legislators may feel compelled to tie their hands by delegating to third party institutions



(parties) that can solve these commitment problems.

But Aldrich's is not a full-fledged theory of endogenous institutions because it is the party *institution* that constrains actors. This begs the question: why and when would elites join in the early rounds before the institution has enforcement power? In this sense, the argument is somewhat functionalist, for it assumes the emergence of institutions to meet a need felt by actors. Extending this objection to its logical conclusion, one might be compelled to ask whether we should always expect actors to have a long-term interest in cooperating together. It sometimes might be true that actors would find it in their interest to go it alone, crafting their own platforms, expending their personal resources on campaigns, and making ad hoc bargains to achieve desired policies.

Recent work on party development in hybrid regimes has made just this argument. It has questioned whether all actors find it in their best interest to commit to nascent political parties. In a study of post-Soviet Russian party development, Henry Hale (2006) shows that candidates with the support of so-called 'party substitutes' (financial industrial groups and powerful political machines) can avoid party affiliation and be successful in running and winning campaigns. In another study of post-Soviet party development, Regina Smyth (2006), demonstrates that candidates with personal vote resources, such as a local reputation or experience in local leadership, and who own their own business are less likely to affiliate with parties. The upshot of this work is that politicians may not always find it in their best interest to commit to a party, an insight that is also useful as we turn our attention to the origins of dominant parties.

In the study of dominant parties, we know more about how party institutions, once established, can solve elite commitment problems than we do about why elites make investments in the party in the first place. A primary research frontier is to determine the factors that make elites more likely to make these investments. Identifying these factors will help provide a more complete theory of dominant party formation for two reasons. First, it will provide insight into the conditions under which leaders will have an interest in investing in a dominant party. And second, it will help explain the conditions under which elites tie their fates to a nascent dominant party. I argue that elite affiliation does not always follow automatically from a leader's decision to invest in a dominant party (although it may appear that way when we take into account a leader's ability to strategically assess other elites' propensity to invest in the party). There are times when elites do not have an interest in investing in a dominant party.

## **2.2 Dominant Party Formation as a Two-Sided Commitment Problem**

In this section, I lay out a theory of dominant party formation that focuses on a set of commitment problems between a ruler and a body of elites. Broadly speaking, commitment problems arise when an individual (or individuals) cannot make credible promises to behave a certain way (Schelling 1960, Elster 1979, Williamson 1985, North and Weingast 1989, Shepsle 1991). This inability to commit can become "problematic" if an individual would be made better off by maintaining his/her commitments over time. In some of the most interesting social applications, such long-term benefits are only realized through the cooperation of other actors,

but if these actors anticipate the potential for renegeing by the first party and would be harmed by it, they will not cooperate.

While most scholars agree that the inability to make credible commitments inhibits cooperation in a great many settings, the source of the credibility problem may differ. (Moe 1990, Shepsle 1991, Sanchez-Cuenca 1998). One type of credibility problem emanates from a tension between ex ante incentives to *seek* cooperation and ex post incentives to defect. Sanchez-Cuenca (1998) sets up the problem in the following way “A promises B at  $t$  that if B does something in A’s favor at  $t=1$ , then A will reciprocate at  $t=2$ .” But A’s promise to reciprocate at  $t=2$  is not credible, because once A receives the benefit at  $t=1$ , A has no incentive to reciprocate at  $t=2$ , especially if there is no prospect of a repeated interaction or if time horizons are short. To use the jargon of social science, A’s preferences are time inconsistent. Recognizing this, B may not believe A’s promise and, as a result, may not offer the favor at  $t=1$ .

To take but one prominent example, this type of credible commitment problem is often invoked in works that examine the effect of political institutions on economic growth. The inability of rulers to credibly commit to not expropriating the wealth of subjects creates a disincentive to investment. Thus, the ruler’s inability to credibly promise that he will not expropriate wealth hinders long run economic growth, which would benefit both society and the ruler (e.g. North and Weingast 1989, Olson 1993, Stasavage 2002, Gehlbach and Keefer 2012). This variety of commitment problem also features prominently studies of clientelist exchange (Stokes 2005, Hicken 2011), democratization (Kalyvas 2000), common pool resource problems (Ostrom 1990), coalition government (Laver and Shepsle 1990) and many other topics. In the

study of autocracy, both Myerson (2008) and Svobik (2012) describe the problems that dictators have making credible commitments to repay costly debts to past supporters.

Credibility problems may also emanate from temptations to free ride on the effort of others. An individual may benefit from cooperating with another actor, but if the provision of the benefits from cooperation do not depend on his/her individual effort, at least in the short term, then the individual will have an incentive to defect from the cooperative agreement and free ride on the efforts of others. If defections from the cooperative arrangement can go undetected, an individual may be able to receive the benefits of cooperation without paying the costs. The temptation to defect and exploit other parties is always a barrier to commitment.

A classic metaphor for the bilateral case of this dynamic is the prisoner's dilemma. Many studies examine commitment problems in the framework of a repeated prisoner's dilemma where actors cannot commit over time to cooperative arrangements because they have one-time incentives to defect and seek the temptation payoff (e.g. Shleifer 1991, Ostrom 1990, Grief, Milgrom and Weingast 1995). In these works, the problem of time inconsistent preferences and the problem of free riding are addressed as two elements of commitment problems.

A third source of credibility problems has to do with concerns about future shifts in preferences. To use the jargon of game theory, cooperation may be a subgame perfect equilibrium in the present game, but one or more parties may be concerned that a future change in resources or circumstances will shift preferences in such a way that the other party will lose its incentive to continue cooperating. Thus, promises to cooperate may not be credible over the long-term, especially if they are not robust to small shifts in preferences or if there is some

expectation that circumstances will soon change drastically. Such concerns may be a problem even if cooperation is an equilibrium in the present, or they may complement the above mentioned free-rider and moral hazard problems to create a set of credible commitment problems. Analyses of this type of credibility problem are most common in the international relations literature where rapid shifts in relative power are thought to deter peaceful cooperation in the present, because weaker states fear that they will be exploited in the future (Morrow and Kim 1992, Fearon 1995, Powell 1999).

These three types of commitment problems are not mutually exclusive; to the contrary, they may all act to stymie cooperation in a given social interaction. Indeed, as the next section points out, all three are liable to stymie the efforts of leaders and elites to cooperate in non-democracies. Nor must only one side in an interaction face a credible commitment problem. In the argument below, I describe how *both* leaders and elites may face credible commitment problems that can inhibit cooperation, even though both sides might benefit from mutual cooperation in the long-term. In the next section, I discuss the long-term benefits that rulers and elites would like to achieve through mutual agreement on several issues. I then discuss the costs of cooperation and the associated incentives that rulers and elites may have to renege on any such ex ante agreement.

