7 Rethinking economics and institutions: the voter's dilemma and democratic accountability

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What are the key features of delegation and accountability that structure the relationship between voters and their elected representatives? Can we construct a general theory that can account for variation in patterns of linkage and levels of accountability across democracies? In this chapter I take a step toward such a general theory by considering how the collective nature of electoral accountability confronts voters with a critical collective action problem, what I call "the voter's dilemma." A close examination of the delegation relationship between voters and their elected representative reveals that voters face a collective action problem akin to a prisoner's dilemma in delegating to politicians to provide collective goods. I argue that this voter's dilemma is the central causal factor driving voters' choice for either clientelistic or programmatic goods. The voter's dilemma highlights how the strategic context created by collective accountability can compel voters of all income levels to relinquish their statutory authority to pass judgment on overall policy in return for a quid pro quo. The theory thus provides a parsimonious general explanation for the widely varying efficacy of the electoral connection across democracies.

In the second half of the chapter, I integrate the voter's dilemma with the new institutionalism. The voter's dilemma explains whether direct, clientelistic linkages, or indirect linkages based on the delivery of some package of national and local collective goods will predominate in a given polity. New institutional theory as currently construed treats direct and indirect exchange as equivalent for the purposes of understanding how institutions shape politicians' strategies. As I will demonstrate below, however, the direct or indirect nature of links between voters and politicians radically alters the requirements for credit-claiming with voters, and thus also dramatically alters how institutional variation shapes credit-claiming strategies. I integrate the voter's dilemma and institutional analysis to generate a new set of hypotheses for party behavior aimed at credit-claiming with voters for the case when voters opt for a direct, clientelistic relationship to politicians. The result transforms what is currently a dichotomous typology into a fourfold typology that can resolve important anomalies confronting institutional analysis.

Finally, I test the theory of the voter's dilemma directly against institutional theory in explaining important changes in patterns of credit-claiming behavior in Brazil. Despite constancy in all key institutions across the two most recent periods of democracy in Brazil (1945–64 and 1989–present), an examination of both intra-party unity as well as inter-party divisiveness demonstrates that contemporary Brazilian parties exhibit considerably more programmatic behavior than in the prior period. I develop a new measure of clientelism based on the degree to which politicians' bases of electoral support are built upon blocs of delivered votes, and I demonstrate that direct linkages have given way to indirect exchange by showing that bloc vote delivery has declined both cross-sectionally across periods as well as longitudinally within the current period. This shift in the dominant linkage pattern in turn explains changes in parties' credit-claiming behavior across the two periods.

Current theories of democratic accountability and the failure of political entrepreneurship

Poverty-based theories of clientelism, as well as formal institutional theories share a preference for a micro-foundational explanation for political actors' choices and the resulting relationships of delegation and accountability. Yet both of these approaches fail to take their essentially rational-choice understanding of delegation and accountability to its logical conclusion. Developmentalist scholars emphasize the short time horizons of low-income voters, whereas institutionalists emphasize the constraints of disaggregative institutions, but neither approach provides a convincing explanation for why competitive elections fail to drive a competition to resolve these obstacles to more effective policy.

The original formulation of new institutional arguments suggested that restricting voters' choices to higher levels of aggregation should better align politicians' incentives with the promulgation of broad national public policy. The more institutions drive voters to choose the national executive and their legislator on the basis of the direction of national public policy, the more electoral accountability will produce broad collective goods.[1] Douglass North (1990) argues forcefully, however, that

[1] See for example, Cain, Ferejohn, and Fiorina (1987); Ramsayer and Rosenbluth (1993); Cox and Rosenbluth (1995); and Carey and Shugart (1995). A revisionist view can be found in Shugart (2003). For a discussion of why the revision does not resolve key anomalies for the theory, see Lyne (2005).

institutions are endogenous to electoral politics. If this is correct, how can politicians who maintain the institutions that produce such disastrous outcomes in many developing democracies survive, and even thrive? If institutions are the key variable driving the abysmal public policy outcomes commonly observed in many developing democracies, then we would expect abundant electoral gains to accrue to those political entrepreneurs who found a way to mitigate their effects. In short, institutional theories cannot convincingly account for the vast gap in the efficiency of choices in what is purportedly the same political market across developed and developing democracies.

Similarly, poverty-based explanations do not provide a convincing explanation for failures of welfare-enhancing entrepreneurship in many developing countries. According to this school, low-income voters' short time horizons, typically driven by substantive need, compel them to accept an immediate material reward in direct exchange for their vote. Yet if clientelism is driven by constraints faced by *individual* voters, then the problem is akin to any other side-payment problem for achieving Pareto-improving policy change. Why couldn't welfare-enhancing politicians/parties provide side payments to low-income voters in the form of soup kitchens, group-based insurance schemes, and other forms of assistance? There is no theoretical reason why this type of side payment, coupled with welfare-enhancing policy reform, would not be an attractive solution to these voters' individual constraints. Thus, a poverty-based explanation, just as with an institutional explanation, leads us back to similar questions about why political entrepreneurship fails in some democracies but not in others.[2] I argue that a general theory of delegation and accountability must provide an account of the failure of political entrepreneurship in many competitive democracies. It must also explain the failures of modernization theory raised by O'Donnell (1979): why does more effective accountability often fail to take hold even in the context of rising per capita income and considerable socioeconomic modernization?

[2] In the Introduction the editors allude to the high organizational costs associated with organizing to solve individual voter time horizon problems as well as the collective action problems associated with providing collective goods. But this begs the question of why this took place in some democracies (arguably, the United States, Great Britain, Scandinavia) but not in others that were apparently on a similar upward political and economic development trajectory, such as Argentina (1912–30) and Brazil (1945–64). This is precisely the puzzle raised by O'Donnell (1979): why weren't several decades of apparent progress in democratic reform and economic development sufficient to lay the foundation for this kind of evolution in political organization?

