

The Only Player in Town: A Formal Explanation of the Maintenance and Erosion of the Unity of a Dominant Party's Elite*

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Abstract

This paper proposes a sequential game between two party factions –the ruling and minority factions– to analyze under which circumstances the leaders of an authoritarian dominant party might prefer to remain united, when will they opt to defect or expel other factions from the party, and what might be the consequences of this process. The model confirms that a dominant party is likely to remain united when all its factions receive a high absolute payoff, as has been already proposed by Geddes. However, the game reveals that this same result might take place even if the minority faction receives a low absolute payoff, largely because the ruling faction can decrease the former's chances of improving its payoff in other parties through the use of repression. Given this distinction, two concrete causal mechanisms are derived from the model to explain why the minority faction might leave the dominant party, and when this might happen. The game also reveals why different types of defections might affect in distinct ways the prospects of survival of a dominant party.

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Introduction

Dominant-party regimes¹ are a peculiarly common, adaptive and resilient kind of authoritarian political regime. According to Geddes (Forthcoming), almost 30% of the autocracies that existed between 1945 and 2010 were dominant-party regimes.

Revealing their organizational and ideological flexibility, dominant-party regimes have emerged and survived in countries with significantly different levels of ethnic diversity (e.g., Algeria and Malaysia), electoral competition (e.g., Mexico and Taiwan) and economic performance (e.g., Senegal and Singapore), and have adopted platforms that could be located almost at any point of the political and economic ideological spectrums (e.g., communism, nationalism, conservatism, economic liberalism, racial segregation). Templeman has recently noted that most of the authoritarian dominant-parties that emerged between 1945 and 2006 were *first movers*. That is, parties that entered the “electoral market with a head-start in the competition for votes” either because they played a significant role in the creation of the regime and/or because they came to power in the first election (2010, 25, 56-57).² Geddes has also showed that once in power, authoritarian dominant-party regimes last significantly longer than personalistic and militaristic regimes –the other two most common types of dictatorships (1999; 2005).

Despite these significant empirical discoveries and the numerous efforts made over the last three decades to understand the nature and characteristics of this type of dictatorship around the world, we still lack a general theory to explain the survival and eventual decline of dominant-party regimes.³ Until recently, most of the research done

¹Dominant-party regimes are also called *single-party regimes*, *one-party regimes* or *hegemonic-party regimes*. I prefer the term “dominant” because this includes cases in which the dominant party is the only one formally allowed to exist (e.g., Senegal’s PS before 1978 or Taiwan’s KMT before 1987), as well as cases in which there might be more than one party allowed to compete but one of them is clearly dominant (e.g., Malaysia’s UMNO, Mexico’s PRI, Singapore’s PAP). I adopt Geddes’ definition of an *authoritarian dominant-party regime* (single-party regime in her terms) as one in which “one party dominates access to political office and controls policy, though other parties may sometimes legally compete” (2005, 3). That is, a dominant-party regime is a type of dictatorship in which the ruling party has enough institutional autonomy to constrain the dictator’s discretion over policy and personal choices.

²For this argument I am only considering the 24 authoritarian dominant parties included by Templeman in Table 2.2 (2010, 56-57).

³One of the main conclusions of Magaloni and Kricheli’s recent review of the state of the literature on dominant-party regimes is that “To fully understand one-party regimes, a comprehensive theory of

on this type of autocracies had focused on case-studies and small-N studies (e.g., Friedman and Wong 2008; Greene 2008; Langston 2006; Magaloni 2006; Mickey 2005 2008; Widner 1992). Thus, although the arguments proposed by these authors might be suggestive and appropriate for the country or countries in question, once put in comparative perspective they lose explanatory power and –in some cases– they even contradict each other.

Geddes' (1999; 2005) research on authoritarian regimes represents one of the first efforts to study this subject from a comparative perspective.⁴ One of the more interesting results of this comparative endeavour for the case of dominant-party regimes, is the causal mechanism she proposes to explain why this type of dictatorships tend to be more stable and resilient than military or personalistic regimes. Geddes argues that unlike what happens in these last two types of dictatorships, the governing factions of a dominant-party regime have strong incentives to remain united and cooperate to maintain the party in power because “everyone is better off if all factions remain in office” (2005, 7). Put it differently, all factions want to help maintain the dominant party in power because their capacity to maximize their payoffs depends on this. Therefore, the party's elite has strong incentives to remain united.

This argument not only provides a general explanation for why and how dominant-party regimes last longer in power, but it also represents one of the few solid and useful building-blocks we have at this point for the construction of a theory of dominant-party regimes. However, Geddes' theory does not tell us much of why the unity of the party's elite might erode or how this might happen (Langston 2006; Smith 2005), and if this will inevitably translate in the collapse of the regime. If all factions are better off if the dominant party remains in office, as Geddes proposes, how can we explain that a minority faction might opt to leave the ruling party even before this has lost control of the national government? Moreover, if the unity of the party leaders is the crucial component to explain the resilience of these type of autocracies, how can we explain that some dominant parties (e.g., Mexico's PRI or South Africa's National

the conditions that foster the rise and fall of one-party regime is needed” (2010, 138).

⁴This path of research has later been followed by Gandhi (2008), Greene (2010), Magaloni (2008; 2010) and Templemen (2010), among others.

Party) were able to remain in power for several years –or still are– after the defection of important factions?

The central goal of this paper is to address these unanswered questions and, consequently, to improve our understanding of why dominant-party regimes are able to maintain the unity of their factions much better than any other dictatorship, as well as why and how the party’s internal cohesion might erode, and when will this endanger the future of the regime. Hence, parting from Geddes’ idea that the survival of a dominant-party regime largely depends on the unity of its elite, I present a sequential game with perfect and complete information in which two factions within a party –the Ruling Faction (PRF) and the Minority Faction (PMF)– make strategic choices after the ruling faction has decided how to allocate party benefits between the two. While the PMF must decide between staying or leaving the party given the distributions of benefits, the PRF must decide between punishing or not punishing the PMF if this last decides to leave the party. Finally, the PMF opts between joining/creating an opposition party or not.

The paper offers five contributions. First, parting from a particular conceptualization of the nature of the expected utility function of a political faction,⁵ the model provides a formal and consistent framework to incorporate and combine many of the arguments that have been proposed separately by other authors to explain the survival and decline of authoritarian dominant parties (e.g., resources advantages, manipulation of political institution, repression). This allows us not only to understand the potential explanatory power of these arguments when they are combined, but also their limitations when considered separately.

Second, the game reveals that the nature of the unity of an authoritarian dominant party is more complex than what was been previously proposed. As I explain with more detail in Section 3, the game illustrates that the unity of a party’s elite might be an equilibrium that holds under very different circumstances. In one case

⁵I propose that the expected utility behind each of the payoffs of each faction in Geddes’ model can be modeled as $EU(Party_j) = P_j U(O_j) - C_j$. Although this characterization is not new (see e.g., Magaloni 2008; Greene 2008), the difference is that while the theory presented in this paper is completely derived from this definition of a faction’s expected utility, other authors have used it only to support one part of their argument, but not their whole theory.

both factions' dominant strategy is to remain in the party, as Geddes suggest, because they receive a very high expected utility in absolute and relative terms. In the other case, the minority faction prefers to stay in the dominant party despite receiving a low absolute expected utility because the ruling faction is able to use repression as a tool to reduce the minority faction's chances of improving its expected payoff in other parties.⁶ In this second case the PMF stays in the party not because this represent a dominant strategy, but because the minority factions is doing the best it can given the PRF's strategy.

Third, two concrete causal mechanisms can be derived from the model to explain why the minority faction might eventually leave the dominant party. The first one states that the PMF will have incentives to leave the dominant party when the repressive capacity of the ruling faction's decreases, or when a change in the value of the other parameters make the expected utility of defecting larger than the expected utility of staying. Although in the real world dominant parties can sometimes change the institutional rules of the game, which allows them, in turn, to modify the value of many of parameters of the game, at this stage of my research I treat these basic rules, as well as their possible changes, as exogenous.⁷ Explaining when, why and how this parameters change is the goal of future stages of this research agenda. The second causal mechanism proposes that the minority faction might leave the dominant party not because this represents the best strategy to maximize its expected utility, but because this faction was consciously marginalized within the dominant party by the PRF. This implies, then, that in certain circumstances the ruling faction might be better off if the minority faction leaves the party.

Fourth, the two previous points imply that the minority and ruling factions of a dominant party will not always prefer to stay together. While in some circumstances the PMF might prefer to defect Party D in order to maximize its expected utility in a different party, in other cases the PRF might opt to expel the PMF from the dominant

⁶To put it in other terms, this result is a function of the ruling faction's capacity to generate a particular structure of incentives in which all factions prefer to stay in the dominant party even if they receive a low expected utility. I elaborate this argument with more detail in Section 2.

⁷That is, I treat the levels and changes in the repressive capacity of the PRF and the other parameters as the result of exogenous factors, either of a parallel political process (e.g., institutional reforms) or external shocks (e.g., the collapse of supra-national or foreign support, economic crisis, wars).

party as a way to maximize its expected payoff. Finally, the differences between the two causal mechanisms mentioned above also help us understand why different types of defections might affect in distinct ways the power and survival prospects of the dominant party. I argue that while the partisan splits produced by the marginalization of the minority faction will not entail a significant damage for the dominant party's unity,⁸ the defections that follow the second causal path have a much more negative effect on the party's unity because they are the result of a structural transformation that affect the incentives of all dominant party members, not just of a few one as in the first case.

The paper is organized in four sections. I start discussing with greater detail Geddes' theory on dominant-party regimes. In the second section I lay out and solve the game. Then, in the third section I discuss and analyze some of the most relevant implications of the model to explain the survival and eventual erosion of the unity of an authoritarian dominant-party regime. I illustrate some of these implications with brief empirical references and two short vignettes describing the cases of Mexico's *Partido Revolucionario Institucional* (PRI) and Taiwan's *Kuomintang* (KMT). The last section summarizes and wraps up the main results of the paper.

