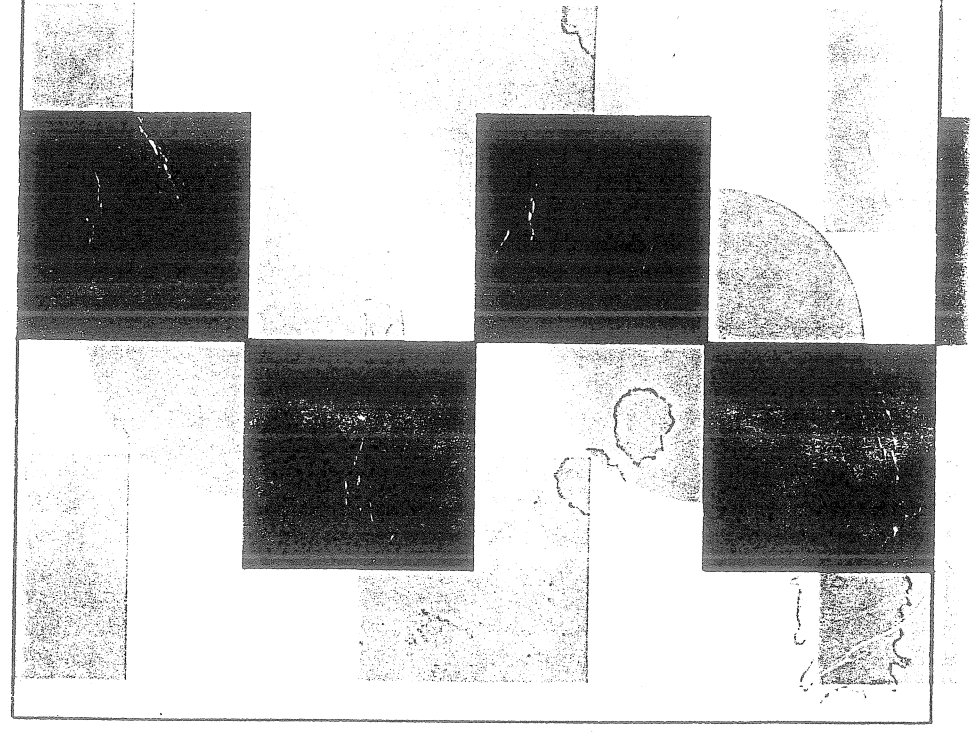
STUDIES IN RATIONALITY AND SOCIAL CHANGE

Democracy and the market

Political and economic reforms in Eastern Europe and Latin America

Adam Przeworski



The quest for freedom from hunger and repression has triggered in recent years a worldwide movement toward political democracy and economic rationality. Never have so many people experimented with democratic institutions. At the same time, traditional strategies of economic development have collapsed in Eastern Europe and Latin America and entire economic systems are being transformed on both continents.

What should we expect in the countries that venture on the paths to democracy and markets? Will these transitions result in democracies or in new dictatorships? What economic system, new or old, will emerge?

This important book analyzes recent events in Eastern Europe and Latin America, focusing on transitions to democracy and market-oriented economic reforms. The author underscores the interdependence of political and economic transformations and draws on extensive local data for his analysis. A distinctive feature of the book is that it employs models derived from political philosophy, economics, and game theory.

Democracy and the Market will be of particular interest to scholars and graduate students in political science, economics, and sociology.

DEMOCRACY AND THE MARKET

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POLITICAL AND ECONOMIC REFORMS IN EASTERN EUROPE AND LATIN AMERICA

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To Molly, her friends, and their friends

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In the realm of both politics and economics we observe attempts to make a radical break with the past; in fact, in both realms the word "transitions" best describes the processes launched in a number of countries. These are transitions from authoritarianism of several varieties to democracy and from state-administered, monopolistic, and protected economic systems, again of several varieties, to a reliance on markets. Both transitions are radical, and they are interdependent.

What should we expect to happen to the countries that have ventured on the path to democracy and markets? The purpose of studying transitions is to answer questions about the conditions and the paths that lead to political democracy and material prosperity. Will transitions end in a democracy or in a dictatorship, new or old? Will the new democracy be a stable one?

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Which institutions will constitute it? Will the new political system be effective in generating substantive outcomes? Will it be conducive to individual freedom and social justice? What economic systems will emerge: Which forms of property will prevail, which mechanisms will allocate resources, which development strategies will be pursued? Will these systems generate development with material security for all?

There are no simple answers to such questions. There is too much we social scientists still do not know. And yet to speculate about the future, to understand the choices we face at present, we have to make assumptions. Specifically, we need to offer answers to the four question about democracy and development we seem to have been asking forever:

1. What kinds of democratic institutions are most likely to last?
2. What kinds of economic systems – forms of property, allocation mechanisms, and development strategies – are most likely to generate growth with a humane distribution of welfare?
3. What are the political conditions for the successful functioning of economic systems, for growth with material security for all?
4. What are the economic conditions for democracy to be consolidated, allowing groups to organize and pursue their interests and values without fear and under rules?

My book begins with a prologue: the story of the fall of communism. This event, not anticipated by anyone, in a few weeks opened a new world to millions of people in Eastern Europe. But which world will it be? Will the postcommunist countries find their way to democracy and to prosperity, to the "West"? Or will they find themselves struggling against misery and oppression, like billions of people inhabiting the "South"? This is the question posed in the Prologue.

Chapter 1 offers a theory of durable democratic institutions. I argue that democracies last when they evoke self-interested spontaneous compliance from all the major political forces. I then show that to evoke such compliance, democracy must simultaneously offer to all such forces a fair chance to compete within the institutional framework and to generate substantive outcomes: It must be fair and effective. Yet under some historical conditions, these requirements cannot be simultaneously fulfilled by any system of democratic institutions. Foremost among such conditions are periods of profound economic transformation.

Even if durable democratic institutions are possible under given circumstances, there is no guarantee that the political forces in conflict about their future chances under democracy will adopt such institutions. After a prologue concerning the liberalization of authoritarian regimes, Chapter 2 focuses on the choice of institutions during the transition to democracy. I argue that such institutions always emerge from negotiation. What differentiates particular cases of transition is whether these negotiations involve the forces associated with the previous authoritarian regimes or only the allies in the struggle against authoritarianism. "Extrication" – transitions negotiated with the previous authoritarian regimes – is likely to leave institutional traces, foremost among them the autonomy of the armed forces. Yet even if they are free from the fear of repression, the protodemocratic forces seeking to constitute the new regime are prone to adopt an institutional framework that some of them will see only as a temporary expedient. Therefore, basic institutional issues are unlikely to be resolved at the time of transition. Finally, I claim, when institutional issues continue to be present in minor political conflicts, ideological factors come to the fore. And the dominant ideologies of many nascent democracies are not conducive to tolerating the divisions and conflicts inherent in democratic competition.

The discussion shifts to economic issues in Chapter 3. The central question is what kinds of economic systems – forms of property and allocation mechanisms – are most likely to generate growth with a humane distribution of welfare. I argue that capitalism suffers from a particular kind of irrationality: When self-interested economic agents allocate scarce resources in a decentralized way, the productive potential cannot be fully utilized unless they receive full return on their endowments. But socialism – allocation of resources by centralized command – is not feasible because it rests on untenable assumptions concerning the behavior of planners, of workers, and of consumers. Faced with this dilemma, I argue that forms of property are less important than mechanisms of allocation. The most rational and humane economic system is one that relies on regulated markets to allocate resources and on the state to assure a minimum of material welfare for everyone. This system may still involve quite a lot of inefficiency and inequality, but I find none better.