Democratic accountability as collective accountability: the voter's dilemma

I argue that the electoral appeal of clientelism stems not from the specific characteristics of some voters, but from a universal feature of electoral delegation. The view that clientelism prevails primarily at low levels of income rests heavily on the assumption that individual voters have the power to choose and receive either clientelistic or programmatic goods. This conception of the link between voters and politicians overlooks a key feature of electoral delegation. An individual voter cannot elect or vote out a given politician – electoral accountability is inherently a problem of collective accountability. The individual voter's ability to reward a good agent with reelection, or punish a bad agent with electoral defeat depends on the actions of many other voters in the district. In short, electoral sanctioning is a problem of social, not individual, choice.[3]

If we combine asymmetry of excludability with collective accountability, we gain a more accurate picture of the obstacles the individual voter confronts in successfully delegating to an elected representative to provide collective goods. Successful delegation to procure collective goods requires that a winning coalition of voters opt for some collective goods candidate. Yet each individual voter has no guarantee that other voters will in fact choose a collective goods candidate. Moreover, the difference in excludability that defines clientelistic versus collective goods means that voters have powerful incentives to doubt the collective goods commitments of other voters. The voter who opts for a collective goods candidate while a winning coalition chooses a clientelistic candidate receives neither collective nor clientelistic goods. At the same time, those in the clientelistic coalition have used their vote to secure their place in a system of exclusionary politics. Conversely, a voter who votes for a clientelistic candidate while a winning coalition elects a collective goods candidate still receives the collective goods.

The difference in excludability, combined with collective accountability, means a clientelistic vote provides the individual voter with an "insurance policy" that potentially protects him from the vagaries of other voters' choices. A clientelistic vote has the potential of providing protection against being excluded from political benefits should the voter's clientelistic candidate win. A collective goods vote does not. The upshot is clear:

[3] In the language of principal–agent theory, voters are a collective principal, not a single principal (Kiewiet and McCubbins 1991). Other scholars have recognized the problem of collective accountability inherent in electoral sanctioning (see Ferejohn 1986, 1999; Lohmann 1998), but none have coupled this with the asymmetry of excludability between collective and clientelistic goods.

due to the fact that clientelistic goods are excludable goods tied directly to the delivery of their votes, voters attempting to use elections to procure collective goods will find themselves in an n-person prisoner's dilemma, with its well-known free-rider problems. Voters avoid the "sucker's payoff" by opting for individually targeted benefits (clientelistic goods), *rather than* choosing on the basis of *any* mix of locally and nationally targeted non-excludable goods. The voter's dilemma thus implies that it is not a simple increase in income that makes it possible for voters to choose collective goods. The collective nature of the choice means that it is only when voters can ignore the effects of free-riding on their own welfare that they will find it possible to use elections to hold politicians accountable for collective goods.

In order to translate this individual calculus to the aggregate level and determine when clientelistic or collective goods strategies will prevail in a given electoral contest, we must specify five types of players, and define their individual prices and the aggregate price of a given election. Producers can either extract under inefficient property rights (*rent-seekers*), or compete under efficient property rights that impose market discipline on most producers most of the time (*profit-seekers*).[4] Each producer has a reservation income (I), at or above which he prefers extractive property rights because the marginal return on his time investment is higher.[5] Below this threshold I, the producer will trade leisure for effort in order to increase his income. Voters either sell their vote in a direct exchange for some excludable political good and become *clients*, or make their choice based on some weighting of local and national collective goods and become *citizens*. Finally, we have *politicians*, who may be the agents of either the general citizenry (which includes voters and profit-seekers), or of rent-seekers.

We can define a voter's reservation price as the price at or above which she will trade her vote for an excludable benefit and become a client. Because individual voters cannot exercise the option for programmatic

[4] Rent-seekers are typically socioeconomic elites whose dominance provides them with the means to buy off clients. The classic example is the feudal lord or the latifundista, whose dominance is based on access to land in an agricultural economy. Clientelistic exchange, however, can be built on any scarce valuable resource such as an industrial job under import substitution industrialization. In most developing countries, producers who were socioeconomic elites initially bought off clients and delegated to politicians to maintain the property rights and policies that allowed them to do so. As development proceeds, this relationship may shift, as politicians, through control of resources such as bureaucratic jobs, become the actors able to deliver votes *and* design policy.

[5] Extraction requires simply utilizing resources to create output, whereas profit-seeking requires the much more difficult task of utilizing resources to create output *more efficiently* than current practice.

goods, a voter will vote for a programmatic party, and ignore the possibility that others will free-ride, only when the proffered clientelistic benefit has insignificant value to the voter. How voters value clientelistic goods is in turn driven by the degree to which he is dependent on clientelistic exchange to maintain his standard of living. A voter's reservation price will be set at a level that is at or above what he can easily procure through his own efforts in the private market. Thus, middle-class voters will not trade their vote for the minimal reward offered to voters in the informal economy (shoes, building materials, food) or even for a working-class job, because their level of skill and education makes it relatively easy to maintain a higher standard of living in the private market. And a middle-class voter who controls assets or has secure employment outside of the clientelistic system that allows him to maintain his standard of living, may even refuse the relatively high remuneration and very generous benefits associated with a white-collar position in the government bureaucracy. But a middle-class voter who does not own such wealth or have such opportunities in the private market will find such a good highly valuable. In other words, since collective accountability means voters cannot choose and receive collective goods, their best choice is to weigh whether the proffered clientelistic good will maintain or improve their standard of living relative to what their skills and education will allow them to obtain in the private market. Finally, we can define the reservation price of a given election as the sum of the reservation prices of the voters that make up a given winning coalition. The election for any given office has a reservation price which is equal to the *lowest-priced possible winning coalition* of voters.[6]

Clientelistic linkages will dominate as long as politicians can maintain rent-seekers' threshold income and pay the reservation price of the election.[7] Under these conditions rent-seekers become the *de facto* democratic principals and delegate to politicians to maintain property rights and adopt policies that allow them to extract from clients.[8] Under these

[6] The size of the winning coalition of voters depends on electoral law, and may also be constrained by other institutional or organizational factors. As I will argue below, in clientelistic systems voters are typically organized into blocs that deliver their votes in mass. To the extent that brokers can control the members of these blocs, it may not be possible to bid away a single voter. Any deal that includes one voter of the bloc may have to include all voters in the bloc. Thus, winning coalitions may be constrained by the way voters are organized into blocs. Such blocs may, but do not necessarily, correspond to political parties.