#### The Leader's Commitment Problem, Part One: Benefits of Cooperating with Elites

##### *Ensuring Loyalty to the Regime*

Leaders prefer to remain in office and to maximize their share of spoils and policy influence. Leaders in non-democratic regimes vary in the extent to which they require the cooperation of elites to achieve these goals, but all must rely upon an elite coalition of some size to stay in power. In many settings, elite schisms are the primary threat facing leaders. Leaders want to ensure the loyalty of key elites to avoid coups, conspiracies, electoral defections, and the like. Leaders would very much like to find a way to bind these elites to the regime. One way is by distributing spoils, policy, and careers through private transfers to these elites (Bueno De Mesquita et al. 2004). But as I elaborate below, elites have no way to be assured that leaders will continue providing them with these benefits now and in the future. This leaves elites with constant incentives to conspire, rebel, or shirk their duties before the leader. For cooptation to be effective in keeping elites loyal, the leader must offer guarantees that policy, spoils, and office will be dependably distributed to them now and in the future. If leaders could agree to distribute these spoils in a rule-governed and predictable manner, then elites will have a reason to remain loyal to the regime (Brownlee 2007, Magaloni 2008, Svobik 2012). In sum, leaders value effective cooptation.

### *Controlling Legislatures and Making Policy*

In many dictatorships, the legislature is a rubber stamp. And yet, the formal powers of the legislature are extensive in many autocracies. One such case is Russia where the decree making powers of the president are relatively limited (Haspel, Remington, and Smith 2006). Thus, the legislature is only marginalized if it can be controlled by the executive.

In order to control the legislature, leaders can cobble together legislative majorities for each bill, trading individual favors and private goods for legislative votes. But such arrangements can be exceedingly costly and can generate uncertainty over the final content of legislation (e.g. Cox and Morgenstern 2002, Remington 2006). Leaders in non-democracies are rarely excluded from influencing the majority coalition, but given the need to make side payments and concessions to shifting groups of legislators, the final outcome of legislation may deviate from the leader's ideal point. These logrolls are costly because leaders must expend time and effort winning over individual allies and gaining information on whom to court. Moreover, the private transfers or concessions that leaders must make to individual legislators or shifting coalitions of legislators are likely to exceed the amount of benefits they would have to offer if they could agree with elites on a long-term ex ante division of policy (see above). After all, the uncertainty-reducing benefits that elites receive from knowing that spoils will be distributed according to the terms of some pre-made agreement are likely to offset some of the real value of spoils that they would require in on-the-spot transfers. Given these potential costs, leaders can benefit by making some agreement with elites to ensure that executive initiatives are adopted within the framework of a long-term deal. In Aldrich's (1995) terms, they would benefit from entering into a 'long coalition' with these elites.

### *Generating Regime Support and Winning Elections*

Elites are opinion leaders in society. The comparative politics literature is rich with studies of how strongmen, landlords, chiefs, clan leaders, bosses, local officials, and other such patrons use

their resources to influence citizens' political preferences. In African elections, numerous scholars have described how traditional leaders draw on their authority to shape the vote (e.g. Lemarchand 1972, Clapham 1982, Koter 2013). In Indonesia, Scott (1972), drawing on the work of Feith (1961) and Geertz (1965), described the influence that bupati, wedanas, tjamats, local military commanders, and clan leaders wielded over election outcomes in that country. Sidel (1999) has analyzed how political bosses play a similar role in the Philippines. In Latin America both political scientists (Kern 1973) and economists (Baland and Robinson 2008) have described how landlords have used their dominant position vis-à-vis tenants to influence their voting behavior. Hagopian (1996) provides a comprehensive review of the ways that Brazilian politics have been shaped by regional oligarchies and political machines. As detailed in the next chapter, scholars of post-Soviet politics have outlined the various ways that regional governors use administrative resources to ensure favorable electoral outcomes (e.g. Matsuzaka 2001, Hale 2003, Reuter 2013, Sharafutdinova 2013). Focusing on another type of post-Soviet political patron, Frye, Reuter, and Szakonyi (2014) have described how post-Soviet firm managers use economic coercion in the workplace to put political pressure on their employees at election time.

As these examples make clear, the resources that such elites draw upon to influence political behavior are varied. They may include fame, wealth, status, traditional authority, kinship and ethnic bonds, clan ties, norms of reciprocity, clientelist networks, patronage, and power asymmetries. The methods they use include persuasion, agenda setting, persuasion, material inducement, clientelist exchange, intimidation, and coercion. Elites also employ these methods and resources to influence the political positions of other sub-elites. This is the essence



of the well-functioning political machine, in which asymmetric, mutually dependent ties between patrons and clients ensure both political support for the patron and the compliance of sub-elites (cf Scott 1972).

Thus, it is not hard to see why central leaders would covet the resources of these subnational elites. Such resources can help leaders generate political support, whether at the ballot box or on the street. Cooperating with elites would help leaders gain access to these resources.

#### *Coordinating Pro-Regime Candidates During Elections*

When elections are held, leaders need tools for ensuring that pro-regime candidates are elected. Coordination failures among pro-regime candidates can lead to unexpected outcomes that are suboptimal for the ruler. Political scientists have devoted significant attention to the implications of coordination failures among opposition candidates in non-democracies (Howard and Roessler 2006, Van de Walle 2006), but the consequences of coordination failures among regime candidates remain understudied. Two pro-regime candidates may each calculate that they have a chance of winning an election. Both may seek to capitalize with voters on their support for the current regime and associate themselves with the ruler, while simultaneously highlighting the differences between them. If they compete separately, there exists the possibility that they will split the regime vote and that an opposition candidate will win the seat or post. Such coordination failures are costly for a ruler trying to control elections.

The ruler may opt to ensure the election of loyal deputies by striking new bargains with powerful elites for every election. In other words, he can monitor each election and make side-deals with ambitious candidates so that some will forego running for office, perhaps in exchange for a preferred rent or the promise of future career advancement. However, the transaction costs associated with the constant revision of such ad hoc arrangements can be significant, especially when the regime hopes to see loyal candidates installed at several different levels of government. In addition, as with the division of legislative spoils, regime leaders will have to pay candidates less to coordinate if there is an agreement about how the payoff will be distributed in the future.

In sum, leaders can benefit from making an agreement with elite allies about how access to the ballot will be regulated. By allocating ballot access to some candidates and providing others with assurances that they will have their chance to run in the future, such an agreement would ensure that pro-regime candidates do not compete against one another.

### *Routinization of Political Appointment Processes*

Leaders in non-democracies typically make appointments, either de jure or de facto, to a great many offices. To the extent possible, they would like to reduce the costs associated gathering information on cadres and determining who should receive promotions. As with legislative logrolls, this process is likely to involve costly negotiation and concession-making. One way that leaders can avoid these costs is by making an ex ante agreement on the distribution of spoils.

One clear example of this is the nomenklatura system operated by the CPSU in the Soviet Union. The nomenklatura system consisted of a table of appointments covering all political offices. This ex ante agreement on the distribution of posts ensured the efficient distribution of posts to loyal and talented supporters. Thus, as with the distribution of policy and rents in legislative settings, leaders would like to find a way to reduce their transaction costs.