Even if we know which economic system is best, the road to it is not an easy one. Chapter 4 is devoted to the political dynamics of economic reforms. I show that transitional effects of reforms are likely to include inflation, unemployment, allocative inefficiencies, and volatile changes in

relative incomes. The question is whether such transitional costs will be tolerated politically. Adopting some simple assumptions, I demonstrate that the reform strategy that is most likely to advance the farthest and that will be preferred by politicians is not the one that minimizes social costs. Yet even if this strategy enjoys widespread popular support at the outset, political counterreactions set in once the costs are experienced. In response, governments begin to vacillate between a technocratic style inherent in market-oriented programs and the participatory style needed to maintain political support. These vacillations erode confidence in reforms and may threaten democratic stability.

As these previews intimate, the mood of what follows is sober, maybe even somber. Perhaps pessimism, as Poles say, is merely informed optimism. But my intention is not to offer forecasts, pessimistic or not, only to illuminate the obstacles typically confronted in building democracy and transforming economies. Many of these obstacles, I believe, are the same everywhere, for they are determined by a common destination, not by the different points of departure. Yet the outcomes will differ, for outcomes depend on historically inherited conditions, on good will, on intelligence, and on luck.

A prologue: The fall of communism

Transitions to democracy occurred in Southern Europe – in Greece, Portugal, and Spain – in the mid 1970s. They were launched in the Southern Cone of Latin America, except for Chile – in Argentina, Brazil, and Uruguay – in the early 1980s. And they were inaugurated in Eastern Europe during the "Autumn of the People" of 1989. Can we draw on the earlier experiences to understand the later ones? Are there lessons to be learned from history?

In spite of the waves of democratization in Southern Europe and Latin America, the fall of communism took everyone by surprise. No one had expected that the communist system, styled by some as totalitarian precisely because it was supposed to be immutable, would collapse suddenly and peacefully. What made the transition to democracy in Eastern Europe possible? What made it happen so quickly and so smoothly?

Since the fall of communism in Eastern Europe is the prologue to the analyses that follow, let me reconstruct the story as I see it. Yet first we need a warning against facile analyses. The "Autumn of the People" was a dismal failure of political science. Any retrospective explanation of the fall of communism must not only account for the historical developments but also identify the theoretical assumptions that prevented us from anticipating these developments. For if we are wise now, why were we not equally sage before?

Most terminal cancer patients die of pneumonia. And social science is not very good at sorting out underlying causes and precipitating conditions; witness the fifty years of controversy over the fall of Weimar. For the response to the question "Why did communism collapse?" is not the same as to "Why did it collapse in the autumn of 1989?" It is easier to explain why communism had to fall than why it did.

"Totalitarianism" could not answer either question: It could not diagnose the cancer and hence the vulnerability to pneumonia. The totalitarian

model was more ideological than the societies it depicted as such. This model denied the possibility of conflict within communist societies because it saw them as based on dogma and repression. Yet from the late 1950s, ideology was no longer the cement, to use Gramsci's expression, that held these societies together. I remember how startled I was by the leading slogan of May Day 1964 in Poland: "Socialism is a guarantee of our borders." Socialism – the project for a new future – was no longer the end; it had become an instrument of traditional values. And by the 1970s, repression had subsided: As the communist leadership became bourgeoisified, it could no longer muster the self-discipline required to crush all dissent. Party bureaucrats were no longer able to spend their nights at meetings, to wear working-class uniforms, to march and shout slogans, to abstain from ostentatious consumption. What had developed was "goulash communism," "Kadarism," "Brezhnevism": an implicit social pact in which elites offered the prospect of material welfare in exchange for silence. And the tacit premise of this pact was that socialism was no longer a model of a new future but an underdeveloped something else. Khrushchev set it as the goal of the Soviet Union to catch up with Great Britain; by the 1970s, Western Europe had become the standard of comparison, and the comparisons became increasingly humiliating.

As Polish and Hungarian surveys showed, the outcome was a society that was highly materialistic, atomized, and cynical. It was a society in which people uttered formulas they did not believe and that they did not expect anyone else to believe. Speech became a ritual. I am haunted by a Soviet joke. A man is distributing leaflets in Red Square. He is stopped by a policeman, who confiscates them, only to discover that they are blank. "What are you spreading? They are blank. Nothing is written!" the surprised guardian of order exclaims. "Why write?" is the answer. "Everybody knows . . ."

Words became dangerous, so dangerous that the five armies to invade Czechoslovakia in 1968 cited as one reason Ludvik Vaculik's "Two Thousand Words." And most subversive were the very ideals that founded this social order: rationality, equality, even the working class. As early as the 1960s, Polish surveys showed that engineering students were most radical in criticizing the socialist economy; they were the ones imbued with the value of rationality. Polish dissidents adopted in the mid 1970s a simple strategy to subvert the political system: They decided to use the rights

proclaimed by the Communist constitution. And the decisive threat to this system originated from those on behalf of whom it had always claimed legitimacy: the working class. Communist ideology became a threat to the social order in which it was embodied. People need some modicum of cognitive consistency; when their thoughts and their words perpetually diverge, life becomes intolerable.

This is why the cry for "truth" became at least as important in imploding this system as the clamor for bread, why history became an obsession when the regime began to crumble, why a leading opponent of the Communist regime in the Soviet Union has been the director of the National Archive, why high school history examinations were suspended for two years in the Soviet Union, why writers and intellectuals became the leaders of the postcommunist regimes.

But those of us who saw no reason to distinguish between authoritarianism and totalitarianism, those of us who found in the transition to democracy in Spain, Greece, Argentina, Brazil, or the Philippines a ready-made model for Hungary, Poland, or the Soviet Union, were looking for the symptoms of pneumonia but did not diagnose the cancer. We knew how to analyze the dynamic of conflicts once they flared up, but not the conditions ensuring that they would. Although Timothy Garton Ash (1990: 252) cautiously wrote, in September of 1988, about the possibility of the "Ottomanization" – "emancipation by decay" – of the Soviet empire, no one sensed how feeble the communist system had become, no one expected that just a little push would cause it to collapse.

The "Autumn of the People" constitutes one event, or perhaps one and a half. Henry Kissinger's domino theory triumphed; all he missed was the direction in which the dominoes would fall. What happened in Romania was caused by what had occurred in Czechoslovakia; what ensued in Czechoslovakia resulted from the breakdown in East Germany; what stimulated masses of people to fill the streets in East Germany followed the political changes in Hungary; what showed Hungarians a way out was the success of the negotiations in Poland. I know that hundreds of macrohistorical comparative sociologists will write thousands of books and articles correlating background conditions with outcomes in each country, but I think they will be wasting their time, for the entire event was one single snowball. I mean it in a technical sense: As developments took place in one country, people elsewhere were updating their probabilities of suc-

cess, and as the next country went over the brink, the calculation was becoming increasingly reassuring. And I have no doubt that the last holdouts will follow.

The open rebellion began in Poland in 1976 and flared up for the first time in 1980. The first instance of collapse of a communist system does not date to 1989 but to December 13, 1981. The coup d'état of General Jaruzelski was proof that Communist parties could no longer rule with passive acquiescence, that from now on power must be based on force. As the economic strategy of the 1970s collapsed, as intellectuals found their voices and workers took over their factories, party bureaucrats were unable to preserve their rule. To continue to enjoy privileges, they had to abdicate political power in favor of organized forces of repression. Communist rule became militarized because only in this form could it survive the revolt of the society.

From then on it was only the fear of physical force, external and internal, that held the system together. Even this force turned out to be insufficient when Polish workers struck again in the summer of 1988, and it is to the credit of General Jaruzelski that he understood it. The decision to compromise with the opposition was imposed on the Polish party by the military. The Hungarian party split from the top, without the same pressure from below and without being coerced by the armed forces. The success of the Polish negotiations in the spring of 1989 showed Hungarians a road to peaceful transfer of power. By that time party bureaucrats in both countries began to realize that if they could hold onto political power, perhaps they could, to use Elemer Hankiss's felicitous phrase, "convert it" into economic power before it was too late.