[7] A fully general argument about when direct or indirect linkages will dominate must also discuss supply of resources for striking clientelistic bargains. Due to space considerations I do not discuss supply here. For the full argument, see Lyne (2005b).

[8] Resources for direct exchange are available from a variety of sources, including rent-seeking producers, control of the government apparatus, and authority to design property

same conditions voters relinquish their ability to influence public policy and sell their votes for an excludable benefit, and become clients.

Programmatic strategies will become electorally viable *only* once politicians cannot maintain rent-seekers' threshold income *and* pay the reservation price of the election. At this point, available resources cannot meet the reservation price of any possible winning coalition of voters. If politicians can no longer pay the reservation price of the election (which implies rent-seekers' income is already at threshold and no new resources can be found), this means that there is no longer any viable winning coalition of voters that will risk something of value in eschewing clientelistic goods. Under these conditions, voters can ignore free-riders and delegate to politicians to provide collective goods, and politicians thus enforce a mix of efficient property rights and rents/pork which force most economic agents to profit-seek in the market most of the time.

Programmatic strategies become more competitive once politicians can no longer pay the reservation price of the election because the benefits producers and voters receive with programmatic politics are not zero-sum. There is a finite limit to what can be extracted from a given endowment of resources, and what one producer receives from preferential production rights another producer loses.[9] In contrast, the profits available from innovation are technically unlimited. One producer's gain from innovation does not preclude another producer's gain based on distinct innovations. Similarly, when jobs are created by direct subsidy and delivered to voters in direct exchange, the job one voter receives another voter necessarily loses. In comparison, when votes are won with the provision of collective goods such as economic growth based on innovation, this zero-sum problem is avoided. The job one voter receives based on entrepreneurial success does not preclude the job another voter receives based on some other profit-seeking investment. At the point at which the reservation price can no longer be met, a programmatic politician can campaign on the promise of replacing extractive

rights. Thus, as alluded to in n. 4 above, politicians can come to compete with or complement rent-seekers in their control and distribution of resources for building clientelistic networks.

[9] This is not meant to imply that clientelistic economies are static and producers simply extract as much as possible from initial endowments. Even when property rights do not reward investment in more efficient use of available resources, clientelistic economies are not static because the endowment itself and what can be extracted from it is dynamic. For example, the value placed on a given natural resource can change over time, domestic producers' bargaining position with international investors can improve such that they can demand more of the surplus, etc. The point is that the politics of direct exchange means clientelistic economies are organized around extraction, rather than around investment in innovation, even if the basis of extraction is dynamic over time.

property rights with market-driven property rights, providing profit-seeking opportunities for former rent-seekers now willing to trade leisure for income. Simultaneously, market-driven property rights will generate jobs for former clients who are no longer receiving at least their reservation price.

To summarize, the voter's dilemma provides a theory to explain why competitive elections often fail completely as a mechanism for driving politicians to welfare-enhancing entrepreneurship. When voters opt for a quid pro quo, they necessarily forgo their ability to pass judgment on overall policy, and thus, improvements in overall outcomes that follow from welfare-enhancing policy change are not registered in voters' choices. Under these conditions, elections' ability to discipline the welfare effects of politicians' policy choices is lost. It is important to emphasize how this differs when voters and politicians are linked through indirect exchange. Even when voters heavily weight the delivery of non-excludable *locally targeted goods* (often labeled pork or particularism), they do not relinquish the possibility of also looking at overall outcomes in making their choice. As long as the voter is not trading her vote directly, she can weight local and overall results in any way she chooses. Thus, with indirect exchange, acceptable overall outcomes always remain a background condition constraining the distribution of locally targeted goods, and elections serve as an important brake on politicians' ability to serve the few at the expense of the many.

This causal theory of clientelism differs from that presented in the Introduction and in other chapters in a couple of important ways. First, it views voters as price-makers rather than price-takers. This means that the structural factors cited in the Introduction as causes of clientelism are endogenous to how supply and demand cash out for the majority of voters. Thus, structural factors such as the timing of introduction of mass politics versus professionalization of the bureaucracy, the politicization of the political economy, and ethnocultural division will not be exploited to construct large-scale clientelist networks if supply and demand cash out to minimal risk for voters to reject clientelism. Of course, some small-scale clientelistic networks might fly under the radar of rationally ignorant voters in an otherwise collective-goods oriented polity. The point is that voters are not passive vessels that accept whatever prevailing structural conditions make possible in the way of direct or indirect exchange. Instead, voters are typically *either* trying to maximize the value of a quid pro quo good, *or* are weighing some combination of overall outcomes and locally targeted goods, and politicians compete fiercely to provide the clientelistic goods or find the right combination of non-excludable goods that draws the greatest voter support.

A second important difference stems from the definition and effects of clientelism. In contrast to other authors, I view the critical feature of clientelism to be true direct exchange (rather than implicit bargains, rewards and punishments to party members (as opposed to voters)) which forces voters to forgo their ability to pass judgment on overall outcomes. Any other kind of relationship that does not force voters to exchange their vote directly (this includes group monitoring that successfully rewards and punishes) means that overall outcomes always have the potential to play a deciding role in voters' choices, and thus to discipline politicians' policy choices.

If the level and type of provision of basic collective goods are acceptable to voters, then this factor apparently disappears as a causal force in voting choices, as voters use their vote to then drive politicians to compete in the distribution of more specialized benefits. But if overall outcomes deteriorate to the point that they become unacceptable to voters (take for example the levels of inflation that accompanied the substantial, but short-lived growth in Latin America post-war), as long as voters are not monitored in a quid pro quo, they can always alter the weighting they place on basic collective goods from almost zero to something much higher. As long as there is no quid pro quo, even quite heavy emphasis on the delivery of highly specialized goods has roughly similar effects on the electoral connection and thus policy outcome as do other forms of emphasis on localized non-excludable goods (pork-barreling). Thus, the voter-politician relationships depicted in other chapters in countries such as Japan, Belgium, and Austria, for example, do not seem to debilitate democratic accountability any more than do highly candidate-centered systems such as the United States. The background threat of high weighting of overall outcomes in voting choices forces politicians to maintain specialized benefits within certain bounds.