### The Leader's Commitment Problem, Part 2: Costs of Cooperation and Incentives to Renege

As I elaborate below, elites will not relinquish control over their autonomous resources and cooperate with leaders unless they can be sure that leaders will share the spoils of governing with them in a predictable manner. If leaders want to effectively coopt these elites, they will have to agree to some ex ante division of policy, rents, and influence. This may mean that the leader will support only agreed upon candidates in elections. It may mean that he will promote only those whom he has promised to promote. Or it may mean that policy and rents will be distributed to elites according to the terms of some pre-determined arrangement. Thus, in addition to the cost associated with spoil-sharing, making an agreement with elites necessitates a loss of autonomy for the leader. This loss of autonomy is all the more unsettling for rulers because elites may use these spoils and political positions to challenge or undermine the leader.

These costs create incentives to renege and make it difficult for the leader to commit to any such ex ante agreement. Leaders may make promises to distribute spoils in a certain way, but once the cooperation of elites is secured, they will be tempted to renege on their promises. To use the political science jargon, their promises are time inconsistent. And while cooperation

might leave the leader better off in the long-term, his short-sightedness may lead him to seek immediate gain by renegeing on the terms of the agreement.

Alternatively, circumstances, resources, or preferences may change in such a way that the leader finds the original bargain unsatisfactory or obsolete and, thus, seeks to back out of the agreement. If circumstances change the leader may want to support another candidate for office, craft a different piece of legislation, or promote another cadre. For example, a new oil discovery may increase the power of leaders vis-à-vis elites and reduce the leaders need for cooperation with elites. Or if a policy failure harms the reputation of elites, the leader may want to distance himself from those tainted by the scandal. Elites may fear this potential for renegeing and not cooperate as a result.

Strategic dilemmas of trust worsen the leader's commitment problem still further. After all, the leader's incentive to renege will be exacerbated if the leader believes that he can, unbeknownst to elites, shirk his own responsibilities under the agreement and still secure the benefits of cooperation. Leaders may use state resources to back an alternative candidate during elections without the knowledge of insider elites. Or leaders may try to coopt outsiders by channeling spoils to an elite group that is not part of the spoil-sharing agreement. In order to make an agreement attractive to elites, elites must have some assurance that leaders will abide by the terms of the bargain, otherwise elites would risk paying the costs of cooperation without assurances that they will be receiving the benefits.

It is worth noting that this ex ante "agreement" is just a fictitious construct presented here to highlight the cooperation problems between leaders and elites. But the implausibility of such

an agreement only underscores the difficulty that a ruler has in refraining from abusing elites around him. In many countries around the world, leaders who cannot commit to such an informal cooptive arrangement are left to strike ad hoc, cooptive bargains with individual elites. Alternatively, under certain conditions that I outline below, they may seek out a way of assuring elites that they can be trusted to abide by the terms of the bargain.

### The Elites' Commitment Problem Part One: Benefits of Reaching an Agreement with Leaders

#### *Dependable Career Advancement*

Career advancement is one of the primary goals that politicians pursue. In non-democracies, access to careers is at least partially controlled by the regime. Leaders make appointments, give promotions, and use their levers of administrative influence to support candidates for office. Elites may also reap electoral benefits from being associated with the leader, who may be popular among voters or carry weight among other elites. Thus, most elites would like to cooperate with leaders because such cooperation will help their careers.

Given the importance that elites place on career advancement, most are eager to reduce uncertainty about their future career prospects. Career advancement opportunities may be distributed by leaders in an ad hoc manner on the basis of personal ties and clientelist networks, but elites would prefer to find an accommodation with the leader that gives them some sort of assurance that these goods could be provided on an ongoing basis into the future. They would like the peace of mind to know that they can retain their office and that career advancement will be possible in the future (e.g. Geddes 2003, Brownlee 2007, Magaloni 2008, Svobik 2012).

Relatedly, elites would prefer that some stable criteria for career advancement exist and that these criteria are made known to them. Leaders will require loyalty from elites in order to grant such assurances, but elites can still benefit from such an agreement because such a deal makes the price of promotion clear. Under such a deal, elites can know that loyalty will be rewarded dependably with career advancement.

### *Securing Dependable Access to Spoils and Policy Influence*

A similar uncertainty-reducing benefit applies to access to spoils and policy. Leaders have the power to make policy concessions, as well as to grant personal privileges to elites—immunity from prosecution, career advancement for relatives, insider deals on government contracts, tax exemptions, real estate, government cars, preferential treatment in the procurement of permits and exemptions, and so on.

As with careers, some of these goods are distributed in an ad hoc, bilateral fashion on the basis of personal ties. But elites would prefer to find an accommodation with the leader that gives them some sort of assurance that these goods could be provided on a predictable basis and into the future. Leaders may demand loyalty from elites in order to grant such assurances, but elites can still benefit from such an agreement because such a deal makes the price of spoils clear. Under such a deal, elites can know that loyalty will be rewarded with perks, privileges, and rents. Elites value this reduction in uncertainty.

### *Reducing Transaction Costs*

Just as leaders would value the reduced transaction costs associated with coming to an agreement on the sharing of spoils, policy, and positions, elites would like to simplify the process of lobbying the regime for these benefits. Constant negotiation for policy concessions, perks, and career support is costly. Elites must pay for lobbyists in the capital, they must gather information about what perks and privileges are achievable, and they must expend time in the process of negotiation. Thus, elites not only value reduced uncertainty in its own right, they would also like to save time, effort, and resources on lobbying.

### The Elites' Commitment Problem Part Two: Costs of Cooperation and Incentives to Renege

Few studies of authoritarian politics emphasize the costs that elites pay when they cooperate with leaders. When elites enjoy autonomous control over political resources, they suffer the cost of losing that autonomy when they link their political fates to the regime. Reaching a cooperative arrangement with leaders would limit their ability to criticize the regime. It would limit their ability to decide for themselves how and when they will run for office. Top-level elites would agree not to run their own lists of candidates in elections and to support regime appointments. Finally, elites would also be precluded from striking their own bargains on policy concessions outside the terms of the original agreement. These are costly restrictions on autonomy.

Considering these costs, it is not hard to see how the elite commitment problem mirrors that of the leader. Elites would benefit, especially in the long-term, from cooperating with leaders. They would like to know that they will receive their preferred policy, rent, or office in

the future. Leaders might be willing to provide these assurances if elites could convince leaders that they will be dutiful followers, support regime sponsored legislative initiatives, back regime candidates for promotion and election, and put their political machines to work for the regime. But in making this commitment elites relinquish some of their political autonomy. This may give them incentives to defect, and they have no way of assuring leaders that they will not renege on these commitments.

While cooperation might leave elites better off in the long-term, their short-sightedness can lead them to seek immediate gain by renegeing on the terms of the agreement *ex post*. For example, after receiving their own promotion, they may use their clientelist base to advance one of their own clients at the expense of regime-sponsored cadres. Or after receiving special legislative treatment for their own business interests, they may vote against a regime-sponsored bill. In sum, elites may have difficulty making their promises credible, and, as a result of this, they have difficulty ensuring the cooperation of leaders.