1 Geddes' Theory

Originally motivated by the aim to have a better understanding of the causes behind the democratic transitions that characterized the 1980s and the 1990s, Barbara Geddes' *Authoritarian Breakdown* (1999; 2005) has become one of the most important references in the study of authoritarian regimes. One of Geddes' central premises is that in order to answer the most crucial questions on any dictatorship⁹ we need to understand that "Different kinds of authoritarianism differ from each other as much as they differ from democracy" (2005, 3). In particular, Geddes proposes that the main characteristic that distinguishes one type of autocracy from another is the nature of

⁸Actually, the reason why the ruling faction decided to marginalize the minority faction is precisely because the exit of this last faction represents an improvement for the ruling faction.

⁹For example, why dictators are chosen in different ways? What explains the longevity of an authoritarian regime? Why autocracies make decisions in different ways, consulting different social groups? What role does opposition forces and citizens play in the political process under a dictatorship?

their intra-elite factionalism and competition because this determines the way successions are handled in each type of autocracy and, most importantly, the likelihood and mode of breakdown.¹⁰ Using this criterion she classifies dictatorships into single-party regimes (what I call dominant-party regimes), military regimes and personalist regimes, or a combination of these three pure types.¹¹

In the case of dominant-party regimes, Geddes suggests that the interaction between the factions of the ruling party can be modeled as a modified version of an assurance game (Figure 1). In this game two factions, the Minority (row player) and the Majority faction (column player),¹² decide between supporting the dominant party to stay in office or not. Given the structure of the game, both factions have strong incentives to cooperate in order to maintain the dominant party in power because this would give them the highest possible payoff. Thus, although the factions of a dominant party might compete for power and have policy differences, “everyone is better off if all factions remain in office” (2005, 7). Hence, Geddes concludes that neither faction “would voluntarily withdraw from office unless exogenous events changed the costs and benefits of cooperating with each other (and hence changed the game itself)” (2005, 8). In other words, the unity of a dominant party will only erode as a result of exogenous shocks.

		Majority	
		Office	Out
Minority	Office	8, 10	5, 1
	Out	3, 9	0, 0

Figure 1: Geddes’ game between factions in single-party regimes

Geddes’ theory not only provides a clear, concise and powerful illustration of why dominant parties are able to stay united and remain in power longer than any other type of dictatorship, but it also represents one of the most significant and solid

¹⁰Thus, for this author the characteristics of the intra-elite factionalism and competition is “the analogue of elections in democracies” (2005, 1,3).

¹¹Geddes proposes that “In military regimes, a group of officers decides who will rule and influences policy. In single-party regimes, one party dominates access to political office and controls policy, though other parties may sometimes legally compete. In personalist regimes, access to office and the fruits of office depends on the discretion of an individual leader” (2005, 3). For an alternative classification see Gandhi (2008, 20).

¹²The numbers in each cell represent the payoffs of the two factions. While the first number corresponds to the payoff of the minority faction, the second describes the payoff of the majority.

building-blocks that we have at this point for the construction of a theory of dominant-party regimes. As such, it represents the point of departure of the argument I develop in the next section.

However, despite the important insights provided by Geddes, her argument does not tell us much about why and how the unity of the party's elite might finally erode (Langston 2006; Smith 2005), and whether or not this will inevitably translate into the collapse of the regime. If all factions are better off if the dominant party remains in office, as Geddes suggests, how can we explain the fact that in some cases a minority faction decided to leave the dominant party even before it had lost control of the national government?¹³ Geddes argues that a faction might desert the party if it becomes deeply dissatisfied with it (2005, 8), but how can the minority faction ever be dissatisfied with the party in this model if its best possible payoff –top left cell– depends on the dominant party staying in power? Furthermore, if the unity of the party's elite is the crucial component to explain the stability and resilience of dominant-party regimes, how can we explain that some dominant parties, like the KMT in Taiwan or UMNO in Malaysia, were able to remain in power for several years –or still are– after the defection of important groups?

From my perspective, two closely related factors limit the capacity of Geddes' argument to address these questions. The first one is the assumption that the factions of a dominant-party regime “want to hold office, and they want their party to hold power” (2005, 7). The problem does not have to do with the idea that factions want to maximize their payoff, but that the way this assumption is phrased seems to imply that the *only* way in which they can do it is by helping the dominant party to stay in power.¹⁴ While this might be a reasonable assumption when the official party is the only one allowed to legally exist (e.g., the Communist Party of the Soviet Union), it might be inappropriate in other contexts. For example, if the legal system allows the creation or existence of opposition parties (e.g., Malaysia, Mexico and South Africa,

¹³There are several examples of this. In 1982, twelve years before the end of the rule of the South Africa's National Party, the faction led by Andries Treurnicht left this party in order to create the Conservative Party. Likewise, in 1987, when the PRI was still in control of almost all elected positions in Mexico, Cuauhtémoc Cárdenas and his *Corriente Democrática* left the PRI and created a new party.

¹⁴In the next section I propose an alternative conceptualization of how factions maximize their power, one that allows this to happen within the dominant party *or* in an opposition party.

this last only for the case of the white population), under certain circumstances the minority faction might find it more profitable to maximize its expected payoff by defecting from the dominant party and creating or joining an opposition party in order to compete in the next elections.¹⁵ Therefore, by forcing the convergence of the fundamental interest of the party and its factions, this assumption eliminates, *a priori*, the potential motivations that a faction might have to defect.

The second problem with Geddes' explanation lies in the nature of the model she chose to represent the interaction between the factions of a dominant-party regime. Although the game does a very good job illustrating why the elite of a dominant party has strong incentives to remain united, it offers an incomplete perspective of what would happen if the party divided. According to Figure 1, the payoffs of *both* factions will *always* be smaller whenever the party experiences a division, if compared to the outcome when the party remains united.¹⁶ However, there are certain circumstances in which the majority or minority factions might be better off when the dominant party divides. For example, the majority faction might purposefully purge the minority faction from the dominant party as a way to increase its payoff by reducing the number of actors with whom to share power and resources (e.g., Stalin's purges in the late 1930s). Likewise, under certain conditions the minority faction might defect from the dominant party and create or join an opposition party in order to compete in the following election because the expected payoff of winning as the leading faction of an opposition party is larger than the expected payoff of staying in the ruling party as a

¹⁵Mexico's PRI experienced this type of internal divisions after the electoral reform of 1996, when many PRI state leaders defected from the party in order to compete as governor candidates for an opposition party. See Garrido de Sierra (2011).

¹⁶According to Geddes the bottom left cell of Figure 1 represents a situation in which the party still rules but the minority faction is excluded from office. In this case, the minority still receive some benefits but "none of the specific perquisites of office" and "The majority is also worse off because disunity weakens it" (2005, 9). The top right cell illustrates a situation in which "the party has lost control of government, but the minority faction still fills some seats in the legislature or holds other offices as an opposition to the new government. The minority's pay-off when in opposition is lower than when its party holds power because an opposition has fewer opportunities to exercise influence or line pockets" (2003, 59). Geddes' depiction of this last outcome implies that the only way in which the minority faction can survive after the dominant party loses power is as a part of an opposition party, which might be true for some cases (e.g., former communist parties in East Europe), but it omits cases in which the defecting faction joins or creates an opposition party and wins the immediate election, becoming the ruling party (e.g., the PRI after the 1996 electoral reform).

minority.¹⁷

In sum, as other important seminal works, Geddes' theory of dominant-party regimes provides important insights and leaves us with many unanswered relevant questions. While we know that these type of regimes last longer than any other type of autocracy because their factions have strong incentives to remain united, we still do not know when will this erosion actually affect the chances of survival of the regime or what erodes the cohesion of a dominant party's elite. In the following section I propose a formal model that offers an answer to these questions.

2 A Model of Party Dominance

As any other political party, authoritarian dominant parties can be understood as a temporal coalition of political factions that join in order to increase their payoff in the political system. Each faction contributes different amounts of human, material and financial resources in order to either build and mobilize popular support in favor of the authoritarian the regime (Geddes 2008; Magaloni 2008), deter the expressions of opposition against the government, as well as to increase the party's capacity to simultaneously persuade, coordinate and mobilize voters to win elections (Cox 2008), if there is any. In return, the party provides each faction some type of benefits with certain probability. Together, these benefits, probability and costs (i.e., the resources contributed) determine the expected utility (or payoff) that the party can provide to each faction. This can be formalized as

$$EU(Party_j) = P_j B_j - C_j \tag{1}$$

where B_j stands for the benefits associated to being member of Party j , P_j refers to the probability of receiving these benefits and C_j to the costs associated to supporting Party j .¹⁸

¹⁷The case of the PRI in Mexico is briefly explained in footnote 15. Something similar happened to Taiwan's KMT in the 1997 local elections (Templeman 2010, 20).

¹⁸This conception of the expected utility of a party's faction is largely an addaptation of Aldrich and Bianco's model of "Party Affiliation" (1992), which is also the point of departure of Magaloni (2008) and Greene's (2008) models. The assumptions made here to simplify this equation are the same as the ones proposed by Aldrich and Bianco.

Dominant parties can use a wide variety of mechanisms to offer each of its factions a comparatively higher expected utility than what any other political party could offer them. These include, among many other options, the manipulation of the electoral rules, the use of public funds to finance the official party, the allocation of public jobs and contracts on a partisan basis, banning opposition parties, candidates or elections, disfranchising social groups that support opposition parties or, more fundamentally, through repression. What is remarkable, however, is that no matter what particular combination of mechanisms is used by a particular dominant-party regime, all have the same fundamental goal: to create a situation in which the average cadre perceives the dominant party as the “safer bet” because it can provide him or her the largest benefits, with the highest probability at the lowest costs. That is, the main goal of any dominant party is to provide each of its factions an expected utility that is relatively higher than what any other political party could offer them.¹⁹ As long as the party is able to do so, the factions will remain united and the party in power.