The spark that ignited the subsequent chain of events was the Hungarian decision to let East German refugees proceed to West Germany. Having learned that the road was open from Budapest, East Germans tried Prague. At this moment, the East German leadership made a fatal mistake. They agreed that the refugees could transit to the West but decided to "humiliate" them. They had them pass by train through East Germany to be exposed to the scorn of organized demonstrations. But instead of condemning the refugees, the masses turned the demonstrations against the regime, as they would later do in Bulgaria and Romania. The rest is history. Once hundreds of thousands of people had flooded the streets of Leipzig, Dresden, and Berlin, once the wall had fallen, the pressure on Czechoslovakia

was irresistible, and all the Bulgarian communists could do was to limit the damage.

The Gorbachev revolution in the Soviet Union obviously played a crucial role in unleashing the events in Eastern Europe. It was the single precipitating event, the pneumonia. But this platitude easily leads to confusion.

The threat of Soviet intervention, imprinted in the memories of 1956 in Hungary and 1968 in Czechoslovakia, was the constraint on internal developments in Eastern Europe. But it was only that: the constraint, a dam placed against pressing waters. When this dam cracked, it was the pent-up waters that overran its remains. The change in the Soviet Union did not propel transformations in Hungary and Poland; what it did was to remove the crucial factor that had been blocking them. The constraint was external, but the impetus was internal. This is why the "Soviet factor" does not render invalid the application of Latin American models to Eastern Europe.

Moreover, the Gorbachev revolution was not a fluke of history. The Soviet Union was not exempt – in retrospect it is obvious – from the same pressures that made the system crack in Eastern Europe. Unable to persuade, incapable of silencing dissident voices, inept at feeding its own people, impotent against an amalgam of tribes in the mountains of Afghanistan, indolent in international technological competition – was this not the Soviet Union of 1984? And had we made this list, would we not have concluded, whatever theoretical differences divide us, that no such system could last?

Could the Soviet Union have invaded Poland in 1981? Could it have maintained its empire? At what cost to its internal peace and prosperity? In my view, the changes in the Soviet Union, including the shift of the Soviet strategic posture with regard to Eastern Europe, were to a large extent endogenous; that is, they were brought about in part by the developments in Eastern Europe, by the increasing political and economic costs of maintaining the empire.

Everyone, not only marxists, used to believe that political change of this magnitude could only be violent. Yet except in Romania and in the nationalistic flare-ups in the Soviet Union and Yugoslavia, not a single person was killed in this revolution. Why?

The reasons the system collapsed so rapidly and so quietly are to be found both in the realm of ideology and in the realm of physical force. For

me, again the most striking aspect of this collapse is that party bureaucrats had nothing to say to defend their power. They were simply mute; they did not speak about socialism, progress, the future, prosperity, rationality, equality, the working class. They only calculated how many thousands of people they could beat up if they persevered, how many ministerial posts they would have to yield if they compromised, how many jobs they could retain if they surrendered. The most they could muster were declarations of patriotic commitment, but their credentials were dubious. And even now, when the relabeled or transformed Communist parties declare their devotion to democratic socialism, they still do not mean what they say: The founding Program of the Polish Social Democratic Party begins with the statement that Poland is the highest value the party adheres to, affirms its commitment to political democracy, and goes on to express the preference for "whatever forms of property . . . are economically most efficient." These declarations may serve the party in finding a place in the new system, but these are not the values with which it could have defended the old one. By 1989, party bureaucrats did not believe in their speech. And to shoot, one must believe in something. When those who hold the trigger have absolutely nothing to say, they have no force to pull it.

Moreover, they did not have the guns. In no country did the army, as distinct from the police forces, come to the rescue. In Poland, the armed forces led the reforms; only when three generals walked out of the February 1989 meeting of the Central Committee did party bureaucrats understand that their days were over. In all the other countries, including Romania, the army refused to repress. I have a cynical view of the reason for this posture, although I admit that perhaps patriotic motivations did play a role. Educated by the Latin American experience, I find the canonical phrase uttered by the generals all over Eastern Europe foreboding. When the military proclaim, "The army does not serve a political party, but the nation," I see them jumping at the chance to free themselves from civilian control, to establish themselves as the arbiter of the national fate. Yet whether or not I am correct, in fact party bureaucrats did not control the guns. I cannot stop myself from recounting a Polish joke that encapsulates the entire story. An older man ventures to buy meat. A long line has already formed. The delivery is not coming; people are getting impatient. The man begins to swear: at the leader, at the party, at the system. Another man approaches him and remarks, pointing to his head: "You know, comrade, if you said things like this in the old days, we would just go 'Paf' and it would all be over." The old man returns home empty-handed. His wife asks, "They have no more meat?" "It is worse than that," the man replies; "they have no more bullets."

What was it that collapsed in Eastern Europe? "Communism" is a neutral answer to this question, since it is a label that has no more advocates. But was it not socialism? Many of those who believe that there can be no socialism without democracy contend that the system that failed in Eastern Europe was perhaps Stalinism, statism, bureaucracy, or communism, but not socialism. Yet I fear that the historical lesson is more radical, that what died in Eastern Europe is the very idea of rationally administering things to satisfy human needs – the feasibility of implementing public ownership of productive resources through centralized command; the very project of basing a society on disinterested cooperation – the possibility of dissociating social contributions from individual rewards. If the only ideas about a new social order originate today from the Right, it is because the socialist project – the project that was forged in Western Europe between 1848 and 1891 and that had animated social movements all over the world since then – failed, in the East and in the West. True, the values of political democracy and of social justice continue to guide social democrats such as myself, but social democracy is a program to mitigate the effects of private ownership and market allocation, not an alternative project of society.

Now several countries in Eastern Europe, again led by Poland, have ventured or are about to venture into the greatest experiment in history since the forced Stalinist industrialization of 1929. Although the prevailing mood follows Adenauer's dictum of *keine Experimenten*, the economic transformations envisaged in these countries ironically mirror the communist project. They implement an intellectual blueprint, a blueprint developed within the walls of American academia and shaped by international financial institutions. They are radical; they are intended to turn upside down all the existing social relations. And they offer a single panacea, a magic wand that, once waved, will cure all ills. Replace "nationalization of the means of production" with "private property" and "plan" with "market," and you can leave the structure of the ideology intact. Perhaps revolutions are shaped by the very systems against which they are directed?

What, then, is the future of Eastern Europe? As I see it, Eastern European societies can follow three roads: their own, that of Southern Europe,

or that of Latin America and other countries of the capitalist South. This is what future discussions of Eastern Europe will be all about: Which of these three roads is most likely?

The Left sees in these countries a historic chance to realize what used to be called the third and today should be counted as the second way: a chance to develop a social system alternative to both capitalism and communism. This system would be democratic market socialism: democracy in the political realm and an economy that combines a large cooperative sector with allocation by markets. Although blueprints for this system animate political discussions in Czechoslovakia, Hungary, and Poland, I believe that if such a system does develop it will be mainly by default. Plans for selling the entire public sector to private owners are simply unrealistic, given the low level of domestic savings and fears of foreign domination. Hence, a large number of firms may either remain in state hands or be transferred to employees for lack of private buyers. Whether this property structure will have profound consequences for firm performance, for the role of workers in the enterprise, for their political organization outside the firm, and for political institutions is still a matter of controversy. I remain skeptical.

Whatever mix of ownership patterns emerges, the road the new elites and the people in Eastern Europe want to take is the one that leads to Europe. "Democracy, market, Europe" is the banner. The optimistic scenario is to retrace the path of Spain. Since 1976, in only fifteen years Spain has succeeded in irreversibly consolidating democratic institutions, allowing peaceful alternation in power; in modernizing its economy and making it internationally competitive; in imposing civilian control over the military; in solving complicated national questions; in extending citizenship rights; and in inducing cultural changes that made it part of the European community of nations. And this is what everyone in Eastern Europe expects to happen. Eastern Europeans deeply believe that if it had not been for "the system," they would have been like Spain. And now this system is gone. They will thus reenter Europe. They will become a part of the West.