In short, for the important questions impinging on the effectiveness of democratic accountability, all three of these are linked. Clientelism means forgoing passing judgment on overall policy, clientelism severs the link between electoral success and economic performance, and thus, unlike polities exhibiting apparently massive specialized benefit provision but not quid pro quo, deteriorating overall outcomes will not lead to electoral sanctions that drive politicians back to welfare-enhancing improvements. The dividing line in terms of where democratic accountability essentially succeeds and essentially fails is drawn by whether a sufficient number of voters can eschew direct exchange with minimal risk and vote for politicians providing *and claiming electoral credit for* some mix of non-excludable goods.

The role of economic development

The voter's dilemma demonstrates that changes at the macro level do not impinge directly on individual voter choices, but are mediated through how they affect supply and demand, and thus how they affect the risk voters face in rejecting clientelism. This formulation allows us to resolve some of the key anomalies that plagued poverty-based and developmentalist theories of linkage. Economic development can increase the available extractable wealth, increase the number of rent-seekers or their threshold income, or increase the reservation price of an election. The manner in which these different possible effects of development cash out to change the nexus of supply and demand determine their effect on linkage.

There are many different ways in which economic development can increase available extractable wealth. Discovery of new resources, introduction of new technology or new types of production can all increase the level of extractable wealth. This is one way to think about the shift from export agriculture to import substitution industrialization (ISI) in Latin America. The property rights which underpinned ISI, including market reserves and preferential access to subsidized foreign exchange, provided a whole new range of policies for extracting from the majority of consumers and delivering to the emerging urban groups of the period.

Economic development can also increase the number of rent-seekers or their threshold income. The shift to industrialization in most developing countries did not entail an elimination of landed elites, but instead the layering on of a new set of rent-seekers chosen to produce manufactured goods for the domestic market. Finally, economic development can raise voters' average income level and skill set and thus raise the costs of providing voters with goods of non-negligible value. This in turn will raise the reservation price of the election.

The effect of economic development on linkages depends on the interaction of these different factors. *Ceteris paribus*, if economic development increases extractable wealth it will prolong the viability of clientelistic politics. But if economic development increases the number (and thus the aggregate threshold income) of rent-seekers, or increases the reservation price of a given election, *ceteris paribus*, it will hasten the demise of clientelism. It should be emphasized, however, that *only* when aggregate threshold income and reservation price outstrip available resources will we see a shift in the dominant linkage patterns. It is only at this point that voters can choose collective goods without facing high risks due to the possibility of other voters free-riding. To conclude, there is no one-to-one correspondence between economic development and a reduction

Table 7.1 *Synthesis of the voter's dilemma and institutions*

	The voter's dilemma	
Institutions	I. Clientelism Direct exchange link	II. Policy-based sanctioning Indirect link
A. Candidate-centered institutions	Decentralized direct exchange networks Observable implications: Lack of intra-party unity and lack of inter-party divisiveness	Party–personal indirect link Observable implications: Moderate intra-party unity and moderate inter-party divisiveness
B. Party-centered institutions	Centralized direct exchange networks Observable implications: High intra-party unity but lack of inter-party divisiveness	Party-based indirect link Observable implications: High intra-party unity and high inter-party divisiveness

in the risks voters face in rejecting clientelism. This explains why political development does not necessarily follow in lock step with economic development, as modernization theory had it.

The voter's dilemma and institutions: a synthesis

In this section I integrate the voter's dilemma and institutional arguments and I develop observable implications for party behavior aimed at credit claiming with voters. If the theory presented here is correct, the effect of institutions on politicians' incentives is endogenous to the outcome of voter delegation in elections. If macro variables dictate that voters cannot ignore free-riding in using elections to procure collective goods, then politics will be organized around clientelistic exchanges. Under these macro conditions, institutions will shape the organization of clientelistic linkages. Party-centered versus candidate-centered electoral laws will alter the level of centralization, and who has "ownership" of distribution networks. But institutional variation will not alter the basic direct clientelistic link between voters and politicians. On the other hand, once macro variables dictate that voters can ignore free-riders in using elections to procure collective goods, electoral competition will reward the forging of indirect links, and institutions will condition politicians' choices between different mixes of national and locally targeted public goods as currently argued by new institutionalists. The synthesis of the voter's dilemma and institutional theory is presented in Table 7.1.

The distinct observable implications for each combination of linkage type and institutional rule stem from the fact that building each of the four different types of links creates different problems of credit-claiming with voters. When electoral competition favors indirect links to voters, politicians win votes by delivering some mix of national and locally targeted non-excludable goods as driven primarily by institutional rules. By definition, non-excludable goods are not delivered directly to voters, but are available to all members of the relevant political unit. Thus, the only way voters can be sure whom to reward for general policies is if the party regularly takes positions in favor of, and votes for, such policies, while other parties regularly oppose them. Intra-party unity in legislative voting is necessary for demonstrating issue position and for passing a legislative program, whereas inter-party difference in voting is necessary for claiming responsibility for passing certain types of legislation. If all parties vote to pass the same legislation, no particular party will be able to credibly claim they are distinct from the others in securing certain policies.

Thus, both intra-party discipline and inter-party divisiveness are crucial to surmounting the credit claiming problems associated with the indirect delivery of collective goods. This holds even when executive-legislative relations and electoral law promote candidate-centered voting. Candidate-centered voting will lead individual politicians to buck the party line more often and focus on providing locally targeted goods. This will certainly dilute the party label, and will be exhibited in less intra-party cohesion and inter-party divisiveness. But if politicians are to claim credit for *any* collective goods, a moderate degree of intra-party cohesion and intra-party divisiveness is necessary in order for voters to identify an agent responsible for passing such legislation. To the degree executive-legislative relations and electoral law create incentives for voters to cast a party vote, intra-party cohesion and inter-party divisiveness will rise. Under these institutions, party behavior is not diluted by legislators seeking to compete with copartisans by cultivating a personal link to voters.