As with leaders, elite commitment problems can also arise from uncertainty about future preferences. Should circumstances change elites may come to view the initial cooperative bargain with leaders as disadvantageous. For example, if a scandal taints a leader's reputation and popularity, elites may want to distance themselves from the regime. Or, if a fiscal crisis were to reduce the value of spoils flowing from the central government, elites will have fewer incentives to cooperate. Leaders are concerned about this potential for future renegeing and may be dissuaded from cooperating as a result.

The temptation for elites to abandon their promises is likely to be especially strong if



elites believe they can shirk their obligations without the regime's knowledge and, thus, continue to receive the benefits of cooperation. Elites may, unbeknownst to leaders, use their administrative resources to back oppositional candidates, or they may funnel corruption rents away from the regime and toward their own clients. More severely, they may criticize the regime in their localities and thus seek to undermine popular support for the regime. In order to make a cooperative agreement attractive to leaders, leaders must have some assurance that elites will abide by the terms of the bargain, otherwise leaders would risk paying the costs of cooperation without knowing that they will receive the benefits.

#### Summing Up: A Two-Sided Commitment Problem

We can now put together the pieces from the foregoing section to provide a complete picture of the commitment problems that leaders and elites face. Leaders and elites would benefit over the long-term by cooperating and supporting one another, but each side finds it difficult to credibly assure the other that it will be a faithful partner in this collusion. Elites will not remain true to this bargain unless they can be sure that the leader will make it a mechanism for guaranteeing the supply of spoils and careers. The ruler is also unwilling to commit himself to the party unless he can be sure that other elites will be loyal to the party. The benefits of the bargain are only achieved when both players cooperate, but each has strong one-time incentives to defect, owing to their desire for autonomy. Each side would like to reach a mutually beneficial agreement, but is tempted to obtain short-term gains by defecting ex post, and their short-sightedness may lead them to do just that.

The problem is complicated by the fact that each is tempted to try to exploit the other side and renege on the agreement while the other side continues to cooperate. Sporadic renegeing by leaders, if unobserved by elites, can yield significant benefits because it allows the leader to gain the cooperation of elites, while he retains his autonomy. The same is true for elites; sporadic renegeing while the leader remains true to the terms of the agreement can be very rewarding. In order to keep from being abused sporadically, the parties must find a mechanism for monitoring compliance.

## **2.3 Overcoming the Commitment Problem**

### Part 1: Dominant Party Institutions

Social scientists have sought solutions to commitment problems by looking for ways that commitments can be made credible in the eyes of other players. One way to solve commitment problems is through repeated play. If players can develop reputations of trustworthiness, then cooperation can be an equilibrium (Axelrod 1984, Ostrom 1995). However, as North and Weingast (1989), Greif, Milgrom, and Weingast (1994), Greif (1992) and others have pointed out, repeated play with reputation mechanisms is often insufficient, especially if actors discount the future heavily. As an alternative (or supplement), actors make seek to solve their commitment problems by delegating authority to third party institutions. For example, some of the most well-studied commitment problems in social science involve the inability of state leaders to credibly commit to not expropriating the wealth of subjects (e.g. North and Weingast 1989, Stasavage 2002, Frye 2004). A ruler's inability to commit creates a disincentive to

contracting, investment, and other productive economic activity by subjects. In the past several decades, much of the literature has settled on institutions as the most effective solution to commitment problems of this sort. As Weingast puts it, “appropriately specified political institutions are the principal way in which states create credible limits on their own authority” (1993, 288). In particular, independent judiciaries and parliaments have been touted as devices to constrain the arbitrary behavior of leaders (North and Weingast 1989, Gehlbach and Keefer 2012).

In the study of dominant parties, Magaloni (2008) has argued that dominant parties help leaders commit to distributing perks and offices to elites. By delegating power to a parallel party organization that controls these appointments, leaders place constraints on their ability to abuse the terms of the spoil-sharing bargain. She offers the following: “By giving up his absolute powers to select members of the ruling clique into government positions, the dictator can more credibly guarantee a share of power and the spoils of office over the long run to those who invest in the existing institutions. . . .” (Magaloni 2008, 716). In Magaloni’s account, dominant parties make leader commitments credible because the institution is somewhat independent of the leader. When elites know that they can count on the institution--and not just the leader--to deliver careers, perks, and policy then they will be more inclined to make their own commitments to the bargain. Not only must elites know that the institution is independent of the leader, but also that it will extend into the future. Thus, leaders must give signals that they intend to support the party into the future. With time, it would become costly for the leader to renege on the bargain as leaders know that elite loyalty and, therefore, regime stability depends

on the continued maintenance of the institution.

I agree with Magaloni that the key for leaders in making their commitment credible is to create an institution that has some modicum of independence. If a dominant party institution can be depended upon to control career advancement and spoil distribution, then elites will benefit from linking their fates to the party. Unfortunately, this is only a partial answer to the question of how new dominant party institutions solve the two-sided commitment problem above. It begs the question of how that reputation for reliable spoil distribution is established in the first place. What prevents the leader from impinging on the independence of the institution in its nascent phase, breaking the terms of the bargain, and promoting his preferred cadres or policy? In other words, how can a newly-created dominant party institution with no reputation for binding actors constrain leaders? A second unanswered question is how the party can make *elite* commitments credible as well. Below, I offer several propositions for how even new dominant party institutions can help to make elite and leader commitments credible. Because the commitment dilemma's sketched above are substantial, it is unlikely that any one institutional commitment device will be a silver bullet. Nor is it likely that the commitment devices be the same in every case. Thus, rather than focus on a single role that these institutions serve, I discuss a number of ways dominant party institutions can help mitigate commitment problems.

### *Dominant Parties and the Leader's Credible Commitments*

This section begins by discussing how dominant party institutions can mitigate the commitment problems of leaders. Perhaps the most common type of commitment device studied in

comparative politics is delegation to political institutions. If steps are taken to delegate independent decision-making authority to the party, then the party can have a constraining effect on the leader. Leaders must take steps to ensure that promotions, policy, and privileges are at least partially distributed by the party itself. Of course, this is the difficult part. It is one thing to say that delegation to an independent institution can make commitments credible, but it is quite another to outline how this institution might acquire that independence in the first place (e.g. North 1993). What prevents the leader from impinging on the independence of the nascent institution? The answer may differ across settings, but there are several steps that leaders can take to increase the costs of infringement.

Institutional nesting is one way of raising these costs (cf. Tsebelis 1990). Leaders can link the powers of the dominant party to other institutional constraints such as the constitution. For example, Article 6 of the Soviet Constitution stipulated the “leading role” of the CPSU in Soviet government and society. Leaders may change laws so that the dominant party is given explicit or implicit control over nominations in a specific sphere. Or the leader can sanction other institutional changes, such as imperative mandate laws (laws that prohibit legislators from changing their party affiliation while in office) or fixed electoral cycles, to raise the costs of dismantling the dominant party at a moment’s notice. To be sure, laws and constitutions are imperfect commitment devices, especially in autocracies, but by linking the preservation of the dominant party to these institutions, leaders increase the costs of dismantling or circumventing the dominant party.