But Spain is a miracle: one of a handful of countries that since World War I have escaped the economics, the politics, and the culture of poor capitalism. Portugal did not match this achievement; Greece is experiencing profound economic difficulties and a shaky political situation. And note the case of Turkey, which tried and failed to generate the economic,

political, and cultural transformations that would have brought it into Europe.

Should we, then, expect these hopes to be fulfilled? Is Eastern Europe on its way to the West, or will the Hungarians, the Poles, and the Romanians join billions of people who inhabit the capitalist South? See the last chapter, "Conclusions."

1. Democracy

Democracy

In his opening speech to the Constituent Assembly, Adolfo Suárez, the prime minister of the Spanish transition to democracy, announced that henceforth "the future is not written, because only the people can write it" (Verou 1976). Heralding this plunge into the unknown, he caught two quintessential features of democracy: Outcomes of the democratic process are uncertain, indeterminate ex ante; and it is "the people," political forces competing to promote their interests and values, who determine what these outcomes will be.

Democracy is a system in which parties lose elections.[1] There are parties: divisions of interests, values, and opinions. There is competition, organized by rules. And there are periodic winners and losers. Obviously not all democracies are the same; one can list innumerable variations and distinguish several types of democratic institutions. Yet beneath all the institutional diversity, one elementary feature – contestation open to participation (Dahl 1971) – is sufficient to identify a political system as democratic.[2]

Democracy is, as Linz (1984) put it, government pro tempore. Conflicts

[1] Note that the presence of a party that wins elections does not define a system as democratic: The Albanian People's party has regularly produced overwhelming victories. It is only when there are parties that lose and when losing is neither a social disgrace (Kishlansky 1986) nor a crime that democracy flourishes.

[2] Most definitions of democracy, including Dahl's own, treat participation on a par with contestation. Indeed, there are participationist and contestationist views of democracy. The emphasis on participation is essential if one wants to understand the development of democracy in Western Europe, where battles over suffrage evoked more conflicts than the issue of governmental responsibility. Moreover, such an emphasis is attractive from the normative point of view. Yet from the analytical point of view, the possibility of contestation by conflicting interests is sufficient to explain the dynamic of democracy. Once political rights are sufficiently extensive to admit of conflicting interests, everything else follows, even if effective participation is far from universal. And since, except in South Africa, broad restrictions of political rights are inconceivable under present conditions, a focus on contestation is sufficient to study current transitions to democracy.

are regularly terminated under established rules. They are "terminated" (Coser 1959), temporarily suspended, rather than resolved definitively. Elections fill offices, legislatures establish rules, bureaucracies issue decisions, associations arrive at agreements, courts adjudicate conflicts, and these outcomes are binding until and unless they are altered according to rules. At the same time, all such outcomes are temporary, since losers do not forfeit the right to compete in elections, negotiate again, influence legislation, pressure the bureaucracy, or seek recourse to courts. Even constitutional provisions are not immutable; rules, too, can be changed according to rules.

In a democracy, multiple political forces compete inside an institutional framework. Participants in the democratic competition dispose unequal economic, organizational, and ideological resources. Some groups have more money than others to use in politics. Some may have more extensive organizational skills and assets. Some may have greater ideological means, by which I mean arguments that persuade. If democratic institutions are universalistic – blind to the identity of the participants – those with greater resources are more likely to win conflicts processed in a democratic way.[3] Outcomes, I am arguing, are determined jointly by resources and institutions, which means that the probability that any group, identified by its location in the civil society, will realize its interests to a specific degree and in a particular manner is in general different from any other group's.

The protagonists in the democratic interplay are collectively organized; that is, they have the capacity to formulate collective interests and to act strategically to further them (Pizzorno 1978). Furthermore, they are organized in a particular way entailed in the institutional framework within which they act. To represent, political parties must be stratified into leaders and followers; by definition, representative institutions seat individuals, not masses. A relation of representation is thus imposed on the society by the very nature of democratic institutions (Luxemburg 1970: 202). Individuals do not act directly in defense of their interests; they delegate this defense. Masses are represented by leaders; this is the mode of collective organization in democratic institutions.[4] Moreover, as Schmitter (1974),

[3] This is not to say that institutions are not biased. Institutions have distributional consequences. Much more on this topic will follow.

[4] Note that social movements are an ambiguous actor under democracy, and always short-lived. Unions have a place to go: industrial relations institutions and the state; parties have parliaments; and lobbies have bureaus; but movements have no institutions to direct themselves to.

Stepan (1978), Offe (1985), and others have insisted, most interests are organized in a coercive and monopolistic fashion. Interest associations acquire the capacity to act on behalf of their members because they can coerce these members, specifically because they can sanction any individuals or subgroups who attempt to advance their particular goals at the cost of the collective interest. To have market power, unions must be able to punish workers who are eager to replace their striking colleagues; to have a strategic capacity, employers' associations must be able to control the competition among firms in the particular industry or sector. Democratic societies are populated not by freely acting individuals but by collective organizations that are capable of coercing those whose interests they represent.

Democracy is a system of processing conflicts in which outcomes depend on what participants do but no single force controls what occurs. Outcomes of particular conflicts are not known ex ante by any of the competing political forces, because the consequences of their actions depend on actions of others, and these cannot be anticipated uniquely. Hence, from the point of view of each participant, outcomes are uncertain: Democracy appears to be a system in which everyone does what he or she expects is for the best and then dice are thrown to see what the outcomes are. Democracy generates the appearance of uncertainty because it is a system of decentralized strategic action in which knowledge is inescapably local.

The fact that uncertainty is inherent in democracy does not mean everything is possible or nothing is predictable. Contrary to the favorite words of conservatives of all kinds, democracy is neither chaos nor anarchy. Note that "uncertainty" can mean that actors do not know what can happen, that they know what is possible but not what is likely, or that they know what is possible and likely but not what will happen.[5] Democracy is uncertain only in the last sense. Actors know what is possible, since the possible outcomes are entailed by the institutional framework;[6] they know what is likely to happen, because the probability of particular outcomes is determined jointly by the institutional framework and the resources that the different political forces bring to the competition. What they do not know is which particular outcome will occur. They know what winning or losing can mean to them, and they know how likely they are to win or lose, but they do not know if they will lose or win. Hence, democracy is a system of ruled open-endedness, or organized uncertainty.

[5] These distinctions are based on Littlechild 1986.

[6] I mean "know" in the logical sense: They have the information from which they can deduce each consequence. They can deduce it because the possible outcomes are entailed by rules, and rules can change only according to rules. The "institutional framework," understood as the entire system of rules, is not fixed; it is repeatedly modified as a result of conflicts. But these conflicts always occur within a system of rules that delimit the feasible set. Obviously, none of the above implies that political actors always know what is possible in the psychological sense: They err and they are surprised, particularly because the logical relations involved are often "fuzzy."

The uncertainty inherent in democracy does permit instrumental action. Since actors can attach probabilities to the consequences of their actions, they form expectations and calculate what is best for them to do. They can participate, that is, act to advance their interests, projects, or values within the democratic institutions. Conversely, since under the shared constraints outcomes are determined only by actions of competing political forces, democracy constitutes for all an opportunity to pursue their respective interests. If outcomes were either predetermined or completely indeterminate, there would be no reason for groups to organize as participants. It is the uncertainty that draws them into the democratic interplay.