Notice that a dominant party might be able to become the “safer bet” by either increasing the expected utility it can provide, reducing the expected utility that other parties can offer, or both. This has at least two important implications. The first is that a dominant party might be able to keep the unity of its ranks –and stay in power– even after providing a low absolute expected utility to one or more of its factions, as long as it is also able to reduce the expected utility offered by other parties through one or more of the mechanisms mentioned above (e.g., repression). The second –and related– implication is that while some factions might opt to stay in the dominant party because they received the highest possible expected utility they could get in the political system (i.e., it is their dominant strategy, as Geddes suggests), other factions might prefer to stay in the ruling party even after receiving a low expected utility because it is their best available option, given the dominant party’s capacity to reduce

¹⁹This implies that in order to remain united a party must offer each of its factions the highest expected utility they could get –in relative terms– in the electoral market (even if it is rigged in favor of one of the parties), but it does not necessarily mean that the expected utility received by each faction will be larger in absolute terms, or that all factions will receive the same expected utility. Thus, all factions will have incentives to remain in a party because it provides them a higher expected utility than any other party, but some factions might receive a higher expected utility than others because they control the party apparatus and the material and ideological benefits associated to it.

the payoff offered by any other political organization. Thus, the losers of any decision that involves the allocation of resources (e.g., a nomination process or the adoption of particular public policies) might be, of course, discontent. However, these factions will not have concrete incentives to defect from the dominant party in order to join or create other political organizations as long as the first is able to provide an expected utility that, although low in *absolute* terms, is larger in *relative* terms than what any other party can provide.²⁰ These are the basic ideas that the game proposed in this paper formalizes.

The Game

In order to understand what allows an authoritarian dominant party to maintain the unity of its elite, as well as the conditions that might erode this equilibrium, I present a sequential game with perfect and complete information in which two factions within a party – a majority ruling faction and a minority faction – make strategic choices after the ruling faction has decided how to allocate the party benefits between the two. Using this general game, which I argue is useful to explain party unity and faction-switching in both authoritarian and democratic regimes, I derive the conditions under which, first, a democratic and authoritarian dominant party might maintain the cohesion of its factions, and, second, the elite’s unity finally breaks down.

The game assumes the existence of two players within Party D, which is the party in government. First, the faction that controls the party apparatus, which I call *Party Ruling Faction* (PRF), and, second, the faction that belongs to Party D but is not part of the ruling faction. I call this second faction *Party Minority Faction* (PMF).²¹ Together, the PRF and PMF comprise all factions within Party D. Other parties besides Party D *might* exist in the political system before the game starts. I assume that the main goal of each faction is to maximize its own expected utility in the political system as a whole (i.e., increasing the faction’s share of the political pie). This

²⁰This same reasoning might help explain why some dominant parties are able to maintain the unity of its factions through long periods of economic hardships (e.g., the PRI during the fifteen years that followed the 1982 debt crisis or the CPSU since the early 1970s). Even when the expected utility provided by the dominant party might decrease as a result of the successive economic crises, it is likely to be relatively larger than what other parties can offer.

²¹I will refer to each faction indistinctly as “ruling faction” or PRF and “minority faction” or PMF.

can be done by either i) maximizing the expected utility of Party D (i.e., increasing the slice of the political pie that the party receives); and/or by ii) maximizing the expected utility of their faction within Party D (i.e., increasing the faction's share of the party's slice) or another party (i.e., supporting, joining or creating another party).²²

Notice that while the PRF is likely to have strong incentives –given its dominant position within the ruling party– to maximize its expected utility almost exclusively by maximizing Party D's collective expected utility and its faction's expected utility within the party,²³ under certain circumstances the minority faction might be able to maximize its expected utility in a party different than Party D. That is, depending on the values of the parameters of the model the minority faction might have incentives to maximize its expected utility by maximizing the expected utility of Party D *or* the expected utility of other parties (in case it switches to any of them or creates a new one), as well as by maximizing its own expected utility within Party D *or* in other parties (in case it joins any of them or creates a new one, again).

As Figure 2 illustrates, the game has four stages.²⁴ The ruling faction starts allocating a share of Party D's benefits (θ) to the minority faction and keeps the rest ($1 - \theta$) for itself (decision node 1).²⁵ After this, the PMF must decide if it wants to stay in Party D given the benefits and the expected utility offered by this party, or if it prefers to leave Party D in order to try to maximize its payoff by joining or creating another party (decision node 2). If the PMF decides to stay in Party D, the expected utility for the ruling and the minority factions are $P_D[(1 - \theta)B_D] - C_D$ and $P_D[(\theta)B_D] - C_D$, respectively, where P_D represents the probability that Party D would

²²This initial conceptualization of the actors and their goals is largely based on Horiuchi and Tay (2004).

²³This will be true as long as the PRF's expected utility within Party D is larger than what this faction could obtain in another party.

²⁴Each of the four decision nodes are numbered on the left side to facilitate the description of the game.

²⁵This treatment of θ implies that the model only considers divisible and excludable goods, when a lot of what ruling dominant parties provide in the real world are public goods and policies that have a distributive component and that are non-excludable. Furthermore, unlike Geddes' model (2005), the one presented in this paper does not make any specific assumption about how the provision of public goods might compensate for the fact that the minority faction received a relatively small share of private goods. Interestingly, however, even with this limited conception of θ the model shows that the equilibrium proposed by Geddes –the dominant party remains united because all factions are better off if the party stays in office– might still take place. This will be discussed in Section 3.

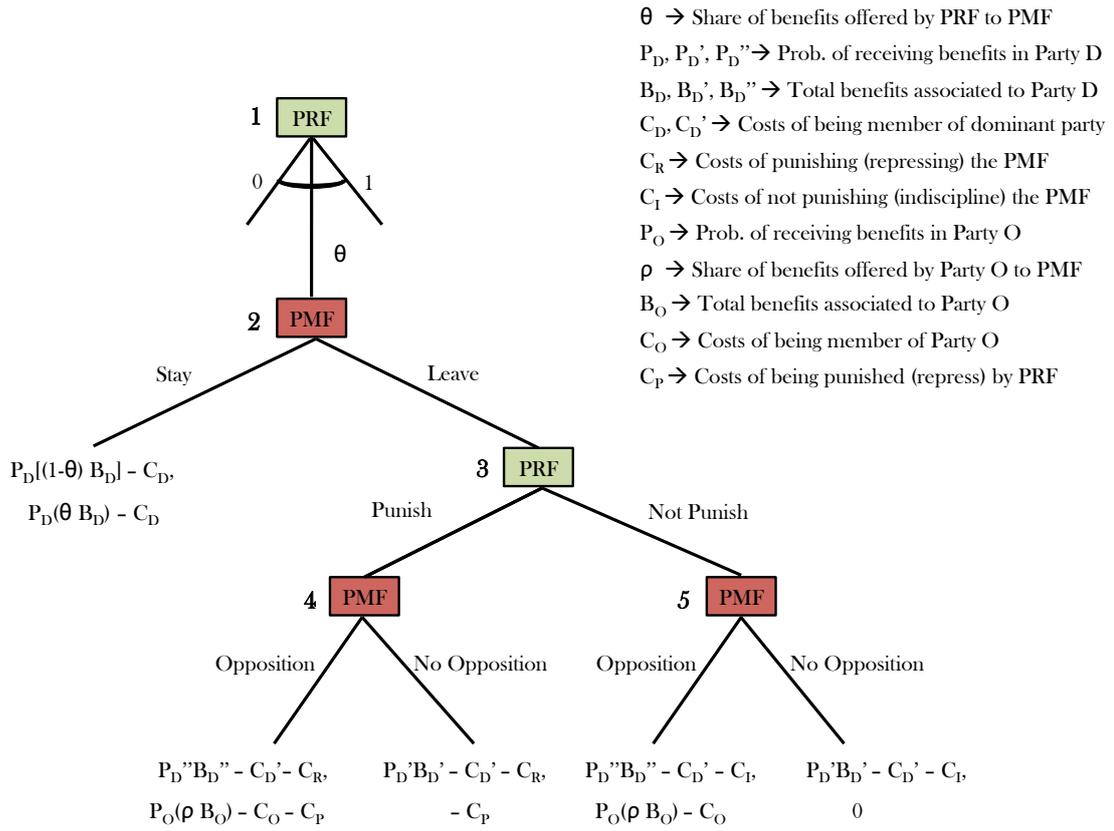


Figure 2: Party Dominance Game

win a proportion of the seats at stake –or survives in power, if there are no opposition parties– and, consequently, will be able to provide the promised benefits among its factions, θ and $1 - \theta$ represent the share of the benefits allocated to each faction, B_D represents the total benefits associated to Party D and C_D represents the regular costs paid by each faction to cover the regular operation costs of Party D, as well as the costs associated to electoral campaigns.

Now, if the minority faction decides to leave Party D, then the ruling faction must decide between punishing or not punishing the PMF (decision node 3). This punishment can range from threats and harassment, to more extreme measures like imprisonment, torture and death. Notice that while punishing the members of the PMF might represent certain costs for both the ruling faction (C_R , where the R stands for repression) and the minority faction (C_P , where the P stands for being punished), not punishing the defecting minority faction could also imply costs for the PRF (C_I ,

where the I stands for indiscipline) because this decision might be perceived by other members of the party as a sign that they could act in an undisciplined way without suffering negative consequences, which, consequently, could increase the indiscipline within Party D and, under certain circumstances, even threaten the stability of the whole regime.

Finally, the minority faction must choose between joining or creating an opposition party or not (decision nodes 4 and 5). In case the minority faction switches to or creates an opposition party after being punished by the ruling faction, the expected utility of this last will be $P_D''B_D'' - C_D' - C_R$ and the PMF's will be $P_O[(\rho)B_O] - C_O - C_P$. Now P_D'' , B_D'' and C_D' represent, respectively, the probability, benefits and costs associated to Party D after the PMF left this party *and* joined or created another party. Notice that although in this scenario the PRF would enjoy all the benefits provided by Party D, the defection of the PMF might –although not necessarily will– reduce the size of these benefits ($B_D \geq B_D''$) and Party D's probability of providing them ($P_D \geq P_D''$).²⁶ In addition, the defection of the minority faction might also increase the costs that the ruling faction must pay because it might have to compensate for the costs previously covered by the PMF ($C_D' \geq C_D$).²⁷

In the case of the minority faction's expected utility, P_O represents the probability that Party O would win a share of the elected positions in dispute and, consequently, will be able to provide the benefits it promised to each of its factions, ρ represents the share of the benefits offered to the PMF by Party O, B_O represents the total benefits associated to Party O, C_O represents the regular costs paid by each of these faction for being affiliated to Party O and C_P represents the costs paid by the minority faction after being punished by the ruling faction.