When electoral competition rewards direct links, the tasks of demonstrating issue position and political responsibility are transformed into those of demonstrating access to political power and resources. Demonstrating this access and obtaining resources for delivering excludable goods is what makes claims in clientelistic systems credible. This is the root of the absence of inter-party divisiveness in such systems. As long as the legislative arena is the primary locus of decisions regarding the distribution of most government resources, we should expect low inter-party divisiveness because legislators or parties will be eager to join any legislative deals that can provide them with direct benefits.[10] By the same token, when goods are exchanged directly for votes, there is no need for parties to differentiate themselves in terms of issue position in the legislative arena. When voters cast their vote based on the receipt of a direct benefit, rather than based on issue position, principled legislative votes (the opposition voting against government legislation, for example) have no electoral value. In clientelistic systems, voters are not looking to a party's public record on legislation to determine their vote, but instead to whether the party has delivered. Under these conditions, any legislative vote that increases a party's ability to deliver is pure electoral gain.

The impact of institutional rules on parties' credit-claiming behavior in clientelist systems can be seen in differences in inter-party behavior. Institutional variation determines who "owns" the clientelist networks and maintains the reputation for delivering. With party-centered rules in which voters are allowed only a choice between different parties (cell IB), the party will "own" the clientelist networks and will be the agent with the reputation for delivering. Individual legislators become delegates assigned the task of maintaining these networks in the name of the party. Party leaders jealously guard the ownership of the clientelist networks, and must ensure that rank and file behavior maintains and enhances the party's reputation and ownership. Unpunished votes against the party might damage the party's reputation and, perhaps more importantly, create an opening for an individual deputy to demonstrate an independent ability to deliver. By punishing any transgression with a withdrawal of the party imprimatur, the party maintains the upper hand in reputation building. These parties have often been erroneously identified as collective goods parties because of the resulting high internal unity.[11]

When institutions permit voters to choose among politicians of the same party (cell IA), individual politicians become the carrier of the reputation for delivering, and individual politicians develop the direct exchange links to voters. Under these conditions, the most effective

[10] Rules that take decisions about resource distribution out of elected representatives' hands will alter this prediction. An example is Costa Rica, where the Constitution of 1949 created a range of autonomous administrative agencies, which in some cases designed, implemented, and raised revenues for their own budgets, and in others were protected from legislative reductions in their budgets below a specified level. See Mijeski (1977: 61–63).

[11] Venezuela is a prominent case in which monographic studies documented widespread clientelistic practices, yet stability and intra-party voting unity led many to argue these were nationally integrative programmatic parties. An exception to this characterization is Coppedge (1994), who notes that Venezuelan parties are an aberration in the extreme degree to which the leadership controls the rank and file.

electoral strategy will be to free those individual politicians to make their own decisions about legislative voting. Individual members who are responsible for creating their own reputations will have both the incentive and the best information for correctly determining how a particular vote will affect his ability to effect direct exchanges with voters. Since party reputation for delivering collective goods has no influence on voting choices, party vote totals are simply aggregations of individual politicians' vote totals, and thus a strategy that maximizes individual politicians' vote totals also maximizes the party vote. Paradoxically, then, the best electoral strategy for the party results in a pattern of low internal unity that many scholars have argued renders these institutions not parties at all.

An empirical test

Despite employing the same formal tools of accountability, democracies across the globe display widely varying levels of efficacy of the electoral connection. In particular, there seems to be an important divide between advanced industrial and developing democracies. Yet it is often difficult to design a test that can isolate the effects of a given independent variable while holding all others constant. The two most recent periods of democracy in Brazil (1945–64 and 1989–present) provide a rare opportunity to test one of the most prominent leading contenders: the new institutionalism. Many institutionalists have cited Brazil as a textbook case of the detrimental effects of highly disaggregative candidate-centered electoral law that decimates parties' ability to organize around issues of national scope (Ames 2001; Geddes 1994; Geddes and Ribeiro Neto 1992; Mainwaring 1992, 1995, 1999; Mainwaring and Perez-Liñán 1997; Shugart and Carey 1992). By examining the degree to which parties organize to provide voters with clear programmatic alternatives across the two periods that were governed by nearly identical institutional rules, including presidentialism, bicameralism (a Chamber of Deputies and a Senate), federalism, and open-list proportional representation, we can conduct a controlled test of the institutional argument.

Before examining the data some brief background is useful. The period of 1945–64 was characterized by a multiparty legislature with three large parties: the PSD (Social Democratic Party), the UDN (National Democratic Union), and the PTB (Brazilian Workers' Party); and the three small parties: the PSP (the Progressive Socialist Party), the PR (the Republican Party) and the PDC (the Christian Democratic Party). The party system that took shape in the late 1980s in Brazil had many similarities with the earlier period. It is once again a multiparty regime, with four large parties: the PMDB (the Party of the Brazilian Democratic

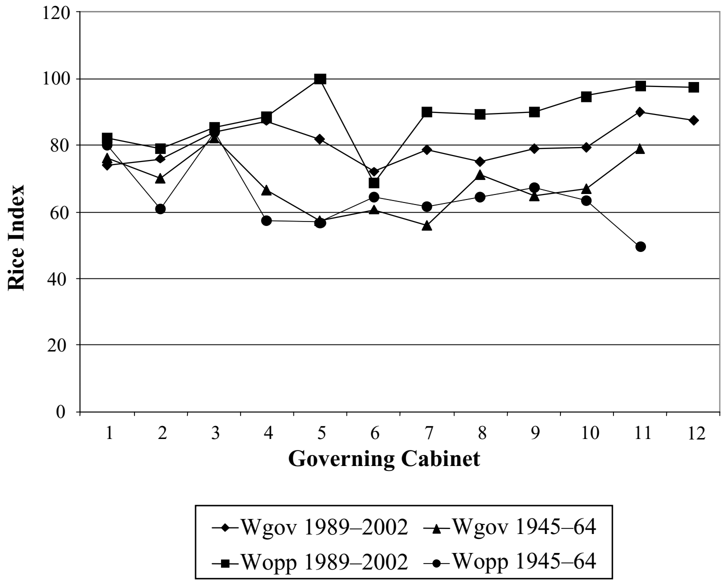

Figure 7.1 Roll call voting in the Brazilian Chamber of Deputies Rice Indexes (weighted averages)