Leaders may also take steps to insure that the party receives its finances from an

independent source. If the party is funded from state coffers, then it may be easy to cut off funding. But if the party has its own revenue streams, its independence is enhanced.

Leaders might also institute a norm of forbidding members of their inner circle from attending key party meetings and legislative faction gatherings. If the leader is able to refrain from interfering in the cadre selection and spoil distribution process for a short period, then costs to renegeing are quickly built up as the party and its leadership, rather than the leader, becomes the patron of newly installed cadres. At the very least, cadres may develop dual loyalties. Even in the early stages, these nomenklaturist tendencies in the party create costs to renegeing.

Of course, the ultimate commitment that a leader might make is to step down and let a party-nominated candidate take his spot. At the point when the leader owes both his career and position to the party, then the regime becomes a true party-state. Of course, since leaders in all regimes have many avenues for cultivating their resource base outside the party, there are few examples of true party-states in which there is no identifiable leader as distinct from the party. Even the General Secretary of the Communist Party of the Soviet Union, who formally served at the pleasure of the Central Committee, was a formidable political figure in his own right with many formal and informal levers of influence at his disposal.

Another way that leaders can commit to granting some modicum of independence to the party is by relinquishing to the party their ability to gather information on key political decisions. If members of the ruling clique micromanage the party's affairs then the dictator's commitment to not renege on the terms of the cooperative bargain are less credible. But if the leader takes steps to tie his hands in the gathering of information about which candidates to support, about

how patronage should be distributed, and about how cadres should be appointed, then his commitment to not interfere is more credible. Leaders could do this by dismantling their own parallel mechanisms (parties, domestic politics directorates, coordinating councils, etc.) for managing elections, organizing legislative majorities, or appointing cadres.

To the extent that the ruler can grant the party independent authority for some period, elites change their expectations about how spoils and careers can be accessed. Likewise, the resources and skills necessary for achieving these goods change. Elites invest in these skills and jettison the resources that allowed them to access spoils and careers prior to the creation of the party. They invest in schemes to curry the favor of party leaders and promote the party's interests. In this way, they not only develop divided loyalties, but also strategies of political survival that are based on the continued existence of the party. By dismantling the party at this point, the leader risks backing elites into a corner and giving them no choice but to rebel. How long it would take for this to happen is difficult to say, but while the independence of the party institution is accumulating, other commitment mechanisms such as those described in this section are likely necessary.

A third way that dominant party institutions can help ameliorate commitment problems is by solving elite collective action problems vis-a-vis the leader. Gehlbach and Keefer (2011) argue that authoritarian legislatures can enforce bargains between leaders and elites by providing an institutional forum that helps elite coordinate to defend their interests. As they note, "Collectively organized supporters are better able to impose a variety of checks on leaders and to impose sanctions for predatory behavior that would not otherwise be possible" (622). A similar

argument may be applied to dominant parties.

Indeed, in those countries where elites are very strong, they may be prevented from capturing the state only by their own collective action and coordination problems vis-à-vis one another. In 1990s and early 2000s, Russia's powerful governors could easily have won any presidential election if they had been able to unite their political machines, but divisions among the governors frequently stymied their efforts to put forward a single presidential candidate (Solnick 2000, Shvetsova 2003). The creation of a dominant party can give elites the institutional tools to keep themselves united. If leaders allow the creation of these institutional bonds within the elite, then there is always the chance that elites may use this new-found unity to challenge or constrain leaders.

Another way that a leader can use the dominant party as a commitment device is by linking his name, reputation, and/or personal brand to the party. By committing these personal resources, the leader is sending a signal to other elites that he is willing to accept part of the responsibility for policy failures or scandals that occur on the party's watch. Moreover, to the extent that the leader's own authority—and hence survival in office—is tied to a reputation for resolve the leader can tie his hands by making verbal or symbolic commitments to the party.<sup>8</sup> Such commitments may include public endorsements, speaking at party functions, allowing one's image to be used on campaign materials, and affiliating with the party. If a leader publicly associates himself with a party and then abandon's the party soon after, the leader may appear irresolute and thus suffer reputational costs. Moreover, the linkage between a leader's personal

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<sup>8</sup> Writing on how leaders communicate their foreign policy intentions, Fearon (1997) discusses how verbal commitments to certain courses of action can create "audience costs" that make it costly for leaders to renege.



brand and the party is likely to be sticky, such that it is difficult to quickly decouple the two in the minds of voters.

Finally, the party helps elites monitor agreements and thus reduces the temptation of the leader to sporadically abuse them.<sup>9</sup> Enshrined in the party arrangement are rules—parchment or implicit—specifying what constitutes compliance on the part of the leader (e.g. only supporting party candidates in elections, granting preference to party supporters in appointments, or channeling spoils to party legislators). If all elites contracted with the regime via some unwritten agreement, then violations of those agreements could easily go unnoticed, especially if it is not clear what constitutes violation of the agreement. In this case, leaders would be tempted to defect and abuse elites. In contrast when the terms of the agreement are set down on parchment, as they may be in a party's charter, then a transgression against the party's policy-making sphere of authority or its delegated authority over cadre decisions is easier to identify and punish (via defection, perhaps).

### *Dominant Parties and Elite Credible Commitments*

I now discuss how dominant party institutions can make elite commitments to the cooperative agreement credible. Elites grant the party the ability to sanction them for reneging. If they deviate from the party line in legislatures, they may be excluded from the party faction. If they criticize the party in election campaigns, they may be expelled from the party and lose its support in future campaigns. Elites can make such commitments more credible by linking commitment

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<sup>9</sup> Svobik (2012) describes how institutions help alleviating monitoring problems in authoritarian coalitions.

to the party to existing institutional rules. For instance, the regime can institute imperative mandate laws which state that if a deputy leaves his legislative group, he loses his legislative mandate. Or the party may institute laws that allow the party that nominates a candidate to withdraw his/her candidacy.

Elites can also make their commitments credible by dismantling or linking their political machines to the dominant party. By delegating to the party leadership control over appointments and patronage distribution within their sphere of administrative control, elites give up some of the resources that made them independent. For example, many elites in Russia tied their hands by giving up their own regional political parties that had helped them win elections in the 1990s. If elites join the dominant party while maintaining their own political party on the side, then their commitment to the cooperative bargain with leaders is less credible. After all, they could always abandon the bargain and go back to using their own local party to help them win elections. This is exactly what happened in many Russian regions in the 1990s. Regional governors made tentative statements of support for the various pro-presidential parties of the time, while simultaneously using their own regional political parties to contest local elections. Thus, elites can make credible commitments if they merge their own political parties, legislative organizations, and lobbying networks into the dominant party.