If the minority faction decides not to join or create an opposition party after being punished by the ruling faction, the expected utility for the PRF will be

²⁶In both cases the logic is that the PMF's defection might imply a significant reduction of Party D's organizational and resource advantage, as well as an increase of Party O's. If P_D is reduced, that might translate into losing certain number of elected positions, which, in turn, could represent losing control of certain resources that determine the level of benefits that Party D can provide to its factions.

²⁷The idea here is that if the PRF wants to maintain the capacity to mobilize popular support and the level of coordination, persuasion and mobilization that the dominant party had before the PMF defected, under certain circumstances the ruling faction will have to pay a higher cost to compensate the contributions that were previously made by the PMF.

$P'_D B'_D - C'_D - C_R$ and for the PMF $-C_P$. In this case P'_D and B'_D represent the probability and benefits associated to Party D after the PMF left this party *but* did not join or create another party. I assume that $P_D \geq P'_D \geq P''_D$ and $B_D \geq B'_D \geq B''_D$.²⁸ C'_D remains the same as in the previous scenario because the ruling faction might still need to compensate for the costs that the minority faction used to pay. The expected utility for the PMF is $-C_P$ because although it decided not to switch to or create an opposition party it still pays the costs imposed by the PRF.

The payoffs of the two bottom right final nodes, when the PRF opts not to punish the PMF, are similar to the last two just described. The only differences are that while the PRF pays the costs of additional internal indiscipline for not punishing the PMF's defection (C_I) instead of the costs of repressing it (C_R), in both cases the PMF no longer pays the costs of being punished (C_P) if it leaves Party D.

Solving by backward induction, we have that in the last stage of the game (decision nodes 4 and 5) the best strategy for the minority faction will be to join or form an opposition party when $P_O[(\rho)B_O] - C_O - C_P > -C_P$ and $P_O[(\rho)B_O] - C_O > 0$ –which in both cases is equivalent to say $P_O[(\rho)B_O] > C_O$,²⁹ or that the expected benefits of affiliating to an opposition party are larger than its costs– and not to join or form an opposition party otherwise. Taking this elements into account, the ruling faction's best response in node 3 will depend on the values of both the costs the PRF must pay for repressing (C_R) or the additional internal indiscipline after not repressing the PMF's exit (C_I), as well as the values of $P_O[(\rho)B_O]$ and C_O (which define the PMF's decision in the previous stage).

Lets assume first that the PMF decides to create or join an opposition party in the last stage of the game (the two left branches in decision nodes 4 and 5). If this is the case and the costs of additional partisan indiscipline within Party D are bigger than the costs of punishing or repressing the minority faction ($C_R < C_I$),³⁰ then the

²⁸The logic in this case is that although the defection of the PMF might reduce Party D's organizational advantage, this will not increase Party O's capabilities. Thus, although the exit of the PMF might still reduce the benefits that Party D can offer, as well as the probability that they will be actually provided, this reduction will not be as severe as in the previous case because the PMF did not join the ranks of an opposition party.

²⁹Notice that $P_O[(\rho)B_O] - C_O - C_P > -C_P$ is equal to $P_O[(\rho)B_O] > C_O$ after C_O and C_P are added to both sides of the equations.

³⁰As I explain below, this scenario is much more likely to happen under a dictatorship than a democ-

ruling faction will prefer to punish the minority faction because $P''_D B''_D - C'_D - C_R > P''_D B''_D - C'_D - C_I$. However, if the cost of punishing the minority faction are larger than the costs of the indiscipline this will generate within Party D ($C_R > C_I$), then the ruling faction will prefer *not* to punish the PMF because $P''_D B''_D - C'_D - C_R < P''_D B''_D - C'_D - C_I$.

Likewise, if we now assume that the minority faction decides *not* to create or join an opposition party in the last stage of the game (the two right branches of decision nodes 4 and 5) *and* the costs of additional partisan indiscipline are larger than the costs of punishing the PMF ($C_R < C_I$), then the ruling faction will still prefer to punish the minority faction because $P'_D B'_D - C'_D - C_R > P'_D B'_D - C'_D - C_I$. But if the cost of punishing the PMF are larger than the costs of tolerating party indiscipline ($C_R > C_I$), then the ruling faction will prefer *not* to punish the minority faction because $P'_D B'_D - C'_D - C_R < P'_D B'_D - C'_D - C_I$.

Considering these elements, the best response for the minority faction in the second decision node of the game also depends on the values of C_R and C_I , on the one hand, and $P_O[(\rho)B_O]$ and C_O , on the other. First, if $C_R < C_I$ and $P_O[(\rho)B_O] > C_O$ (the costs of affiliation to an opposition party are smaller than its expected benefits), then the PMF will prefer to leave Party D when $P_D[(\theta)B_D] - C_D < P_O[(\rho)B_O] - C_O - C_P$ and to stay otherwise. Second, if $C_R < C_I$ but now $P_O[(\rho)B_O] < C_O$, the PMF will prefer to stay in Party D as long as $P_D[(\theta)B_D] - C_D \geq -C_P$. Third, if $C_R > C_I$ and $P_O[(\rho)B_O] > C_O$ the PMF will prefer to leave Party D when $P_D[(\theta)B_D] - C_D < P_O[(\rho)B_O] - C_O$ and to stay otherwise. Lastly, if $C_R > C_I$ but $P_O[(\rho)B_O] < C_O$ the PMF will only stay in Party D as long as $P_D[(\theta)B_D] - C_D \geq 0$.

Finally, in the first decision node of the game the ruling faction must decide what share of the party benefits to allocate to the minority faction given all the previous considerations. The decision, again, will depend on the values of C_R and C_I , as well as $P_O[(\rho)B_O]$ and C_O . If the PRF wants to avoid the PMF's defection because its expected utility is larger when Party D remains united than in any of the other four possible scenarios (I discuss why this might happen with more detail below), the ruling

racy.

faction will chose the lowest possible θ^* such that the minority faction becomes indifferent between the expected utility it will obtain if it stays in Party D ($P_D[(\theta)B_D] - C_D$) and each of the other four possible payoffs. Otherwise, the ruling faction will chose a θ that is smaller than θ^* .

In addition, when the ruling faction prefers to maintain the party's unity and it is likely to repress the minority faction if this last defects (i.e., $C_R < C_I$), the value of θ will also depend of what is "cheaper" for the PRF: to either offer a bigger share of the benefits to the PMF in order to prevent its defection, or the potential costs of repression the ruling faction would have to pay if the minority faction left the party.³¹ When the first is cheaper, dominant parties usually prefer to co-opt rather to repress dissenting groups,³² a point that many authors have already highlighted (Geddes 2005; Greene 2008; Key 1950; Magaloni 2008; Rigger 1999). I come back to this element below.

In sum, the different subgame equilibria of the game can be characterized as two cases with four sub-cases each:

Case 1. If $\theta = \theta' < \theta^*$

- *Subcase (a)* If $C_R < C_I$ and $P_O[(\rho)B_O] > C_O$, the subgame perfect equilibrium is (θ', Punish) , (Leave, Opposition). The minority faction defects Party D, the ruling faction punishes the PMF, and this last faction forms or joins an opposition party.
- *Subcase (b)* If $C_R < C_I$ and $P_O[(\rho)B_O] < C_O$, the subgame perfect equilibrium is (θ', Punish) , (Leave, No Opposition). The minority faction defects Party D, the ruling faction punishes the PMF, and this last faction does not forms or joins an opposition party.
- *Subcase (c)* If $C_R > C_I$ and $P_O[(\rho)B_O] > C_O$, the subgame perfect equilibrium is $(\theta', \text{Not Punish})$, (Leave, Opposition). The minority faction defects Party D, the ruling faction does not punishes the PMF, and this last faction forms or joins an opposition party.
- *Subcase (d)* If $C_R > C_I$ and $P_O[(\rho)B_O] < C_O$, the subgame perfect equilibrium is $(\theta', \text{Not Punish})$, (Leave, No Opposition). The minority faction defects Party D,

³¹Although the ruling faction might not actually repress the minority faction, the sole threat of being willing to spend significant amount of resources in repression is what might discourage the PMF from leaving the party.

³²In the next section I also explore when and why the ruling faction might prefer the opposite: to exclude the minority faction, rather than co-opting it.

the ruling faction does not punish the PMF, and this last faction does not form or join an opposition party.

Case 2. If $\theta = \theta^*$

- *Subcase (a)* If $C_R < C_I$ and $P_O[(\rho)B_O] > C_O$, the subgame perfect equilibrium is $(\theta^*, \text{Punish})$, (Stay, Opposition) and the party remains united.
- *Subcase (b)* If $C_R < C_I$ and $P_O[(\rho)B_O] < C_O$, the subgame perfect equilibrium is $(\theta^*, \text{Punish})$, (Stay, No Opposition) and the party remains united.
- *Subcase (c)* If $C_R > C_I$ and $P_O[(\rho)B_O] > C_O$, the subgame perfect equilibrium is $(\theta^*, \text{Not Punish})$, (Stay, Opposition) and the party remains united.
- *Subcase (d)* If $C_R > C_I$ and $P_O[(\rho)B_O] < C_O$, the subgame perfect equilibrium is $(\theta^*, \text{Not Punish})$, (Stay, No Opposition) and the party remains united.

3 Discussion

The different equilibrium strategies just presented illustrate that the seemingly entangled game proposed in the previous section can be analyzed in a rather simple and organized way if we consider that many of its most interesting implications depend on the value of θ , as well as on the relation between C_R and C_I , on the one hand, and $P_O[(\rho)B_O]$ and C_O , on the other. While the size of θ indicates how much the ruling faction values the permanence of the minority faction in the party (i.e., the value of this parameter is what makes the PMF decide between defecting or not), the sign of the two other inequalities will determine which of the four possible payoffs at the bottom of the game will be compared by each faction with their respective baseline expected utility if the minority faction decides to stay in Party D.