Results of democratic processes are read by applying the particular rules that make up the institutional framework to the joint consequences of decentralized actions. Yet in spite of its majoritarian foundations, modern representative democracy generates outcomes that are predominantly a product of negotiations among leaders of political forces rather than of a universal deliberative process. The role of voting is intermittently to ratify these outcomes or to confirm in office those who brought them about.[7] In all modern democracies, the deliberative process and day-to-day supervision over the government are well protected from the influence of the masses. Indeed, a direct recourse to voters about specific policy issues is often referred to as plebiscitarianism, a term with negative connotations. Hence, voting – majority rule – is only the ultimate arbiter in a democracy.

Outcomes consist of indications to each political force to follow specific courses of action, different for winners and losers. If these indications are followed, losers get less of what they want than winners. To follow these indications is to comply.

Because outcomes cannot be predicted exactly under democracy, com-

[7] As Bobbio (1989: 116) put it, "collective decisions are a fruit of negotiation and agreements between groups which represent social forces (unions) and political forces (parties) rather than an assembly where voting operates. These votes take place, in fact, so as to adhere to the constitutional principle of the modern representative state, which says that individuals and not groups are politically relevant . . .; but they end up possessing the purely formal value of ratifying decisions reached in other places by the process of negotiation."

mitment to rules need not be sufficient for compliance once the results are known. If outcomes were certain, that is, if participants could predict them uniquely, they would have known that in committing themselves to particular rules they were accepting specific outcomes; commitment to rules would have been sufficient for compliance with results. Yet under democracy commitment to rules constitutes at most a "willingness to accept outcomes of an as yet undetermined content" (Lamounier 1979: 13). This is why procedural evaluations of democracy diverge from consequentialist judgments. As Coleman (1989: 197) put it, "consenting to a process is not the same thing as consenting to the outcomes of the process." Since outcomes are uncertain for the participants, their ex ante and ex post evaluations must diverge. And, as Lipset and Habermas agree, ex post evaluations modify the ex ante commitments.[8] Hence, compliance is problematic.

In sum, in a democracy all forces must struggle repeatedly for the realization of their interests. None are protected by virtue of their political positions.[9] No one can wait to modify outcomes ex post; everyone must subject interests to competition and uncertainty. The crucial moment in any passage from authoritarian to democratic rule is the crossing of the threshold beyond which no one can intervene to reverse the outcomes of the formal political process. Democratization is an act of subjecting all interests to competition, of institutionalizing uncertainty. The decisive step toward democracy is the devolution of power from a group of people to a set of rules.

[8] Lipset (1960) makes the distinction between "legitimacy" – ex ante commitment – and "effectiveness" – ex post evaluation of outcomes. Habermas (1975) distinguishes "legality" – ex ante acceptance of rules – and "legitimacy" – for him, the ex post evaluation. Both maintain that ex post evaluations modify ex ante commitments, but neither notices that the very problem of compliance arises only because the outcomes generated by rules are uncertain ex ante.

[9] Some interests, notably of those who own productive resources, may be protected by their structural position in the economy: If everyone's material welfare depends on the decisions of capitalists to employ and to invest, all governments may be constrained from adopting policies that lower employment and investment. This is the theory of the structural dependence of the state on capital. The controversial question is whether this dependence is so binding on all democratically elected governments that the democratic process can have no effect on the policies followed by governments. My view is that all governments are to some degree dependent on capital but that this dependence is not so binding as to make democracy a sham. There is room for the democratic process to affect the outcomes. See Przeworski and Wallerstein 1988 for a formal analysis of this theory.

How are outcomes enforced under democracy?

The question: democracy, rationality, and compliance

With these preliminaries, we are ready to pose the central question concerning the durability of democracy: How does it happen that political forces that lose in contestation comply with the outcomes and continue to participate rather than subvert democratic institutions? Suppose a government seeks to establish control over the military. Why would the military obey? Imagine that a legislature passes a law granting workers extensive rights within enterprises. Why would the bourgeoisie not defend property by antidemocratic means? Envisage a government policy that causes massive unemployment and widespread impoverishment. Why would the poor not take to the streets to overturn it? Why would they all continue to channel their actions via the democratic institutions that hurt their interests? Why would they comply?

To understand why these questions matter, we need first to clear away some underbrush. If democracy were rational in the sense of eighteenth-century democratic theory, the problem of compliance would not emerge at all, or at least it would assume a different form. If societal interests were harmonious – the central assumption of the democratic theory of the eighteenth century – conflicts would be but disagreements about identifying the common good. They could be overcome by rational discussion: The role of the political process would be only epistemic, a search for the true general will. Politics, Wood (1969: 57–8) noted concerning American political thought between 1776 and 1787, "was conceived to be not the reconciling but transcending of the different interests of the society in the search for the single common good." If representatives could free themselves from the passion of particular interests, if institutions were properly designed, and if the process of deliberation were sufficiently unhurried, unanimity would prevail – the process would have converged to the true general will. Even today some theorists see recourse to voting as only a time-saving device: Voting merely economizes on the transaction costs inherent in deliberation.[10] In this view, as Coleman (1989: 205) characterized it, "the minority

[10] Summarizing with approval the views of Buchanan and Tullock (1962), Brennan and Lomasky (1989; 3) present the argument as follows: "If the rule of unanimity were also employed at the postconstitutional level, such that each individual possessed an effective veto

does not consist of losers, and the majority winners. Instead, minority members have false beliefs about the general will; members of the majority have true beliefs."

Is democracy in any sense rational?[11] Democracy would be collectively rational in the eighteenth-century sense if (1) there exists some unique welfare maximum over a political community: common good, general interest, public interest, and the like (Existence); (2) the democratic process converges to this maximum (Convergence). Moreover, democracy would be superior to all its alternatives if (3) the democratic process is the unique mechanism that converges to this maximum – no benevolent dictator could know what is in the general interest (Uniqueness).

The question whether democracy is rational in this sense evokes five distinct responses, depending on whether (1) (a) such a welfare maximum is thought to exist prior to and independent of individual preferences, (b) it is thought to exist only as a function of individual preferences, whatever these might happen to be, or (c) it is thought not to exist at all, because of class or some other irreconcilable division of society; and whether (2) the democratic process is thought to converge to this maximum. Rousseau believed that general interest is given a priori and that the democratic process converges to it. Conservatives in France and England at the time of the French Revolution, as well as contemporary ideologists of various authoritarianisms, maintain that such a welfare maximum does exist but that the democratic process does not lead to it. Economic theorists of democracy, notably Buchanan and Tullock (1962), have maintained that the public interest is tantamount to the verdict of the democratic process, which does identify it. Arrow (1951) demonstrated, under some assumptions, that even if such a maximum does exist, no process of aggregating individual preferences will reveal it. Finally, Marx and his socialist followers argued that no such general interest can be found in societies divided into classes. Note that Schmitt (1988: 13, 6) simultaneously sided

over every collective determination, exorbitant bargaining costs would ensue. . . . Balloting thus emerges as an efficiency-enhancing device itself resting on a foundation that eschews majoritarianism."

[11] To follow distinctions made by economists, we might first distinguish technical from collective rationality. Democracy would be said to be technically rational if it effectively served some otherwise desirable objectives, such as promoting economic development, or (a view to which I adhere) minimized arbitrary violence. But in the present discussion our interest is in the notion of collective, rather than technical, rationality.

with Marx when he rejected Rousseau's assumption that "a true state . . . only exists where the people are so homogeneous that there is essentially unanimity" and attacked convergence when he observed that "the development of modern mass democracy has made argumentative public discussion an empty formality."

Recent discussions focus on the issue of convergence. In the light of social choice theory, as argued particularly by Riker (1982), the democratic process would not converge to a unique welfare maximum even if one existed. The reasons are those offered by Arrow (1951): There is no procedure for aggregating preferences that would guarantee a unique outcome. Hence, one cannot read voting results as identifying any unique social preference. Moreover, McKelvey (1976) demonstrated that voting results may be collectively suboptimal. Yet this view of the democratic process relies on a tacit assumption that individual preferences are fixed and exogenous to the democratic process. Economists take preferences as fixed and adjustment to equilibrium as instantaneous; this is why many of them consider the democratic process as "rent seeking," that is, a waste of resources (see, for example, Tollison 1982).