A fourth way that elites can demonstrate the credibility of their commitment is simply by joining the party. Much like leaders, elites make a symbolic transfer of reputational resources when they make a public, verbal commitment to one political party. This demonstrates to the leader that elites are willing to pay the reputational costs of failures that may occur on the party's

watch. What's more, it may be difficult to quickly decouple their name and resources from the party's brand.

Finally, the party makes it easier for leaders to monitor elite commitments and thus gives them reason to believe that elites are not shirking the responsibilities laid down in any such bargain. The dominant party establishes clear rules about the regime's accommodative arrangement and thus makes it easier for leaders to identify when they are being transgressed against. In most cases, the dominant party constitutes a clear dividing line between regime supporters and opponents. Leaving the dominant party constitutes defection from the regime. As Huntington noted (1970, 15), "the more important the party is in the system, the more difficult it is to become a member and the more frequent are the purges expelling members. If party membership becomes universal, it becomes meaningless." Leaders know whom to punish (or reward) and elites know what needs to be done in order to retain access to future spoils.

### *Summary*

Dominant parties are comprised of a bundle of rules and norms that help leaders and elite solve problems of commitment. In turn, dominant party institutions allow leaders and elites to reap a number of benefits. Dominant parties allow leaders to effectively coopt elites, reduce the transaction costs associated with implementing cooptation, and win elections. For elites, dominant parties help them secure dependable access to spoils and career advancement. Thus, dominant parties are institutionalized manifestations of the mutually-desirable agreements outlined in Section 2.2.

The exact configuration of commitment mechanisms is likely to differ across settings. Furthermore, because the rules are bundled under the aegis of an overarching institutional agreement, individual commitment devices are likely to work in tandem. I leave for future work to examine which of these commitment devices are most effective at constraining transgressions by leaders and elites.

As I describe below, dominant party regimes may evolve over time such that the institutional constraints become stronger and the equilibrium becomes more robust. Once elites begin to link their careers to the dominant party, leaders may refrain from impinging on the independence of the party not just because of the commitment devices sketched above, but also because they recognize that doing so will evoke elite defection and imperil regime stability.<sup>10</sup>

However, at their founding, dominant parties are likely to provide only very tenuous institutional constraints on leaders and elites. This makes investing in these institutions a real gamble. It is risky for actor A to make commitments to actor B when the institutional constraints on actor B are weak, leaving actor A vulnerable to abuse by actor B. As I discuss below, the frailty of nascent dominant party institutions only underscores the need for a theory of dominant party emergence that focuses not just on how institutions can help solve commitment problems, but also on how those commitment problems can be mitigated, such that there is much to gain and little to lose from cooperation.

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<sup>10</sup> In Magaloni's (2008) model, leaders do not impinge on the independence of the party because they know that doing so will undermine elite cohesion and endanger the regime.

## Overcoming the Commitment Problem Part 2: Changes in the Balance of Resources and the Likelihood of Dominant Party Emergence

### *Explaining Variation in the Emergence of Dominant Parties: The Limitations of Institutional Explanations.*

Unfortunately, positing institutional solutions to commitment problems does not help us explain why dominant parties exist in some authoritarian regimes, but not in others. Commitment problems are likely to exist in all autocracies, but we only observe dominant parties in some regimes. Dictators almost always have incentives to keep elites loyal and thus should always invest in dominant party institutions, but dominant parties exist only in some regimes.

What distinguishes the most innovative recent work on institutions in comparative politics is that it moves beyond identifying the institutional solution to problems of cooperation and seeks to identify the conditions that generate the outcome in specific cases. For example, in the study of political parties, the problem of party formation has long been seen as a multi-lateral commitment problem. Legislators would prefer to agree on a long-term division of benefits, but they cannot credibly commit to voting according to the terms of that agreement. A party institution solves this commitment problem by changing the incentive structure.

. The innovation of some recent literature on party development has been to identify the factors that make politicians more likely to participate in this long-term logroll. For example, Hale (2006) and Smyth (2006) have argued that if politicians have their own personal resources or access to party 'substitutes' that can replace parties, they may feel less compelled to submit to party discipline. In other words, actors do not automatically seek out an institutional solution to their commitment problem when confronted with it. To say that there is a commitment problem

and a potential institutional solution to that commitment problem does not tell us when that institutional solution will be employed.

Thus, the goal is to identify exogenous factors that determine the extent to which actors are willing and able to construct institutions that help solve their commitment problems. Frequently, such arguments consider the balance of power and/or resources between actors. Distributional theories of institutional origins argue that stronger actors use their resources to ensure that institutional configurations are designed in their favor (Moe 1990, Knight 1992). Important empirical studies of institutional origins highlight how the relative strength of actors affects their incentives to place themselves under institutional constraints and, relatedly, the likelihood that institutions will successfully constrain actors. For example, in North and Weingast's (1989) canonical account of how political institutions constrained predatory behavior by English kings following the Glorious Revolution, the creation of independent parliamentary institutions was only made possible by the Civil War which reduced the power of the Crown vis-à-vis the opposition. In Svobik's (2012) account of power-sharing under dictatorship, power-sharing deals are only credible (and thus possible) when they are backed by a credible threat of force, which occurs when there is a relative balance of power in the ruling coalition. In the study of Russian politics, Luong and Weingast (2004) show that the emergence of an "effective" tax regime came only after the 1998 financial crisis created perceptions of mutual interdependence between Russian leaders and powerful business groups. In the argument below, I show how exogenous changes in the balance of resources between leaders and elites can help explain why

and when the two sides will seek to invest in a dominant party to ameliorate their commitment problems.

### *Reducing the Severity of the Leader's Commitment Problem*

The leader's commitment problem can vary in its severity. When the gains from cooperation with elites are lower, the leader's commitment problem is more severe. This is because the benefits of coopting elites are reduced, while the costs of relinquishing autonomy are increased. When leaders are strong *relative to elites*, they require less cooperation with elites in order to achieve their policy goals, generate support, and win elections. The strength of central state leaders is determined by the resources at their disposal, which may include, among other things, personal popularity, strong central state capacity, and easy access to rent revenues.

When leaders are strong in such resources they are more likely to defect from any arrangement that is reached with elites because the benefits of cooperation are reduced and, accordingly, there is less reason for leaders to relinquish autonomy by making a spoil-sharing agreement with elites.<sup>11</sup> Under these circumstances, the promises of leaders to share power and influence with elites are far from credible and it is less likely that leaders will delegate to a party that may constrain them.

The leader's commitment problem is mitigated as the potential benefits from cooperation with elites rise and the costs of relinquishing autonomy decrease. In turn, these costs and

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<sup>11</sup> Examples of such defections might include: unwillingness to share spoils with elites (or at least not share spoils in a dependable fashion) or the promotion of non-party cadres.

benefits are determined by the balance of political resources between leaders and elites. For leaders it becomes more necessary to coopt elites as the balance of resources shifts toward elites. As leaders weaken or elites strengthen (or both), leaders may come to need access to the political machines of elites in order to win elections, generate support, and ensure regime stability. As it becomes more beneficial to find accommodation with elites, leaders will become more interested in finding an institutional arrangement that can ameliorate their commitment problem and will be more likely to invest in a dominant party that can help solve their commitment problem.