Furthermore, I propose that while the relation between the costs that the ruling faction would have to pay for repressing the minority faction (C_R) or for the additional internal indiscipline that the PMF's defection might produce in Party D if not punished (C_I) reflects if the political regime in question is democratic or authoritarian, the relation between the expected benefits ($P_O[(\rho)B_O]$) and the costs (C_O) of affiliating to or creating an opposition party indicates if the minority faction will form or join an

opposition party. In particular, I contend that when $C_R < C_I$ the political regime can be considered to be a dictatorship, and when $C_R > C_I$ it can be treated as a democracy. The reason is that while in an authoritarian regime the costs of repression tend to be comparatively small –although by no means close to zero– given the low levels of accountability and the regime’s control over the media, in a democracy the existence and enforcement of political and civil rights, along with a free media and accountability mechanisms make significantly more costly for the PRF to punish a minority faction once this has left the party. At the same time, in an authoritarian regime the costs of not punishing the minority faction’s defection (C_I) will tend to be high because this might increase the likelihood that other party members defect, posing, then, a potential threat to the survival of the regime as a whole (at the end, the unity of the dominant party’s elite is at stake).³³ In contrast, in a democracy a faction’s defection might threaten the power and temporal position of its former party in the regime, but not the stability of the regime. Thus, the costs of not punishing the minority faction’s defection will be smaller in a democracy than in an autocracy.

It is important to stress that by proposing that in an authoritarian regime the costs of tolerating party indiscipline are larger than the costs of repressing a minority faction, I do not mean that repression will be costless in a dictatorship, nor that this will be the only or most frequent mechanism used by the PRF to maintain the party’s unity. Actually, in the discussion of Subcase 2.a (see below) I propose an explanation for when and why the ruling faction might prefer to offer the minority faction a higher θ , rather than repress it, in order to maintain the party’s unity.³⁴ What I mean,

³³This threat might exist even if the minority faction is punished. However, the ruling faction still prefers to repress the minority faction because it is an attempt to reduce the likelihood that other party members will leave the party.

³⁴As many authors have already proposed (Geddes 2005; Greene 2008; Key 1950; Magaloni 2008), part of the reasons why authoritarian dominant parties do not make frequent use of repression to stay in power, is because they can modify the values of the other parameters of the model (i.e., P_j , B_j and C_j) in order to reduce the expected utility that the minority faction could obtain in an opposition party. Although the model presented in this paper does not endogenize any of these parameters –this is one of my main goals for the next stages, it still offers an interesting explanation for why the ruling faction might prefer to offer a higher expected utility to the minority faction to repressing it: under certain

instead, is that if repression is the only mechanism that the ruling faction has left to prevent the erosion of the party's unity, it is much more likely that it will be used in an authoritarian regime than in a democratic one.³⁵

In addition, I propose that if the costs of creating or supporting an opposition party are larger than the expected benefits associated to it ($P_O[(\rho)B_O] \leq C_O$), the minority faction will not have incentives to form a new party or join an existing one. Thus, if Party D was the only party at the beginning of the game it will remain as such. This is the case of the *Kuomintang* (KMT), for example, which was Taiwan's only party while the Martial Law was in force (1948-1987). In contrast, if the expected benefits of creating or joining an opposition party are bigger than its costs ($P_O[(\rho)B_O] > C_O$), it is likely that the minority faction will have incentives to leave Party D in order to form a new party or merge with an existing one. For example, before each of the three Mexican presidential elections of 1940, 1946 and 1952, factions headed by distinguished members³⁶ of the *Partido Revolucionario Institucional* (PRI) decided to defect this party and create their own after their respective leaders were not nominated as presidential candidates (Horcasitas 1991).

Therefore, by combining hypothetical values of θ , C_R , C_I , $P_O[(\rho)B_O]$ and C_O we can analyze, first, when will Party D's unity prevail in a democracy or autocracy; second, how many mechanisms does the ruling faction have to maintain the cohesion of the party in each context and what are their characteristics; and, third, when and why will the minority faction leave the party –voluntarily or not. In order to answer these questions in the rest of this section, I analyze four different scenarios. First, I explore in which circumstances, if any, would the ruling faction not care about the minority

circumstances, the former might be cheaper than the latter.

³⁵Furthermore, although it is a claim that needs to be formally proved in a future stage, it seems likely that if the results of the model hold when the ruling faction can only modify the costs of punishment that the minority faction has to pay if it leaves Party D, these results should also be true when the ruling faction can modify one of the other parameters.

³⁶The leaders of these factions were Juan Andrew Almazán –general– in 1940, Ezequiel Padilla – Minister of Foreign Affairs, 1940-1945– in 1946, and Miguel Henríquez Guzmán –general– in 1952.

faction leaving Party D. This includes all the variations of Case 1 (see page 18). Once these conditions are defined, I then study the opposite situation: assuming that the ruling faction wants to maintain the party's unity (Case 2), when can we expect this outcome to actually occur and be a subgame perfect Nash equilibrium? I analyze the answer to this last question in three significantly different scenarios: a democracy (Subcase 2.c), an authoritarian regime where the minority faction has incentives to join or form an opposition party (Subcase 2.a), and an autocracy where the minority faction does not have incentives to join or form an opposition party (Subcase 2.b).

Case 1 - When Less is More

As the first mover in the game, the ruling faction has a preferential position to use the allocation of the party benefits to either promote the unity of this organization or provoke an internal fracture. As was discussed before, if the ruling faction wants to maintain the party's unity it will be willing to give the PMF the minimum possible θ^* to make it indifferent between staying or leaving the party (Case 2). But under what circumstances, if any, will the PRF prefer to give the PMF a share of the benefits smaller than θ^* , even if this implies a fracture in the party (Case 1)?

In order to analyze this scenario it is useful to remember that the PRF is comparing the expected utility it would receive if the party remains united ($P_D[(1 - \theta)B_D] - C_D$) and the expected utility it would get in each of the four scenarios where the minority faction leaves Party D. Thus, if the PMF leaves Party D the PRF will enjoy all the benefits provided by the party (that is, $\theta + 1 - \theta = 1$), but these benefits, along with the probability that they will be provided, might decrease ($P_D \geq P'_D \geq P''_D$ and $B_D \geq B'_D \geq B''_D$). In addition, the regular costs for the PRF might also be higher if the PMF defects ($C'_D \geq C_D$) and the PRF now has to incur other costs (either repressing the PMF (C_R) or tolerating additional party indiscipline (C_I)).

Giving these elements, I propose that the PRF has incentives to allocate the

minority faction a $\theta' < \theta^*$ when the new portion of the benefits that the ruling faction will enjoy (the whole B'_D or B''_D , instead of $1 - \theta$ of B_D) is large enough to compensate for, first, the new costs that the ruling faction would have to pay (C_R or C_I); second, the potential increase in the regular party costs (C'_D); third, the potential decline in the level of benefits that Party D can supply (B'_D or B''_D); and, fourth, the probability that these benefits will actually be provided (P'_D or P''_D).

Put it differently, the ruling faction's best response will be to marginalize the minority faction within Party D when this allows the first to significantly increase the amount of benefits it receives, without sharply decreasing the level of benefits that the ruling party can offer and the probability with which it can provide them, and when these new benefits also allow the ruling faction to compensate all the possible costs it would have to cover if the PMF defects. Thus, for example, the ruling faction might decide to force the exit of the minority faction when this last no longer contributed in a significant way to the provision of Party D's benefits (neither to the level nor the probability),³⁷ but it still enjoyed a significant share of the party's benefits.

Four conclusions can be derived from this result. First, in contrast to what other authors have proposed (Geddes 2005; Magaloni 2008), the model indicates that under certain circumstances the ruling faction might be interested in excluding the minority faction from the party. Or, put it in other words, the dominant party might not always want to coopt dissenting political groups. This seems to be a distinguishing characteristic of those authoritarian dominant parties that remain in power mainly through the exclusion of significant sectors of the population from the political process (i.e., disenfranchisement), like the National Party in South African or the Democratic Party in the U.S. between 1890s and 1960s (Huntington 1970; Mickey 2005), and not an uncommon practice in other regimes (e.g., Stalin and Pol Pot's purges in the second

³⁷The amount of resources contributed by the minority faction to Party D might decrease for several reasons, including the fact that the leaders of the faction might grow old, loose control over important resources or clientelistic networks, or even represent a decreasingly numerous sector of society (i.e., peasants, unions).

half of the 1930s and the late 1970s, respectively) .

Second, this result is useful to understand why the composition of a party's factional coalition might change over time, allowing the party to adapt to new circumstances while remaining in power –a characteristics stressed by several authors (i.e., Huntington 1970; Pempel 1990*a*). A good example of this is provided by the three structural transformations that the PRI experienced between 1929 and 1946, which implied the incorporation of the Peasant and Labor sectors in 1938, as well as the exclusion of the Military sector in 1940 (Compeán and Lomelín 2000).³⁸

Third, this result also helps us explain why in some cases the fracture of the party's unity might not translate into any serious repercussion for the dominant party's survival, while others prove to be devastating. Although I discuss this with more detail in the conclusions, the main idea is that the party splits provoked by the purposeful marginalization of the PMF by the PRF will not threaten the power of the dominant party. Although this type of fractures are likely to pass unnoticed given their low political significance, they might be a rather frequent phenomenon. Fourth, and crucial for the purpose of this paper, this result is useful to understand when and why the ruling faction might want to preserve the party's unity (i.e., all the variations of Case 2). This will be the case, I propose, when the minority faction's defection represents a significant reduction of the expected utility that the Party D and the ruling faction could obtain. That is, when the ruling faction needs the minority faction to improve or maintain its own payoff. Still, as I argue below, this does not guarantee that the dominant party's internal cohesion will prevail.

³⁸Another example of this is offered by the Swedish *Socialdemokratiska Arbetar Partiet* (SAP), which in the 1950s decided to marginalize the agricultural sector of the party –a crucial allied when the Social Democrats first took power in 1932– and replace it with the emerging sector of “white-collar wage earners” (Pempel 1990*b*, 17-18).