Movement), the PFL (the Liberal Front Party), the PSDB (the Brazilian Social Democratic Party), and the PT (the Workers' Party); and two smaller parties: the PDT (the Democratic Labor Party) and the PDS/PPR/PPB (Democratic Social Party/Reformist Progressive Party/Brazilian Progressive Party).

Figure 7.1 above provides plots of average levels of intra-coalition unity (weighted Rice Index) on all roll calls for both the governing and the opposition coalitions across the two periods. The unit of observation is the governing cabinet, and I define the government coalition as the parties holding cabinet positions, and the opposition coalition is defined as the largest contiguous coalition to the left or the right of the government coalition. Figure 7.2 plots a measure of inter-coalition difference between governing and opposition coalitions on all roll calls and all coalition votes across both periods.[12] The standard measure of inter-party difference,

[12] Following Cooper *et al.* (1977) and Cox and McCubbins (1993), the level of divisiveness that defines a party vote is that at least 50 percent of one party opposes at least 50 percent of the other party. I adapt the measure to multiparty coalitions by defining a coalition vote as a vote in which at least 50 percent of the members of all of the parties in the governing coalition oppose at least 50 percent of the members of all of the parties in the opposition coalition.

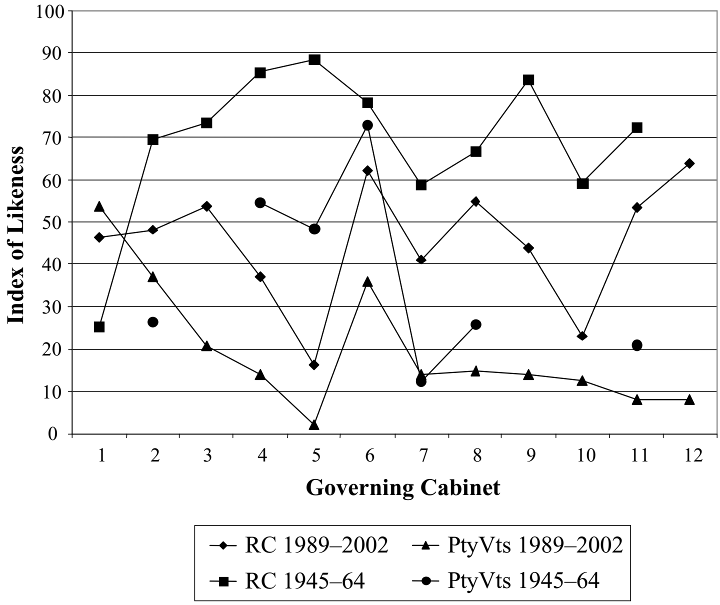

Figure 7.2 Roll call and party voting in Brazilian Chamber of Deputies (index of likeness)

the index of likeness, is a measure of the degree to which members of two groups (in this case, government and opposition coalition) vote the same way on a bill; the higher the index of likeness, the less inter-party divisiveness in legislative voting.[13]

As can be seen from the figures, both intra-party unity as well as inter-party divisiveness have risen considerably across the two periods. Figure 7.1 shows that increases in intra-party unity previously documented for individual parties also hold for both government and opposition on all roll calls.[14] Figure 7.2 also clearly highlights an important decrease in the index of likeness for all roll calls and all party votes (with the exception of

[13] The index of likeness is obtained by calculating the percentage of members from two separate parties or blocs that vote in the same direction and subtracting the difference from 100.

[14] Amorim-Neto and Santos (2001) demonstrated that the average Rice Index for the period from 1946–64 was 57, indicating that, on average, 78.5 percent of the members of a given party voted the same way on any given roll call. Limongi and Figueiredo (1995; see also Figueiredo and Limongi 2000), however, have shown that the average Rice Index for the current period (1989–98) has risen to 80, meaning that the "average floor discipline in the Lower House is 90 percent, that is, for any roll call 9 in 10 representatives voted according to their party leader recommendation" (2000: 158–59).

the second and seventh cabinets) across the two periods. The weighted average index of likeness on all roll calls is nearly twice as high in the earlier period as in the current period, and on party votes, the weighted average in the earlier period is almost three times what it is currently.[15]

The data are consistent with what we would expect if Brazil has moved from cell IA to cell IIA in Table 7.1 above. While in the earlier period both intra-party cohesion and inter-party divisiveness were low, in the current period both of these have risen to moderate levels comparable to other programmatic, candidate-centered presidential systems such as the United States.[16] Since the institutional context of both regimes is nearly identical, institutional theory sheds little light on these very important changes in party behavior.

These changes in Brazilian party behavior observed between the two periods are what we would expect if voters can now ignore free-riders in delegating to politicians to provide collective goods. Unfortunately, the theory of electoral sanctioning based on the voter's dilemma does not allow us to identify neat variables that can be directly measured to indicate which type of linkage prevails. The factors determining the predominance of direct or indirect linkages are aggregates of individual utility functions on the demand side, and combinations of structural and policy variables on the supply side, which cannot be measured and summed in any meaningful way. Moreover, as the concluding chapter discusses in great detail, the problems associated with gathering information directly from voters or politicians are legion. Despite these difficulties, I follow King, Koehane, and Verba (1994: 10) and argue that the availability of simple direct measures should not drive social science inquiry. As these authors argue, we must elaborate as many observable implications of our models as possible and develop more subtle, indirect tests of our theories.