Yet the assumption that preferences are exogenous to the democratic process is patently unreasonable. As Schumpeter (1950: 263) observed, "the will of the people is the product, not the motive power of the political process." Democracy may still discover or define the social welfare maximum if preferences change as a result of communication. Deliberation is the endogenous change of preferences resulting from communication.[12] The question, then, is whether deliberation leads to convergence.

Habermas and Joshua Cohen (1989) think it does. Their assumptions are, however, too strong to be realistic. They have to claim that (1) the messages are true or false, (2) people will accept the truth when confronted with it, and (3) messages are issued in a disinterested way. The last assumption is most dubious: If people behave strategically in pursuit in their interests, they also emit messages in this way. But even if these assump-

[12] To make this discussion less abstract, imagine that three young ladies venture to buy ice cream, with enough money to buy only one flavor. Their initial preferences are respectively C > V > S > N, V > S > C > N, S > C > V > N, where C stands for chocolate, V for vanilla, S for strawberry, and N for none, and > should be read as "prefers over." Now, suppose that the chocolate fan is told that this flavor leaves indelible spots on her dress. Having received this information, she alters her preference, relegating chocolate to second place, from C > V > S > N to V > C > S > N. This is deliberation.

tions are granted, it does not follow that there is only one truth. The first two assumptions may not suffice to lead the process to a unique welfare maximum.[13]

In turn, Manin (1987), who offered a more realistic description of the way deliberation works, concluded that deliberation stops short of convergence to a unique maximum. In his view, deliberation educates preferences and makes them more general: It leads to the broadest agreement possible at a particular time. But it stops there, leaving conflicts unresolved. Indeed, it is not apparent whether or not the intensity of conflicts is reduced by Manin's process of deliberation. Perhaps conflicts between two groups that are educated to believe that their interests are opposed are more difficult to resolve than conflicts among fragmented "wanton" desires, to use a term of Hirschman's (1985). After all, this was precisely socialists' understanding of the deliberative process. In their view, this process leads to a recognition of class identity and results in class conflict that cannot be resolved by deliberation (see Przeworski and Sprague 1986).

Indeed, the coup de grâce against theory of democracy as rational deliberation was administered in 1923 by Schmitt (1988), who argued that not all political conflicts can be reconciled by discussion.[14] At some point, reasons and facts are exhausted, yet conflicts remain. At this point, Schmitt observed, issues are decided by voting, which is an imposition of one will upon a resisting will. From this observation, he concluded that conflicts can be resolved only by recourse to physical force: Politics is an antagonistic relation between "us" and "them" in which the ultimate arbiter is violence.

The puzzle is thus the following. If one accepts, as I do, that not all conflicts can be resolved by deliberation and that therefore democracy generates winners and losers, can one ever expect the losers to comply with the verdict of democratically processed conflicts? Why would those who

[13] Go back to ice cream. Suppose that in response to the message about chocolate, the strawberry devotee informs others that vanilla makes one fat. In turn, the vanilla lover notes that strawberry contains red dye number 5, which causes cancer. Suppose further that all the rational arguments are exhausted by these messages. Then the preferences that result from rational deliberation may still cycle. Democracy will have educated the participants but will not have led to a unique solution.

[14] "Parliament," Schmitt (1988: 4–5) argued, "is in any case only 'true' as long as public discussion is taken seriously and implemented. 'Discussion' here has a particular meaning and does not simply mean negotiation. . . . Discussion means an exchange of opinion that is governed by the purpose of persuading one's opponent through the argument of the truth or justice of something, or allowing oneself to be persuaded of something as true and just."

suffer as the result of the democratic interplay not seek to subvert the system that generates such results?

Interests are often in conflict. Hence, there are winners and losers, and compliance is always problematic. Yet Schmitt drew a conclusion that is too strong because he failed to understand the role of institutions.[15] Democratic institutions render an intertemporal character to political conflicts. They offer a long time horizon to political actors; they allow them to think about the future rather than being concerned exclusively with present outcomes. The argument I develop below is the following: Some institutions under certain conditions offer to the relevant political forces a prospect of eventually advancing their interests that is sufficient to incite them to comply with immediately unfavorable outcomes. Political forces comply with present defeats because they believe that the institutional framework that organizes the democratic competition will permit them to advance their interests in the future.

Competing views of compliance

Before this argument is developed, it may be helpful to consider alternative views of compliance.[16]

Think of democracy in the following way. To advance their interests, all have to get past a particular intersection by any means of locomotion they can put their hands on. Some people always arrive from the east; others always from the south. Once they do arrive, a random device chooses the lights: green is a signal to advance, red to wait.[17] The probability of getting the signal to pass or the signal to stop depends on the direction from which one comes and the way the lights are set. If the lights are green in the east–

[15] Indeed, his contemporary polemicist had already pointed out that Schmitt "has by no means proven that Europe is confronted by the dilemma: parliamentarism or dictatorship. Democracy has many other organizational possibilities than parliamentarism" (Thoma 1988: 81).

[16] The question I pose is an empirical one: What are the conditions concerning the institutions and the circumstances under which they operate that make political forces comply with the outcomes of the democratic process and hence cause democracy to endure? There is an enormous philosophical literature concerning moral justifications of democracy, in particular of the coercion applied to force compliance. Since philosophers tend to confuse their normative opinions with reality, one often reads that democracy "is" this or that, rather than that it would be this or that if people were guided by the morality of the particular author. While some distinctions introduced in this literature clarify the issues, I find it largely irrelevant to the empirical question at hand.

[17] This allegory is derived from Moulin (1986: ch. 8).

west direction 80 percent of the time, those coming from the east have a good chance to advance. If they are coming from the south, they are likely to be told to wait. But if the lights are green 80 percent of the time in the south–north direction, the situation is reversed. Hence, the likely outcome depends on where one is coming from and on how the lights are set: the resources that participants bring to the democratic competition and the institutional framework within which they compete.

What will happen at any particular moment is uncertain in the sense specified above: Actors know that the possible outcomes are the four combinations of advance and wait, and they know the probability that the light will be green or red (depending on where they are coming from) and hence the probabilities of the two equilibrium outcomes, but they do not know whether they will pass unobstructed or wait while others pass.

Suppose that participants obey the light. They pass alternatively, avoiding collisions.[18] Why do they do it? Why does a big car not force its way through the intersection despite the signal?

Three alternative answers to this question are plausible. One is that compliance is spontaneous – decentralized and voluntary. The second is that there is a policeman at the intersection ready to send back to the end of the queue anyone who tries to barge through out of turn. The last answer is that people observe their turn because they are motivated by a moral commitment to this social order even when it is not in their interest and even when there is no one to punish them.

Elementary game theoretic terminology helps to flesh out these possibilities. Let us distinguish three classes of outcomes of strategic situations.

(1) *Spontaneous self-enforcing outcomes, or equilibria.* Each actor does what is best for her given what others (would) do. A car arrives at the intersection from the south. The driver looks around and comes to the conclusion that it is her turn to wait. She arrives at this conclusion because she thinks that drivers coming from the east expect to pass. Her mental

[18] These are the two outcomes that will occur if everyone complies with the signals. The purpose of the institution of traffic lights is to eliminate the collectively suboptimal outcomes: swear at the other {Advance, Advance} and swear at yourself {Wait, Wait}. In this sense, democracy is a Pareto improvement over the state of nature in which everyone tries to force the way. Yet this is a very weak argument for the rationality of democracy, since this state of nature is merely an imaginary counterfact designed to justify the existing order. This is why property rights arguments for efficiency are normatively unpersuasive.