Subcase 2.c - A Democracy

In this subcase, a multiparty democracy results,³⁹ the minority faction will compare the values of $P_D[(\theta)B_D] - C_D$ (the baseline case, when Party D remains united) and $P_O[(\rho)B_O] - C_O$ (the payoff of the left branch of the decision node 5 in Figure 2) when deciding between staying or leaving Party D in a democratic regime. If Party D and the ruling faction offer the minority faction a relatively low expected utility, the latter might have the opportunity to improve its payoff by joining Party O or creating a new party. This possibility is accentuated by the intrinsic characteristics of any democratic regime. On the one hand, the conditions of free and fair competition allow the rotation of parties in power which, in turn, implies potential changes in the expected utility that each party can offer to its factions. On the other hand, the existence and enforcement of civil and political rights constrains the capacity of the PRF to punish defections after this have taken place.⁴⁰

The question, then, is when will the minority faction be at least indifferent between the expected utility it would obtain if it stays in Party D ($P_D[(\theta)B_D] - C_D$) or if it defects ($P_O[(\rho)B_O] - C_O$)? And what can the ruling faction do, if necessary, to persuade the PMF to stay in Party D? As mentioned before, the minority faction will prefer to stay in Party D as long as it obtains an equal or larger expected utility than in any other party. This is the subgame perfect Nash equilibrium under a democracy and it will occur whenever Party D is capable to provide the largest benefits, or deliver benefits with the highest probability or at lowest cost, relatively to Party O. Then, Party D can make an effort to outperform Party O in these three dimensions within

³⁹In this subcase the ruling faction's costs of tolerating party indiscipline are smaller than the costs of repressing the minority faction ($C_R > C_I$), and the expected benefits of forming or joining an opposition party are larger than its costs ($P_O[(\rho)B_O] > C_O$). It is also important to remember than in this and the following two other subcases I analyze, the assumption is that the PRF wants to keep the party united because it allocates the PMF $\theta = \theta^*$.

⁴⁰Even when parties have mechanisms to maintain internal discipline in democratic regimes, these tools tend to be much less severe than those available to a ruling party under an autocracy. In addition, in a democracy the capacity to use most of this mechanisms ends when the defecting faction leaves the party. As I discuss below, this is not the case under a dictatorship.

the limits imposed by the democratic institutions. However, when the expected utilities offered by both parties are very similar, the ruling faction has only one option to prevent an internal fracture: to choose θ^* in order to make the PMF indifferent between staying and leaving the party.

These results illustrate why the survival of the unity of a dominant party's elite is a more fragile and rare equilibrium in a democracy than in a dictatorship. On the one hand, the ruling faction has a limited number of mechanism to "convince" the minority faction to stay in the party, if compared with an authoritarian ruling faction. On the other hand, in a democracy the unity of the party will only take place when the dominant strategy of all factions is to remain in the party. A condition that, I propose, is not necessary in an autocracy. These points will become clearer once the other two subcases are discussed.

Subcase 2.a - An Authoritarian dominant party

In this second subcase⁴¹ the minority faction compares the values of $P_D[(\theta)B_D] - C_D$ and $P_O[(\rho)B_O] - C_O - C_P$ when deciding if to stay or leave Party D. The PMF will defect the party if the first payoff is smaller than the second and stay otherwise. Under these circumstances, what can the ruling faction do to prevent the defection of the minority faction? The first possibility is that Party D and the PRF offer the PMF an expected utility that is larger in both *absolute* and *relative* terms, than the expected utility that the minority faction could obtain in any other party. Thus, the PMF has strong incentives to remain in Party D and help the party stay in power.⁴² This is the solution that Geddes has already pointed out. But when will it be a subgame perfect

⁴¹Under this scenario the costs for the ruling faction of repressing the minority faction are smaller than the costs of the additional internal indiscipline that the PMF's defection might produced if not punished ($C_R < C_I$), but the PMF still has incentives to create or join an opposition party ($P_O[(\rho)B_O] > C_O$).

⁴²Put in terms of the assumptions of the game, in this scenario the PMF has strong incentives to maximize its expected utility in the political system by, first, maximizing Party D's expected utility, and second, maximizing its factional expected utility within Party D.

Nash equilibrium?⁴³

I propose that this will be an equilibrium when any of two conditions are met. The first one is when the minority faction supplies a significant amount of the human, material and/or financial resources that Party D needs to keep providing its factions a higher expected utility than any of the other parties. If this is the case, then, it is not only that the ruling faction needs the cooperation of the minority faction to maximize its own expected utility, but also that the minority faction can threaten to leave the Party D and use its resources to increase its own expected utility by creating a party or joining Party O. Thus, in this scenario the best response for the ruling faction will be to offer the minority faction a share of the benefits that is generous enough to make the latter indifferent between staying or leaving the party.⁴⁴

The second condition under which this solution could be a subgame perfect Nash equilibrium is when Party O has the capacity to offer the minority faction an expected utility that is high in absolute terms. Under this circumstance the PRF's best response will also be to increase the share of the benefits allocated to the PMF –raising the *absolute* level of its expected utility, consequently– until the point in which this last faction becomes indifferent between staying or leaving the party. Paradoxically, however, this second condition requires the party system to be competitive, an unlikely situation in an authoritarian regime.⁴⁵

If none of the two conditions just mentioned are met, however, the PRF will

⁴³To answer this question it is important to remember that the main goal of both factions is to maximize their expected utility within the political system. Thus, although the PRF might want to maintain the unity of the party, it will try to do so while gaining the largest possible expected utility. Therefore, the PRF always has an incentive to allocate the PMF the lowest possible θ that makes this last faction indifferent between staying or leaving Party D.

⁴⁴The generosity of the ruling faction will be constrained by the size of the benefits Party D can provide. If these benefits are reduced by external shocks (e.g., economic crises, trade embargos), the ruling faction might find impossible to be generous with the minority faction even if it wanted.

⁴⁵Although a precise definition of how competitive a political regime needs to be for this to happen can only be provided with a detailed empirical analysis, the experiences of Malaysia's UMNO, Mexico's PRI (before 1996) and Taiwan's KMT (before 1993) illustrate that in some cases even when the opposition parties are able to win more than 20% or 25% of the seats in the national legislature, the dominant party's unity is like to prevail (Andaya and Andaya 2001; Garrido de Sierra 2011; Zakaria 2000; Weiss 2000).

always have a profitable deviation by offering the PMF a θ –and, therefore, an expected utility– that is high enough in *relative* terms to make it indifferent between staying or leaving Party D, but that is low in *absolute* terms.⁴⁶ What would happen then? Can this situation be an equilibrium, even though the minority faction is likely to be dissatisfied with the share of the benefits it was allocated, or will this imply the collapse of the party’s unity?

Like in the democratic subcase, the minority faction could consider the possibility of defecting in order to increase its payoff by forming or joining another party. The difference, however, is that under an authoritarian regime the ruling faction has an additional and less benevolent way to prevent the PMF’s defection: manipulating the costs of punishment (C_P) that the minority faction must pay if it leaves Party D. This implies that the unity of a dominant party’s elite can be an equilibrium under circumstances that are completely different from the ones proposed by Geddes. In this case the ruling faction can increase C_P –and decrease, consequently, the expected utility that the PMF could receive in Party O– up to the point in which the minority faction will be indifferent between staying or leaving Party D, even after receiving an expected utility in this party that is low in absolute terms.

Furthermore, the model also predicts that even when the ruling faction can repress the minority faction, this might not be the only or main instrument used by the ruling faction to maintain the party’s unity. According to the model, under certain circumstance the PRF might prefer to increase the expected utility it offers to the PMF (i.e., to co-opt it) rather than repress it in order to preserve the unity of the party. The argument is based on the idea that although repressing the minority faction is less costly in a dictatorship than in a democracy, it is not costless. Thus, under

⁴⁶Even when the ruling faction always has an incentive to allocate the minority faction the lowest possible θ that makes this last faction indifferent between staying or leaving the party (see footnote 43), if none of the two conditions just mentioned are met, and P_j , B_j and C_j are held constant, the PRF will need to give the PMF a θ that is lower in *absolute* terms than what it would need to be if the conditions were met.

certain circumstances it might be “cheaper” for the ruling faction to offer a bigger share of the benefits to the minority faction in order to prevent this last defection, than paying the costs of repressing the PMF (C_R) once this has left the party.

To understand why, it is first useful to remember that in this subcase we are assuming that $C_R < C_I$ and $P_O[(\rho)B_O] > C_O$, thus the two expected utilities that the ruling faction compares are $P_D[(1 - \theta)B_D] - C_D$, if the party remains united, and $P_D''B_D'' - C_D' - C_R$, if the minority faction defects. In addition, given that the ruling faction prefers to maintain the party’s unity in this subcase, then $P_D[(1 - \theta)B_D] - C_D > P_D''B_D'' - C_D' - C_R$. Thus, the difference between these two payoffs can be defined as π , or

$$\pi = [P_D[(1 - \theta)B_D] - P_D''B_D''] - [C_D - C_D' - C_R] \quad (2)$$

Then, π can be thought as a “surplus” of expected utility that the ruling faction enjoys if the dominant party remains united. A surplus that, if needed, can be transferred to the minority faction through θ in order to persuade this last to remain in the dominant party. Therefore, as long as the expected utility of the ruling faction is strictly larger when the party remains united than when the minority faction decides to defect and join Party O, the ruling faction would have a surplus of expected utility that allows it to combine different levels of benefits (θ) and repression (C_P) in order to make the PMF indifferent between staying or leaving the ruling party.

This second solution is also a subgame perfect Nash equilibrium because the best response of the minority faction to the ruling faction’s strategy –i.e., combining different levels of θ and C_P in order to make the minority faction indifferent between staying or leaving the party– will be to remain in Party D given that it does not have any feasible option to increase its payoff by creating or joining another party. The difference, however, is that in this second solution the equilibrium is the result of very different parameter values. Thus, the minority faction will remain in Party D not because this is its dominant strategy, as in the first case, but because this is the best it

can do given the ruling faction's strategy.⁴⁷ This does not mean, however, that the PMF does not have any motivation to leave Party D if it had a chance, or that it could not do better outside this party under any circumstance. Rather, it is only because the ruling faction can increase C_P that the minority faction is prevented from trying to improve its payoff in other parties.

This distinction is crucial because it opens the possibility to propose a causal mechanism to explain why and how a minority faction might defect from the dominant party. The logic is as follows. Although the unity of the dominant party prevails when the minority faction receives a low absolute expected utility in the scenario just discussed, this faction is likely to be unsatisfied with the payoff it receives from Party D. Despite this dissatisfaction, the PMF will not have concrete incentives to defect Party D until the expected utility that it obtains in this party ($P_D[(\theta)B_D] - C_D$) is smaller, in relative terms, than the payoff it could obtain by creating or joining an opposition party ($P_O[(\rho)B_O] - C_O - C_P$). This will take place, I propose, when either the capacity of the ruling faction to repress the minority faction (C_P) significantly decreases, making harder for the PRF to reduce the expected utility of the PMF in an opposition party, or when the other parameters of the game change in such a way that the payoff of leaving the dominant party is larger than the payoff of staying, even if the ruling faction maintains its repressive capacity intact.