The strategic calculations of elites also serve to reduce the chances of a dominant party emerging when leaders are strong. The worst outcome for elites is for them to invest their resources in a dominant party, while the leader reneges on his commitments. When leaders are strong, elites will not trust the commitments of elites and, therefore, will be disinclined to invest their own resources in the party. Indeed, the weakness of nascent dominant party institutions only exacerbates this problem, as elites have few guarantees that strong leaders will be constrained by these institutions. However, if the resource balance were to shift toward elites, leaders will have more incentive to cooperate with elites and less incentive to defect. The leader's commitment problem will be mitigated and elites will be more likely to trust that nascent dominant party institutions will be able to make the commitments of leaders' credible.

#### *Reducing the Severity of the Elite's Commitment Problem*

If decisions about the creation of dominant parties depended only on leaders, then the probability of a dominant party emerging would be increase, in a linear fashion, as the resources of elites



grew. Yet leaders cannot create a party whenever they want. Elites also have agency. They choose whether or not to conclude a cooperative bargain with leaders. Thus, we must not only consider the severity of the leader's commitment problem, but also the severity of elites' commitment problem.

When the gains from cooperation with leaders are lower, the commitment problem of elites is more severe. When elites are very strong *relative to leaders*, the resources they control provide them with the opportunity to achieve many of their political goals without the cooperation of leaders. Both between and within countries there is always variation in the extent to which elites hold or have access to some actual or latent base of resources that are autonomous from the regime. By autonomous from the regime I mean those resources that are costly for the regime to systematically repress or expropriate. As noted above, such resources might include, but are not limited to, autonomous control over clientelist networks, de facto or de jure regional autonomy, hard-to-tax economic assets, traditional authority, and individual-specific ability to mobilize citizens. Elites may use these autonomous resources to obtain their preferred rents, secure policy concessions in legislatures, and win elections.

When elites are strong in such resources, they will be more reluctant to relinquish their autonomy and link their political machines to the regime. Elites that are strong in resources find it difficult to make credible commitments to long-term cooperation with leaders because the costs of linking their fates to the regime are higher and the benefits are lower. Hence, they are highly prone to defect from any arrangement that is reached with leaders. In sum, as the balance of resources between leaders and elites shifts ever more in favor of elites, then it becomes

increasingly likely that *elites* will want to forego binding investments in a dominant party institution because they themselves see insufficient gains from reaching a cooperative bargain with leaders.

The elites' commitment problem is mitigated as the potential benefits of cooperation with leaders rise and the costs of relinquishing their autonomy go down. These costs and benefits are determined by the balance of resources between the two sides. It becomes more beneficial for elites to contract with leaders as the balance of resources shifts toward leaders. As central state leaders become stronger in resources relative to elites, elites have more interest in gaining dependable access to the spoils, perks, and privileges that the regime controls. In addition, as the ability of elites to achieve political goals via their own autonomous resources decreases, they will have more interest in securing regime support in order to advance their careers, pursue policy change and win elections. As it becomes more beneficial to contract with leaders, elites will become more interested in finding an institutional arrangement that can ameliorate their commitment problem and will be more likely to invest in a dominant party that can help solve their commitment problem. The strategic considerations of leaders also may act to reduce the likelihood of a dominant party emerging when elites are strong. After all, the strategic cooperation problem of leaders mirrors that of elites: the worst possible outcome is for leaders to invest their resources in a dominant party, while elites sporadically defect. When elites are strong, leaders will not trust elite commitments and will, therefore, be disinclined to make their own commitments to the cooperative arrangement. Strong elites cannot be counted on to deliver their side of the bargain, and since the gains from cooperation are only achieved when both sides

participate, leaders will not be willing to invest either. What is more, since nascent dominant party institutions are limited in their ability to constrain, then leaders will be especially unlikely to trust the commitments of elites that are strong in resources. But if the balance of resources were to shift toward leaders then the elites' commitment problem would be mitigated, and leaders would be more likely to believe that nascent dominant party institutions could make the commitments of elites credible.

When elites are strong relative to leaders, why do elites not simply capture the state and appoint one of their own as the new dictator? In some cases they do, but often as not, this does not happen because elites face collective action and coordination problems among themselves. While the collective power of elites may even be greater than that of leaders, each is much weaker than the leader and is individually dependent on him. This leaves the elite vulnerable to divide and rule tactics. And while there may be many among the elite who would like to become leader, none will want to challenge the leader without the support of other elites. Thus, an authoritarian state with strong elites and weak leaders is not necessarily an oxymoron and such polities are not necessarily democracies.

One might also ask why leaders do not simply confiscate the resources of strong elites and force them to relinquish their autonomy. To be sure, leaders would prefer this option, but the simple answer is that doing may be exceedingly costly and may limit the ability of leaders to govern effectively. As noted, strong elites are those that control resources such as entrenched political machines, localized clientelist networks, hard-to-tax economic assets, or positions of traditional authority that are difficult for leaders to systematically expropriate or control. While

leaders could certainly secure the ouster of any given elite at any given time, they may find it more difficult to undermine the *system* of social control that is maintained by elites (e.g. Migdal 1988, Voslensky 1984).

In many cases, they will find it hard to ignore elites because elites control resources that can help leaders win elections, control protest, collect tax revenue, pass legislation, and implement policy. Examples abound from the developing world; only a few will suffice here. In Brazil, for instance, leaders have long had to reach accommodation with powerful governors as a prerequisite for holding power (Hagopian 1996, Mainwaring 1999, Samuels and Abrucio 2000). In much of sub-Saharan Africa, state leaders, often following the lead of colonial authorities, have relied on traditional and ethnic leaders to help them exert state control into rural areas (e.g. Rothchild 1985, Bayert 1989, Van de Walle 2007). In the Philippines, Sidel (1999) describes how Philippine state leaders have had to make deals with local ‘bosses’ in order to win elections and maintain control over the state’s security services. In Putin-era Russia, I and others have argued that the vote mobilizing capacity of the regime was heavily dependent on the political machines of regional governors (Reuter 2013, Golosov 2012). Thus, when elites are strong and prone to defect from agreements that require them to relinquish their autonomy, leaders may still find themselves having to coopt elites on the basis of ad hoc deals.