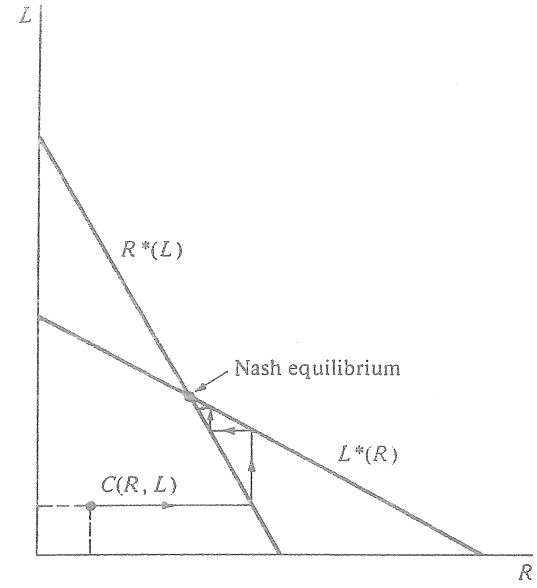

Figure 1.1

signal is "red"; the best response to red is to wait (the alternative is collision), and she waits. Drivers coming from the east interpret the signal as green because they expect those arriving from the south to wait; their best response is to advance (the alternative is to miss a turn and perhaps get hit from behind), and they do. The outcome is {Wait, Advance}. This outcome is equilibrium; no one wants to act differently given expectations of others' actions, and the expectations are mutually fulfilled.

Suppose that leaders of political parties, Left and Right, decide how dirty their campaigns should be. If Right plays clean, it is best for Left to play dirty, and vice versa. If they select their strategies independently and simultaneously, they will adopt some strategy combination {Dirty, Dirty} that will be self-enforcing in the sense that neither party will want to do anything else given what the opponent has done. Their expectations will have been fulfilled: Left will have chosen some degree of dirty on the assumption that Right chose a definite degree, and Right will have chosen this same degree on the assumption that Left chose what it in fact did. This equilibrium is portrayed in Figure 1.1.

Yet another example: Suppose the civilian government anticipates (cor-

rectly) that if it tinkers with the military, it will invite a coup, but if it leaves them alone, the military will stay in the barracks. The government reads its preferences as the discovery that it is better off with {Not Tinker, Stay in the Barracks (Not Tinker)} than with {Tinker, Probable Coup (Tinker)}. It decides not to tinker. This is also an equilibrium: The government does not want to do anything else, anticipating the reaction of the military, and the military do not want to do anything else given what the government did.[19] Expectations are again fulfilled: The government expects the military to stay in the barracks, and they do.

What matters about such outcomes is that they constitute equilibria: No one wants to act differently given what others (would) do in response. Such outcomes are thus self-enforcing; they are enforced by independent spontaneous reactions.

(2) *Bargains, or contracts.* An outcome is such that at least one actor would be better off doing something else, and it holds because it is exogenously enforced. There is some third party who punishes "defections" from this outcome.

Suppose the two political parties agree not to engage in a dirty campaign, even though it is most useful for each of them to do so if the other does not. If parties want to win elections, this outcome will not hold without external enforcement. Suppose the parties agreed not to exceed the degree of dirt represented by point C (R, L) in Figure 1.1. Now, the leaders of the Right party look at what the Left has promised to do and ask themselves what it is best for them to do in response. They will smear the Left party all the way to that point on their best response line, $R^*(L)$. But then the Left party will discover that if the Right has begun to talk about the sexual mores of their leader, it is best for them to point out the sources of wealth of their opponents. And so the agreement will unravel until it arrives at the equilibrium outcome. For the initial agreement to stick, a Fair Elections Commission must be able to punish dissuasively everyone who transgresses. Bargains, or contracts, are agreements in which at least one party has an incentive to renege but which hold because a third party effectively sanctions defections.

[19] Note that this is a somewhat different equilibrium from the one we used to solve the game between political parties. Political parties chose their strategies simultaneously, whereas in the civilian–military game the government moved first, anticipating the best response of the military. The first equilibrium concept is not very plausible, and the question of what constitutes a reasonable notion of equilibrium is still wide open. But all these niceties need not occupy us at the moment: Nash equilibrium is the simplest and the classic concept of game theory.

But who is the third party who inflicts punishments under democracy?

In the end, there are two answers to this question. Either enforcement is decentralized – there are enough actors who self-interestedly sanction noncompliance to support the cooperative outcome – or it is centralized – there is a specialized agency that has the power and the motivation to sanction defections, even if this agency is not itself punished for failing to sanction defections or for sanctioning behaviors that constitute compliance.[20] There are only two answers "in the end" because the issue is not whether the state, in the Weberian sense, is necessary to sanction noncompliance. In all democracies, state institutions specialize in doing precisely that. The question concerns the autonomy of the state with regard to the politically organized civil society. If the sanctioning behavior of the state is not itself subject to sanctions from the society, the state is autonomous; the cost of order to society is the Leviathan. But the Leviathan – an externally enforced cooperative agreement – is not democracy.[21] The cost of peace is a state independent of the citizens. In turn, if the state is itself an (albeit imperfect) agent of coalitions formed to assure compliance – a pact of domination – then democracy is an equilibrium, not a social contract. The state enforces compliance because it would itself be punished for not doing so or for using its coercive power to prevent participation. And it would be punished given the interests of the relevant political forces.

Hence, the notion that democracy is a social contract is logically incoherent. Contracts are observed only because they are exogenously enforced; democracy, by definition, is a system in which no one stands above the will of the contracting parties. As Hardin (1987: 2) put it, "A constitution is not a contract, indeed it creates the institution of contracting. Hence, again, its function is to resolve a problem that is prior to contracting."

(3) *Norms.* Equilibria and bargains are the only states of the world that are feasible according to game theory. This theory asserts that all outcomes

[20] Enforcement is decentralized if, when a car passes out of turn, someone is willing to pass out of turn from the other direction, this time risking a collision because the present sacrifice will increase his or her expected probability of passing in the future. The result is an equilibrium, a "subgame perfect equilibrium" in game theoretic language.

[21] As Kavka (1986: 181) observed, for Hobbes "the sovereign is not, qua sovereign, a party to the social contract and is therefore not constrained by it." Kavka ended up arguing (p. 229), in the same vein as I do, that this solution is not necessary to evoke compliance if the government is "divided and limited."

hold only because they are mutually enforced in self-interest or are enforced externally by some third party. Specifically, this theory proscribes outcomes that would be supported by something other than a strategic pursuit of interests.

Yet the literature on democracy is full of the language of values and moral commitments.[22] In particular, those writing about transitions frequently report precisely such normatively inspired commitments to democracy. These tend to be called pacts.[23] Institutional pacts are agreements to establish democracy even if a particular system of institutions is not best for some political forces. Political pacts are collusive agreements to stay away from dominant strategies that threaten democracy. Social – in fact, economic – pacts are commitments by unions and firms to restrain present consumption. Military pacts are deals, often secret, between civilian politicians and the military that say, "We will not touch you if you do not touch us." Such outcomes are said to be supported by values: They are collectively optimal, individually irrational, and not externally enforced. Game theory claims they do not exist.

I adopt the game theoretic perspective in what follows. I am not claiming that normative commitments to democracy are infrequent or irrelevant, only that they are not necessary to understand the way democracy works.[24] I am convinced that arguments about whether democracies are supported by acting out of values or by strategic pursuit of interests are not resolvable by direct reference to evidence. The two orientations have to and do compete with each other in making sense of the world around us. The only claim I am trying to substantiate is that a theory of democracy based on the assumption of self-interested strategic compliance is plausible and sufficient.

This claim is made possible by recent developments in game theory that,

[22] A typical explanation of the feebleness of democracy in this perspective is well represented by the title of a recent Brazilian book: *A cidadania que no temos* (The citizenry we do not have).