At this point the model cannot explain when and why these parameters might change. While the goal is to endogenize these elements in future stages of the research,

⁴⁷It is worth highlighting that the fact that this equilibrium can be the result of two very different combination of parameter values –i.e., a θ that is high in absolute and relative terms or a combination of different levels of θ and C_P – has an additional interesting implication in case the ruling faction is dealing with two or more minority factions at the same time (a situation that although is not captured by the model, is likely to happen in the real world). If this is the case, the unity of a dominant party's elite might prevail not only if one or another of the two combinations of parameters just described occurs separately, but also if both types of combinations take place at the same time for different minority factions. That is, while one minority faction might decide to stay in the party because it receives an expected utility that is high in absolute and relative terms, another minority faction might decide to stay because even after receiving a low expected utility it does not have a better option given the ruling faction's strategy. This is a topic for future research.

for now I treat these changes as the result of factors that are exogenous to the model. These factors can be of two kinds. Either a political reform initiated within the regime (usually conducted by Party D's ruling faction) or an external shock (e.g., the collapse of external source of support, economic crisis, massive popular demonstration). The following empirical vignette illustrate the first pattern with the cases of the PRI in Mexico.

The Demise of the PRI

After more than sixty years in power and despite the four severe economic crises and the five electoral reforms that took place between 1976 and 1994, by the mid-1990s the PRI was still able to remain as Mexico's dominant party.⁴⁸ This was possible mainly because throughout its almost seven decades of uninterrupted rule, the PRI was always able to provide its factions an expected utility that was, on average, relatively larger than what they could obtain in any opposition party, no matter if the country was going through a period of economic bonanza (1940s, 1950s and 1960s) or drought (late 1970s, 1980s and early 1990s). As a result, the PRI was able to maintain the unity of its elite largely intact.

Several factors explain why the PRI was capable to provide its factions with a relatively larger expected utility for almost seventy years. First, since its creation in 1929, the PRI enjoyed a significant advantage to persuade, coordinate and mobilize voters over any other political organization.⁴⁹ Second, this advantage allowed the PRI to virtually monopolize the access to all elected offices and any public jobs, as well as to diverge public resources to finance the activities of the party and to allocate preferential contracts. Third, also since 1929 the PRI showed its disposition to repress those factions that decided to defect and challenge the party either military (e.g., the

⁴⁸The description of this case draws from Garrido de Sierra (2011).

⁴⁹This was possible largely because the *Partido Nacional Revolucionario* (PNR), the predecessor of the PRI, was the result of the fusion of almost all the most important political parties at the national and state level of the time (Camín and Meyer 1989; Compeán and Lomelín 2000).

revolt led by Aarón Sáenz in 1929)⁵⁰ or electorally (e.g., the defections of Almazán, Padilla and Henríquez mentioned previously). Fourth, as a response to the factional defections of 1940, 1946 and 1952 (see page 21), the PRI repeatedly reformed the electoral law in the 1940s and 1950s in order to centralize the organization of all federal elections in a commission completely dependent of the federal government, as well as to forbid independent candidacies and make increasingly difficult to create new opposition parties (Horcasitas 1991). Fifth, despite the increasing centralization of the control of the electoral system in the hands of the government, elections kept taking place at the national, state and municipal levels uninterruptedly, with the participation of one or more opposition parties in most cases. Unlike other dominant-party regimes (e.g., Taiwan's KMT), this allowed the constant rotation of the public officials, including the president every six years.

For many years, the capacity that these element gave the PRI to provide a relatively higher expected utility to all its factions was reinforced by good economic performance and the fiscal resources derives from the expansion of the national oil industry at the beginning of the 1970s. It could be argued, then, that during these years the PRI remained united because its factions obtained an expected utility that was high in absolute and relative terms, if compared with what other parties could offer them. What is remarkable, however, is that even after the Mexican economy entered a cycle of recurrent crises from the mid-1970s on,⁵¹ and the absolute value of the expected utility that the party could offer to its factions started to decline as a consequence of the budget cuts and the privatization of many state-owned enterprises (SEOs), the PRI was able to maintain the unity of its elite almost intact. This was possible for two main reasons. On the one hand, despite the negative effects of the economic crises, the PRI

⁵⁰According to Aguilar Camín and Meyer (1989), this revolt extended to ten states across the country and was supported by at least thirty thousand members of the military. The PRI's response to this kind of challenges was extremely violent, particularly during the 1930s, including the execution of many of the members that supported them.

⁵¹Mexico experienced four severe economic crises in 1975-76, 1982-83, 1985-1986 and 1994-1995, and a middle one in 1987.

preserved its significant comparative advantage to mobilize voters by keeping a tight control over most of its clientelistic networks. On the other hand, until the mid-1990s Mexico's electoral competition market was still markedly uneven in favor of the PRI.⁵²

This situation was completely transformed by the electoral reform of 1996. Four components of this reform are particularly important. First, the introduction of a much fairer formula to distribute the public resources and the media spots allocated by the state to the political parties for electoral purposes.⁵³ Second, the unprecedented predominant role that this reform gave to the public financing in all electoral campaigns.⁵⁴ Third, this reform forced all 32 Mexican states to modify their constitutions and local electoral laws to replicate the federal electoral system,⁵⁵ generating much more even conditions of electoral competition at the state level and improving the reliability of the electoral system in local elections. Fourth, the 1996 electoral reform also transformed Mexico City's political system, allowing the popular election of the city's mayor and the heads of each of the city's 16 sub-territorial units for the first time in more than 70 years. After losing the mayoral election of 1997, this aspect of the reform significantly reduced the resources (e.g., power, jobs, contracts) that the PRI could distribute among its members.

Consequently, the 1996 electoral reform not only reduced in a significant way the expected utility that PRI could provide to its factions, but it also increased the expected utility that the opposition parties could offer to them. Or, put it differently, the 1996 reform opened the possibility for many minority factions that might be

⁵²For example, in the 1994 presidential election the PRI spent 71.4% of all campaign resources (Becerra, Salazar and Woldenberg 2000, 371-372)

⁵³The new formula established that 30% of the total amount of resources and spots should be divided in equal shares to all parties, and the remaining 70% in a proportional way according to the results obtained by each party in the previous federal deputy election (Becerra, Salazar and Woldenberg 2000).

⁵⁴The reform increased 600% the amount of public resources allocated to political parties with respect to the 1994 figures, and it established that the share of public resources used by political parties to finance their campaigns should always be larger than the share of private resources.

⁵⁵This implied, among other things, that all states should have autonomous electoral commissions, create detailed legal procedures in order to allow opposition parties to challenge the electoral results, and particularly relevant, replicate the scheme used at the federal level to distribute public resources and media spots

dissatisfied with the expected utility they obtained inside the PRI to defect this party in order to maximize their expected utility by creating or joining an opposition party. As a result of this substantive and general transformation of the structure of incentives for the average PRI leader, the unity of this party's elite eroded rapidly.⁵⁶ Starting in 1997, several factions lead by well-known PRI members left the party across different states of the country, taking with them their clientelistic networks. Eventually, the continuous and increasing migration of factions and clientelist networks from the PRI to opposition parties –specially the PAN and PRD– caused the final defeat of one of the oldest dominant parties of the world in the 2000 presidential election.

Subcase 2.b - A Single-Party Dictatorship

In this final subcase⁵⁷ the minority faction is comparing $P_D[(\theta)B_D] - C_D$ and $-C_P$ when deciding if to stay or leave Party D. As in the previous two subcases, the decision rule for the minority faction will be to leave Party D if the first payoff is smaller than the second, and to stay otherwise. However, although in formal terms the minority faction has the opportunity to defect, the nature of the payoffs described above imply that this is unlikely to happen. The reason is that for $P_D[(\theta)B_D] - C_D < -C_P$ to be true, the expected utility provided by Party D must be negative and have such a magnitude that paying the costs of being punished after defecting the party represents a better outcome for the minority faction. This is not only a very remote case, but also one in which no politician would have incentives to even be member of Party D.

The question, then, is why the ruling faction would not give the minority faction an expected utility that converges to zero given that the latter is very unlikely to have incentives to leave Party D in order to form or join an opposition party? Two

⁵⁶According to some calculations, the 1996 electoral reform increased at least three times the probability that a dissatisfied PRI high-ranked member would leave the party (Garrido de Sierra 2011).

⁵⁷The costs that the ruling faction has to pay for repressing the minority faction are still smaller than the costs of tolerating internal party indiscipline ($C_R < C_I$), but now the PMF does not have incentives to create or join an opposition party because the expected benefits of doing so are smaller than the costs involved ($P_O[(\rho)B_O] < C_O$)

complementary answers can be offered to this question. First, given that the ruling faction wants to maintain the unity of the party, this implies that PRF needs the PMF to maximize its own utility. Thus, the ruling faction will allocate the minority faction a $\theta > 0$ which magnitude is related to the size of the resources provided by the PMF to the party. Second, as in subcase 2.a, the PRF might prefer to increase the expected utility it offers to the PMF because this might be “cheaper” than repressing it in case it decides to defect. The logic, again, is that the ruling faction might have a “surplus” of expected utility (π) when the party remains united. And part of this π can be transferred to the minority faction through θ in order to convince it to stay in the party.

This subcase helps us understand why the unity of the dominant party is much more likely to survive in an authoritarian regime were no opposition parties are allowed to legally exist and compete in elections. Or, to put it the other way around, this result is consistent with the notion that the existence of opposition forces and elections represents a risk for the survival of the party’s unity (Geddes 2006; Lamounier 1989; Langston 2006; Rigger 1999). Either because in an autocracy an “electoral system that provides for (unfair) elections dramatically lowers the costs that dissident politicians must pay to defect” (Langston 2006, 60), or because elections “may promote the mobilization of the latent opposition that exists in any dictatorship” (Geddes 2006, 3). The second and final vignette of this paper offers an illustration of how the transition from an authoritarian single-party regime to one in which opposition parties and elections are allowed at the national level, along with other important institutional reforms, might precipitate the erosion of the party’s unity. All this through analyzing the case of Taiwan’s *Kuomintang* (KMT).