#### *Balanced Resources: Maximizing the Likelihood of a Dominant Party*

I have argued that when leaders are very strong in resources their incentives to defect from any bargain are strong. On the other side of the equation, when elites are very strong they have strong incentives to defect from any agreement. What then are the specific conditions that lead to

creation of dominant parties and the solution of these commitment problems? Numerous scholars have pointed out that commitment problems are less likely to be solved when they are severe (e.g. North and Weingast 1989, Sanchez Cuenca 1998, Svulik 2012). We are more likely to see actors investing in institutional solutions to commitment problems when these commitment problems are less acute. There are two reasons for this. First, the gains from cooperation are higher and the benefits of defection are lower when the commitment problem is less severe. In other words, the stronger the incentives to defect, the less likely that credible commitment devices will be successful in constraining behavior (Sanchez-Cuenca 1998). Second, and relatedly, actors may not trust the nascent institution to perform the tasks assigned to it in its initial formation phase. The gains from cooperation must be high enough to offset this risk. Indeed, the very difficulty of believing that autocratic institutions can credibly constrain dictators illustrates why it is so unlikely that successful dominant parties will emerge when elites are weak. The limited ability of authoritarian institutions to constrain actors only highlights the need for commitment problems to be mitigated if they are to be solved.

Turning to the specific case of dominant parties, leaders and elites are more likely to seek and secure a successful institutional solution to their commitment problems when the gains from cooperation are maximized. Incentives to defect from the *ex ante* agreement are hard to eliminate, but they can be reduced. In other words, the commitment problem can be mitigated for both sides. Thus, dominant parties are most likely to emerge when resources are balanced such that neither side has overwhelming incentives to defect from any bargain. In the language of institutional analysis, dominant parties become more likely as it becomes increasingly

efficient for both sides to cooperate with one another. The commitment problem of the two-sides is attenuated when neither side holds a preponderance of resources. When this happens, an institutional solution to the commitment problem is more feasible. Elites are strong enough that leaders benefit significantly from coopting them, but weak enough that they themselves benefit from linking their fates to the regime. In other words, dominant parties are most likely to emerge when elites hold enough autonomous political resources (relative to the resources of leaders) that coopting them is necessary, but not so many autonomous resources that they themselves are reluctant to participate in any cooperative bargain. This logic leads to the following hypothesis: *Dominant parties are more likely to emerge when resources between leaders and other elites are relatively balanced. They are less likely when leaders are disproportionately strong (relative to elites) or elites are disproportionately strong (relative to leaders).* This hypothesis is depicted in Figure 1.4 in the previous chapter.

On the left side of the figure, elites are weak relative to leaders and dominant parties are unlikely. On the right side the figure elites are very strong and a dominant party is also unlikely. In the middle of the figure, when the resources of elites and leaders are relatively balanced, a dominant party is more likely.

When resources are balanced, dominant party institutions are more likely to be created. But what role do these institutions—the bundles of rules and norms—play when resources are balanced like this? The short answer is that they help ameliorate commitment problems between the two sides. I have argued that the problem of dominant party formation may be stymied by a number of different types of commitment problems. Delegation to institutions keeps leaders and

elites from renegeing and/or abusing the other side in the case where the balance of resources between the two sides is insufficient on its own to ensure stable commitments (i.e. the game is not an equilibrium, even when resources are balanced). Under such a view, the balance of resources still increases the feasibility of power-sharing via a dominant party because it reduces the severity of the two-sided commitment dilemma. However, even if the balance of resources is sufficient to induce a cooperative arrangement between leaders and elites, institutions still play a role by 1) creating a focal point for coordination, 2) helping to monitor the commitments of the two sides and 3) by giving the two sides assurances that commitments will remain robust to future changes in the balance of resources.

*Theory and Practice: Institutional Evolution in Nascent Dominant Party Systems*

The argument above has simplified reality by indicating that the process of dominant party formation is single-stage process—a dichotomous choice over the creation of a full-fledged dominant party. This was done to facilitate exposition of the core elements of the argument. But these insights can easily be applied to the gradual processes of dominant party building that we observe in the real world.

Dominant parties are comprised of bundles of rules and norms that govern political exchange in multiple spheres. Yet, dominant parties rarely emerge as full-fledged, dyed-in-the-wool institutions. More often they are born of a gradual process by which leaders and subsets of elites make incremental commitments to sequentially layered institutional components.<sup>12</sup>

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<sup>12</sup> Note that the net balance of resources between the two sides is what matters here and not the absolute strength of the two sides. If the two sides are both ‘strong’ in resources, then I consider there to be a balance of resources

This view of dominant party formation brings us closer to the real-world of dominant party formation, where leaders and elites typically give minimal structure and names to the ‘cooperative agreements’ that I have discussed in the abstract above. Often, they call them parties of some type. Political scientists may even call them ruling parties or parties of power. These nascent ruling parties may contain some institutional devices that constrain leaders and elites, but leaders and elites often shirk many of their other commitments to the ‘party’. In other words, ruling parties may emerge, but elites and leaders sometimes have difficulty committing to the initial agreements represented by those parties, and thus they may make additional investments in subsequent commitment devices to reap the benefits of more extensive cooperation. Indeed, leaders and elites may need not only additional commitment devices, but as per the argument above, additional shifts in the balance of resources to make it more likely that they will create these commitment devices.

Thus, dominant party *projects* transform into dominant parties when changes in the balance of resources further reduce the severity of the commitment problem and make it more likely that the two sides will invest in new commitment devices that make their previous promises to the dominant party project credible. New institutional components of the dominant party layer upon one another to make previous commitments credible. Dominant parties link these layered commitments across multiple spheres of politics. Thus, for example, if a party member shirks his commitment by competing against the party leadership’s preferred candidate

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between the two sides and a dominant party to be more likely. The same is true if both sides are weak in resources.



in elections, then that member can be sanctioned in other arenas. He may be excluded from party logrolls or be passed over for a promotion. *By recognizing that the party is not a monolithic institution, but rather a bundled hierarchy of institutional commitment devices, we can talk about commitments to a party while still acknowledging that certain aspects of the emerging dominant party solve commitment problems between leaders and elites.*

Of course, this means that leaders and elites can make certain commitments and transfer some resources while refraining from making other commitments or transferring other resources. Thus, for example, the leader may delegate control over promotions in the legislative branch to the party, but refrain from giving it power over cadre politics in the executive branch. Or the leader may transfer some personal resources by lending the party his name and image for use in campaigns, but at the same time, refrain from dismantling parallel organizations that allow the ruler to manage cadres and policy without the party. For their part, elites may use their political machines to campaign for the party during national elections but still retain their own political parties for use in local elections.

The gradual nature of dominant party formation helps us to see why leaders might fear the 'party' itself and how this can sometimes influence their decisions over whether to invest in one. The danger for the leader is that the party itself may grow so strong and independent that it comes to usurp policy, rents, and even office from the ruler (e.g. Kitschelt 1999). Alternatively, the party may groom a new leader that seeks to challenge the ruler (Hale 2006). This concern may grow as the strength of elites increases.

In sum, the gradual process of dominant party formation is marked by a set of commitment problems between leaders and subsets of elites. The speed with which actors make these commitments varies with the size of the shift in the resource balance between leaders and elites, and the process of dominant party formation can be arrested at any time if the distribution of resources ceases to shift toward a balance that favors mutual investment in the dominant party.