We can develop an indirect measure of the type of linkage that predominates based on the most efficient strategy for maximizing votes for each linkage type. Exchanges that require direct distribution of benefits and monitoring can be carried out most efficiently by carving up the district into smaller discrete units or blocs and delegating the delivery and monitoring to brokers. Organizing to win most of the votes in a few

[15] The discontinuities in the graph of index of likeness from 1945 to 1964 reflect the fact that there were no party votes for five out of the twelve cabinets of the period. For more detailed data and figures, and a demonstration that a weighting of roll calls according to Carey's (2005) index of closeness enhances the conclusion of more programmatic behavior in the current period, see Lyne (2005a).

[16] Carey (2005) provides evidence from sixteen countries that indicates that Rice Indices in contemporary Brazil are only slightly lower than in Chile, and higher than in the US House and Senate.

blocs, rather than a few votes across many blocs will minimize the physical and knowledge resources required per vote delivered. In other words, the competitors most likely to prevail in clientelistic systems will be those who discern the basis on which the district can be carved up in order to deliver votes efficiently as a unit.

In contrast, when votes are won based on non-excludable programs, we should not expect such a "carving up" of the district and we should not expect the distribution of electoral support to reflect such bloc delivery. When votes are won based on collective goods, the vote spread of leading candidates will be more evenly distributed across the same units or blocs. Here there is no requirement for monitoring and exchange, and all else equal, we would expect that programmatic preferences will be evenly distributed across the units or blocs. Thus, as voters shift from clientelistic to collective goods, we should see a "deconcentration" of vote distribution across the district, as politicians attempt to appeal to all those with amenable preferences across the district. The analysis requires knowledge of the unit across which delivery takes place, and this may not always be a territorial unit. It could also be an occupational unit, such as a corporatist interest organization. But all clientelistic systems should exhibit this "carving up" of the electorate on some dimension that minimizes the costs to monitoring and delivering excludable goods.

Considerable monographic work indicates that in Brazil the unit of delivery of the vote was the municipality (Bezerra 1999; Leal 1977). Building on the pioneering work of Ames (2001), I use a measure of dominance across municipalities as an indicator of the kind of vote that is being cast in the two periods in Brazil. We can create a composite dominance score for any candidate by calculating the weighted average of each candidate's dominance in each individual municipality. Dominance in each municipality is simply the percentage of the total vote received by the given candidate in that municipality. Dominance scores for each municipality are then weighted by the percentage of the deputy's total vote received in that municipality and averaged. Candidates for federal deputy compete across all municipalities within the district of the federal state. Presidential candidates compete across all municipalities in the country.

Ideally, one should be able to control for socioeconomic factors that may render a municipality highly homogeneous in programmatic preference. But if we assume that such contamination of the data is random across candidates and across periods, then straight dominance scores should give a reasonable, albeit crude, measure of whether voters are choosing excludable or non-excludable goods. In general, when clientelism dominates, we should expect to see higher dominance scores for winning candidates in comparison to a system in which programmatic strategies dominate. We should also expect to see differences in the dominance scores of winning and losing candidates. If clientelism is predominant, what will differentiate winning and losing candidates will be overall vote totals, not level of dominance. Winning candidates will be those able to string together enough dominated municipalities such that their total exceeds the electoral threshold. Losing candidates will have similar dominance scores across individual municipalities, but will dominate fewer municipalities overall, giving them smaller overall vote totals. If programmatic politics is predominant, winning candidates will be those that enjoy widespread programmatic preference, and thus they may take a large percentage of the vote in many municipalities, particularly if they take a large percentage of the overall vote. Losing candidates, however, do not enjoy widespread programmatic preference, and thus we would expect that they would gain a few votes in each municipality, but dominate few municipalities.

The data on presidential candidates for both periods are displayed in Table 7.2 below. The number in parentheses is the percentage of vote won, and the first bold number gives the raw dominance score. Since there will be a systematic relationship between percentage of the vote won and dominance, the larger italic number, at the bottom of each cell gives the ratio of dominance to percentage of the vote won. This number thus gives a measure of dominance that controls for vote percentage. This is useful for comparing similarly placed candidates across elections.

As the raw dominance scores indicate, in the vast majority of cases, dominance scores are considerably higher in the earlier period for similarly placed candidates. In the cases in which dominance scores are similar for the same-placed candidates across the two periods (1st placed: Kubitschek and Quadros versus Cardoso I and II; 3rd placed: Fiuza and Barros versus Garotinho; 4th placed: Salgado versus Brizola and Gomes), there is only one case in which the ratio of dominance to vote percent is higher in the later period, which is that of Salgado versus Brizola.

Differences in dominance scores between winning and losing candidates in the same presidential elections are also consistent with a switch from clientelistic to collective goods competition. In the current period the winner's dominance score is almost twice that of the second-placed candidate, whereas in the earlier period this difference is only about 20 percent, despite the fact that the winner in the current period took a higher percentage of the vote than in the earlier period. Differences between winners and third-placed candidates are even more dramatic, with the exception of Garotinho. In the earlier period the third runner up has a dominance score somewhere between 40 and 89 percent of the winning

Table 7.2 *Municipal dominance of presidential candidates in Brazil by election year*

	placed 1st	placed 2nd	placed 3rd	placed 4th
1945	Dutra	Gomes (I)	Fiuza	Telles
	(52%)	(42%)	(5.3%)	(1.4%)
	0.59	*0.50*	*0.24*	*0.21*
	1.13	*1.19*	*6.86*	*15*
1955[a]	Kubtischek	Tavora	Barros	Salgado
	(36.2%)	(31.0%)	(24.5%)	(8.6%)
	0.47	*0.38*	*0.38*	*0.18*
	1.30	*1.23*	*1.55*	*2.09*
1960	Quadros	Lott	Barros	
	(48.8%)	(33%)	(18.2%)	
	0.51	*0.40*	*0.26*	
	1.05	*1.21*	*1.43*	
1994[a]	Cardoso I	Lula	Quercia	Brizola
	(61.1%)	(30.4%)	(4.9%)	(3.6%)
	0.47	*0.25*	*0.06*	*0.1*
	0.77	*0.82*	*1.22*	*2.78*
1998	Cardoso II	Lula	Gomes (II)	Carneiro
	(55.3%)	(31.0%)	(11.7%)	(2.1%)
	0.47	*0.29*	*0.13*	*0.02*
	0.84	*0.93*	*1.11*	*0.95*
2002	Lula	Serra	Garotinho	Gomes (II)
(1st Round)	(46.4%)	(23.2%)	(17.9%)	(12.0%)
	0.44	*0.26*	*0.22*	*0.16*
	0.94	*1.12*	*1.23*	*1.33*

[a]Data broken down by municipality were not available for the 1950 and 1989 elections.

candidate, whereas in the current period this difference is between 12 and 28 percent.