The Decline of the Kuomintang

The experience of Taiwan’s KMT represents an interesting point of comparison to the process followed by the PRI, not only because both parties proposed and

approved profound institutional reforms that eventually translated in their defeat in the presidential elections of 2000, but also because the ruling faction of each of them used significantly different mechanisms to provide its factions an expected utility that was relatively higher than what any other party could offer them. Consequently, although these parties represent two of the longest-lived dominant parties in the history, each maintained and reinforced its internal unity in very different ways.⁵⁸

Although the 1947 constitution of the Republic of China (ROC) formally established a multiparty democracy with elected legislative bodies and institutional checks and balances, the emergency provisions and the Martial Law established in 1948 and 1949, respectively, created a very different political regime. On the one hand, the emergency measures granted the president almost unlimited powers and exempted him from most constitutional restraints (including term limits). In addition, the exceptional provisions frozen the composition of the legislative bodies –the National Assembly and the Legislative Yuan– elected in 1946 in the mainland (i.e., China) until this territory could be recovered, suspending all type of elections at the national level. Thus, all important national public offices were appointed by the KMT’s Central Standing Committee. Furthermore, while the Martial Law recognized the KMT as the only party allowed to exits and compete in local elections, it conferred the government broad powers to repress dissenters, and a tight control over the media to suppress any opposition activity or idea (Langston 2006; Rigger 1999, 21-25, 70-71).

Despite all these political limitations the KMT never suspended the local elections for municipal and township executives, as well as provincial assemblies, in most regions of Taiwan.⁵⁹ Interestingly, even when many of these elections were

⁵⁸The comparison between the PRI and the KMT has already been explored by authors like Haggard and Kaufman (1995) and Langston (2006). This brief vignette attempts to set the bases for a different approach of the political demise of these two parties.

⁵⁹Two important exceptions were Taipei and Kaohsiung City, the two largest cities of Taiwan, which were elevated to the status of “special municipalities” in 1964 and 1977, respectively, after the KMT lost the local elections against independent candidates. This meant that local elections were suspended and the mayor of each city was going to be directly appointed by the premier (Templeman 2010, 14).

strongly disputed and propitiated an usually high turnover, three factors –besides the ones described before– reinforced the KMT’s ruling faction capacity to provide a relatively higher expected utility to its local factions. First, although independent candidates were allowed to compete, they were legally forbidden to coordinate and form coalitions across regions. Second, the enormous advantage that the KMT had over any independent candidate to persuade, coordinate and mobilize voters, coupled with the use of the Single Non-Transferable Vote (SNTV) electoral formula, almost guaranteed a victory to all KMT candidates (Rigger 1999). Third, although the KMT was composed by several political factions, their power and sphere of action was purposely constrained to the regional level by the central party, giving the ruling faction an asymmetric advantage over all the other factions (Langston 2006).

All these elements, combined with the solid and sustained economic growth that Taiwan has experienced since the 1960s, allowed the KMT’s ruling faction to provide a much higher expected utility to its factions than any other alternative. As Langston nicely summarizes, until the late 1980s “Politicians within the KMT party regime had to make a calculation: if they left the coalition, their only political future lay in becoming local politicians; but because new parties were illegal, they could only run as independents and never participate in national policymaking” (Langston 2006, 63).

Taiwan’s political situation was seriously transformed when the Martial Law was lifted in July of 1987. This not only implied ending the censorship over the media, but, more importantly, allowing the opposition forces to organize and compete as political parties.⁶⁰ It is interesting to notice that in terms of the model proposed in this paper, the repeal of the Martial Law was equivalent to changing the equilibrium path from the subcase 2.b to the subcase 2.a. That is, after the Martial Law was lifted the

⁶⁰Throughout the 1970s the opposition forces of different regions made an effort to form an unified and national organization. The result of these process was the creation of what was called *Dangwai* or “outside the party”. By the late 1970s this organization had established offices in different districts to coordinate their campaign efforts, and it proved to be decisive in the 1977 elections. In 1986, despite of being still illegal, most of the members of *Dangwai* founded the Democratic Progressive Party (DPP), which eventually would win the presidency in 2000 (Rigger 1999, 29, 114-115, 126).

expected benefits of creating or joining an opposition party for the KMT's minority faction were larger, for the first time since 1949, than the associated costs.

However, despite this significant change, the KMT's unity survived for six more years largely because the significant organizational and financial advantages that the KMT enjoyed over the opposition parties still allowed it to offer the highest expected utility of the electoral market. The first serious internal fracture took place, however, after the repeated struggles that the Mainstream faction –led by the President and Party Chair, Lee Teng-hui– had with the Nonmainstream faction –formed largely by conservative mainlanders– between 1988 and 1993. These disputes included the challenge posed by the Nonmainstream faction to Lee's reelection as Party Chair in 1990,⁶¹ the nature of the pace and extent of the political reforms that the country should adopt (e.g., the direct election of the president, the renovation of the national legislative bodies), as well as their diverging views on the KMT's historic project to reunify China and the increasing demands from the opposition to recognize Taiwan as an independent country (Langston 2006; Rigger 1999; Templeman 2010).

In June of 1990 the Council of Grand Justices, Taiwan's supreme court, ruled that all the senior members of the National Assembly and the Legislative Yuan that had been elected on the mainland in the 1940s –mostly members of the Nonmainstream faction– should retire in order to call for a new election for the complete renewal of these two legislative bodies (Rigger 1999, 29). Finally, in February of 1993, after the elections of the National Assembly and the Legislative Yuan had taken place in 1991 and 1992, respectively, Lee decided to reduce even more the share of the benefits of the Nonmainstream faction within the KMT by asking Hau and his government to resign (see footnote 61). One month later, after being marginalized by Lee's faction and with the opportunity to form a new political party, the

⁶¹After several weeks of negotiations both factions agreed to reelect Lee as the Party Chair. In exchange, one of the members of the Nonmainstream faction, General Hau Pei-tsu, was appointed premier by Lee.

Nonmainstream and the New KMT Alliance announced their exit of the KMT in order to create the Chinese New Party (Langston 2006; Rigger 1999, 167).

The effects of this defection soon affected the electoral performance of the KMT. In the 1995 elections of the Legislative Yuan the KMT obtained only 85 of 164 seats, the lowest seat-share of its history (Rigger 1999; Templeman 2010). Although in 1996 Lee Teng-hui was able to win the first competitive and multiparty presidential elections of Taiwan, he had to compete with two former KMT members who left the party shortly before the election: Lin Yang-kang and Chen Li-an (Rigger 1999, 174-175). The defections continued in the municipal executive elections of 1997, when several members of the KMT left the party and ran as independent candidates after being denied the nomination.⁶² Finally, the most famous defection within the KMT took place shortly before the 2000 presidential election, when James Soong, former governor of Taiwan between 1994 and 1998, left the party after being denied the nomination and competed as an independent candidate. The result, as in the previous local elections, was the split of the votes between the official KMT candidate, Lien Chan, and Soong, allowing the DPP candidate, Chen Shui-bian, to win the race.

4 Conclusions

The model presented in this paper is an effort to contribute in the construction of a new theory to explain the survival and eventual demise of authoritarian dominant-party regimes. Although there are several aspects of the model that need to be improved (e.g., endogenizing several of the parameters of the game, considering repeated interactions or conditions with incomplete information), it provides a formal and consistent framework to combine many of the arguments previously proposed by other authors (e.g., clientelism, electoral fraud, provision of public goods, racial

⁶²The costs of these new defections were also immediate for the KMT, because the split of votes between the official KMT candidates and the ones that just defected allowed the DPP to win several executive positions (Templeman 2010, 22).

disfranchisement, resource advantages).

The model offers four additional contributions. First, the game reveals that the nature of a dominant party's unity under an authoritarian regime is more complex than was previously thought, largely because this outcome might be an equilibrium under very different conditions. In specific, the model confirms that one scenario in which the dominant party's unity is an equilibrium is when the party and the ruling faction provide a very high expected utility –in absolute and relative terms– to all its factions, just as Geddes has suggested. Interestingly, however, the model also reveals that party's internal unity is likely to prevail even when the PMF receives a low absolute expected utility in the dominant party, largely because the ruling faction is able to use repression as tool to decrease the minority faction's chances of improving its expected utility in other parties. Thus, while in the first scenario the unity of the party's elite is a result of both factions following their dominant strategy, in the second scenario the minority faction stays in the party because it is doing the best it can do given what the ruling faction is doing, not because this option represents its dominant strategy.

Second, the model offers two concrete causal mechanisms to explain why the minority faction might leave the dominant party, and when this might happen. According to the first causal story, the minority faction will have incentives to leave the dominant party only when the ruling faction's capacity to repress the minority faction decreases, or when the values of the other parameters of the game change in such a way that the payoff of defecting the dominant party is larger than the payoff of staying, even if the ruling faction maintains its repressive capacity intact. The second causal mechanism proposes that the minority faction might leave the dominant party not as a strategy to maximize its expected utility, but as a result of the ruling faction conscious effort to marginalize it within the dominant party. The ruling faction might opt for this, I argue, when the contributions that the minority faction makes to the party are

smaller than the payoff the minority faction gets in exchange from the organization.⁶³

Third, the model also illustrates that the ruling and minority factions of a dominant party will *not* always prefer to stay together. Under certain circumstances, the PRF might prefer to exclude the PMF from the party in order to maximize its payoff, and in some others the minority faction might prefer to defect in order to maximize its expected utility outside Party D. Finally, the differences between the two causal mechanisms mentioned above help us understand why certain type of defections might be devastating for the survival of a dominant party, while others do not cause any serious repercussion. My argument is that the defections that are the result of the first causal path have a much profound and negative effect on the dominant party's unity because they are the consequence of structural changes that affect the expected utility of *all* dominant party members. In contrast, the party fractures produced by the internal marginalization of the minority faction will not entail a significant damage for the dominant party because only the members of the minority faction will have incentives to leave the party.⁶⁴

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⁶³It is interesting to notice that while in the first causal mechanism the defection of the minority faction is a result of this faction's own decisions, in the second the exit of the minority faction is actually provoked by the ruling faction's calculations.

⁶⁴Actually, the reason why the ruling faction decides to marginalize the minority faction is precisely because the exit of the latter represents an improvement for the former.

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