Data on federal deputies show similar trends. Table 7.3 reports the very incomplete results from the earlier period. The most complete data came from the 1946 election, in which eleven out of twenty-one states reported data (Alagoas, Bahia, Ceará, Goiás, Minas Gerais, Mato Grosso, Pará, Pernambuco, Rio de Janeiro, Rio Grande do Sul, Santa Catarina). In 1950, data exist only for three states: Bahia, Pernambuco, and Rio Grande do Sul. The data in 1954 are the same as 1950, with the addition of Sergipe. In 1958, data are available from Acre, Bahia, Mato Grosso, Rio Grande do Sul, and Sergipe. Finally, in 1962, we have data from Espírito Santo, Goiás, Mato Grosso, Piaui, Rio Grande do Sul, and Sergipe.

Table 7.3 *Percentage of deputies in lower Chamber with given level of dominance, 1946–1962*

	1946[a]	1950	1954	1958	1962
Dom > .1	80.0	68.0	74.3	72.6	85.7
Dom > .2	45.2	29.3	28.6	42.1	44.0
Dom > .3	25.2	5.3	6.7	11.6	8.8
Dom > .4	10.5	2.6	0.0	1.1	0.0
Dom > .5	4.3	0.0	0.0	0.0	2.2
Avg. Dom. In Leg.	0.223	0.162	0.163	0.173	0.193

[a]These data were gathered by the author, with the help of able research assistants in Brazil, by searching the stacks of the Brazilian National Elections Archive for the individual state reports sent to the National Election Commission. As the data indicate, I was unable to find reports for many of the states. To my knowledge this is the only centralized and the most complete database of municipal level vote distributions for legislative candidates for the period.
Source: Brazilian National Electoral Court Archives.

The data from 1946 are most complete and therefore most representative of the country as a whole, with two or more states reporting from four out of the five most important regions of the country, and one state from the fifth, northern region. In all other years, the data are seriously incomplete and not very representative of the country as a whole. If we compare 1946, the most complete set of data from the period, we see that it looks very much like 1986. Even with this limited data, however, we can note that in the latter three elections, average dominance scores increase, rather than decrease over time.

Turning to the current period, the evidence presented in Table 7.4 shows a declining trend of dominance in the current period up through 2002, with a small blip in 1998. And although the dominance scores for 1998 show an increase over 1994 and 1990 at the 0.1 and 0.2 levels, the average level of dominance in 1998 remains lower than in 1986. Overall, there is a clear decline in dominance over time in the current period.

The exception of the spike in 1998 and the maintenance of high percentages at the 0.1 dominance level deserve comment. Two factors made the 1998 elections unusual. First, the 1998 numbers may look artificially high because the 1994 numbers may have dropped more than the "normal" trend. This possibly resulted from the impeachment of the president in 1992 before the scheduled end of the term in 1994. Thus, it may be that networks of exchange were in more disarray than "normal" in 1994, and thus there was a greater drop that reflects disorganization

Table 7.4 *Percentage of deputies in lower chamber with given level of dominance, 1986–2002*

	1986[a]	1990	1994	1998	2002
Dom > .1	63.4	58.2	51.1	69.2	61.8
Dom > .2	46.4	38.6	16.8	44.2	34.3
Dom > .3	29.2	23.9	2.9	17.7	9.2
Dom > .4	15.2	10.5	0.4	4.7	2.3
Dom > .5	4.7	2.2	0.0	1.2	0.0
Avg. Dom. In Leg.	0.229	0.181	0.118	0.185	0.158

[a]In 1986 and 1990, some states are missing. The calculations of percentages are thus taken based on the total number of deputies for which dominance scores are available, rather than the total number of deputies in the Chamber for that legislature

Source: 1986–90, Barry Ames. 1994–2002 official web site of the Brazilian Electoral Tribunal.

rather than elimination of clientelistic exchange. Second, 1998 was the first re-election of a sitting president. This may have led to an unusual ability to build and maintain clientelistic networks across elections, and thus may be the cause of the spike. In other words, extreme discontinuity or unusual continuity of the chief executive (for this series) could well have introduced noise in the trend. Despite the spike in 1998, however, the data from 2002 show a continuing downward trend.

The maintenance of high percentages at the 0.1 level of dominance may well reflect Brazil's personalist electoral laws. Despite the decline in the viability of clientelism, legislators still have a strong incentive to cultivate personal votes, as cell IIA in Table 7.1 illustrates. Moreover, legislators no doubt continue to rely on municipal organization to build their personal reputation, and thus we can expect some dominance at the municipal level to remain. But since the personal reputation is based on indirect exchange and locally targeted public goods, and is tempered by collective goods preferences, we don't expect to see the high concentration of vote delivery by municipality that appears under clientelism.

Conclusion

The theory presented here provides a parsimonious general explanation for the variation in relationships of delegation and accountability that in turn drive variation in the efficacy of the electoral connection. Democracies with competitive elections fail to converge on roughly similar levels of political entrepreneurship due to factors inherent in electoral delegation to provide collective goods. This theory provides a reformulation of the poverty-based theory of variation in linkage, and its integration with institutional theory provides a more fine-grained theory of variation within the two linkage types. It was shown that this theory can explain changes in Brazilian party behavior that institutional theory alone cannot address.