[23] I am not claiming that all "pacts" to be found in the literature on transitions are pacts in this sense. Some are bargains, and some are perhaps even equilibria. Despite its botanical proclivities, this is not a literature distinguished by conceptual clarity.

[24] This assertion does not imply that culture does not matter. Culture is what tells people what to want; culture informs them what they must not do; culture indicates to them what they must hide from others. I take it as an axiom that people function in a communicative and a moral context. Buying votes, for example, is considered immoral in all democracies, though it may be a collectively efficient behavior: If politicians trade promises of future benefits for votes, why cannot they just pay up front?

though still in the midst of a rapid flux, all add up to the message that cooperation can be spontaneously enforced in systems with decentralized self-interested punishments.[25] The variety of circumstances in which this assertion is true include repeated situations in which actors do not discount the future and the probability of the game ending in any particular round is low, repeated situations in which the game is expected to last indefinitely and the actors discount the future at not too high a rate, and repeated situations in which there is even a very low probability that one of the actors is irrational. Many punishment strategies support compliance: tit for two tats, two tits for a tat, three tits for two tats, and so on.[26]

Thus, neither normative commitments nor "social contracts" are necessary to generate compliance with democratic outcomes. Again, in all democracies the state is obviously a specialized agency for enforcing compliance. Moreover, since the state monopolizes instruments of organized coercion, there is a perpetual possibility that it will become independent, that it will act in its own interest without effective supervision by political forces. This is why the threat of the autonomization of the state is perpetual and why institutional frameworks for controlling state autonomy are of fundamental importance in any democracy.[27] The central difficulty of political power in any form is that it gives rise to increasing returns to scale (Lane 1979): On the one hand, incumbency can be used directly to prevent others from contesting office; on the other hand, economic power translates into political power, political power can be used to enhance economic power, and so on. But compliance can be self-enforcing if the institutional framework is designed in such a way that the state is not a third party but an agent of coalitions of political forces. The answer to the question "Who guards the guardian?" is: those forces in the civil society that find it in their

[25] It appears that we were too precipitous in embracing Mancur Olson's (1965) vision of the world as a macrocosm of prisoner's dilemmas generating ubiquitous collective action problems. We now know that in a wide range of repeated situations, cooperative equilibria can be spontaneously supported by self-interested actions. See Fudenberg and Maskin 1986 for several theorems to this effect. Note, in particular, their theorem 2, which shows that under rather mild conditions (payoffs must be sufficiently varied), this result holds for *n*-person games. Their explanation (p. 544) is the following: "If a player deviates [from cooperation], he is minimaxed by the other players long enough to wipe out any gain from his deviation. To induce the other players to go through with minimaxing him, they are ultimately given a 'reward.'" Note furthermore that the punishment strategies that induce cooperation need not depend on a history of past deviations; hence, players need not recognize one another to inflict effective punishment for noncooperation (Abreu 1988).

[26] A tit is a sanction in this language; a tat is an act of noncompliance.

[27] See Przeworski 1990: ch. 2 for a review of literature on this topic.

self-interest. Democracy can be an equilibrium: a system of "self-government" in which the distinction between the rulers and the ruled disappears – because, as Montesquieu put it, "le peuple . . . est à certains égards le monarque; à certains autres, il est le sujet."[28]

Democracy as an equilibrium

Democracy is consolidated when under given political and economic conditions a particular system of institutions becomes the only game in town, when no one can imagine acting outside the democratic institutions, when all the losers want to do is to try again within the same institutions under which they have just lost. Democracy is consolidated when it becomes self-enforcing, that is, when all the relevant political forces find it best to continue to submit their interests and values to the uncertain interplay of the institutions. Complying with the current outcome, even if it is a defeat, and directing all actions within the institutional framework is better for the relevant political forces than trying to subvert democracy. To put it somewhat more technically, democracy is consolidated when compliance – acting within the institutional framework – constitutes the equilibrium of the decentralized strategies of all the relevant political forces.[29]

This hypothesis is based on three assumptions. First, institutions matter. They matter in two ways: as rules of competition and as codes of punishment for noncompliance. That rules affect outcomes needs no discussion. Just consider the following examples. The Spanish Unión Centro Democrático, the party headed by Adolfo Suárez, and Roh Tae-Woo both received 35 percent of the vote in the first democratic elections in their respective countries. But Suárez won the election in a parliamentary system: To form a government, he had to build a coalition, and he could remain in office only as long as this coalition enjoyed sufficient support. Roh was elected president for a five-year term and could rule during this period, using decree powers, regardless of the short-term dynamic of political support.[30]

[28] I am quoting from a 1905 edition of *L'esprit des lois*, edited and commented on by Camille Julia, who footnotes this statement with a reference to Aristotle: "All should command each one and everyone all, alternatively."

[29] By "political forces," I mean those groups that are already organized collectively and those that can be organized under the particular institutional framework, as well as individuals in their role as voters. I do not suppose that political forces are organized prior to and independently of the particular institutional framework; institutions do shape political organization.

[30] This example is due to Juan Linz.

The point about institutions as codes of punishment is more complex. Note that I argued earlier that actors may find it individually rational to comply with some (cooperative) outcomes without invoking institutions: When certain conditions are fulfilled, punishing deviations from cooperation by others is the best strategy for each self-interested rational actor. Yet the game theoretic account is based on the implicit assumption that some actors have the capacity to punish. To administer sanctions, actors must be able to undertake actions the effect of which is to lower the payoffs to others. Institutions enable such punishments and make them predictable; they have a priori rules according to which punishments are meted out, the physical means of administering punishments, and incentives for specialized agents to administer them. Just think of taxes. To induce compliance, there must be rules of punishment, a bureaucracy for the detection of noncompliance, and a set of incentives for the bureaucracy to detect it and to apply the rules. If the tax office lacks means of detection and if bureaucrats can be easily bribed, punishment will not be effective. Institutions replace actual coercion with a predictable threat.[31]

Second, there are different ways of organizing democracies. In some democracies, directly elected presidents head governments independent of support in legislative bodies. In other democratic systems, governments must be supported by parliaments and last only as long as they can muster support. Another important distinction concerns the manner in which interests are organized and some aspects of economic policy are determined: The preponderant role of political parties may be countered by the officially recognized role of union federations and employers' associations in representing functional interests and in concerting with each other and with governments about macroeconomic policies. Yet another important difference is between those systems that give almost unlimited powers to current majorities and systems that tightly constrain majority rule, often by providing special guarantees for religious, linguistic, or regional groups. These are just illustrations. The list of important differences could be continued to include electoral formulas, the presence or absence of judicial review, the mode of civilian control over the military, the existence of a professional civil service, and so on.

Finally, contrary to the current fashion, institutions make a difference

[31] Game theorists take it for granted that punishment strategies are available to players. Yet the issue is a complex one, as shown by Kavka (1986: ch. 4, sect. 3). In the state of nature, punishments can be administered, but only by physical coercion. Institutions organize this coercion, make it predictable, and rely on the threat.

not only in efficiency but, as Knight (1990) has forcefully reminded us, through their profound distributional effects. It is well known, for example, that first-past-the-post electoral formulas often generate "unearned majorities": majorities of parliamentary seats out of minority electoral support. Collective bargaining frameworks affect the results of wage negotiations; property laws affect the assignment of responsibility for accidental losses; rules governing university admissions determine the class composition of the student body.

Because they have distributional consequences – because they provide different opportunities to particular groups – some institutional frameworks are consolidated under particular economic and political conditions, where others would not have been. The question, then, is what kinds of democratic institutions will evoke the compliance of the relevant political forces?

But what does it mean not to comply? This is not a place for hair splitting; let me just distinguish what matters from what does not. In no system do all individuals comply with all that is expected or required of them. Since the marginal costs of enforcement are typically increasing, all states tolerate some individual noncompliance, sometimes on a massive scale. Noncompliance, in a somewhat counterintuitive sense, can also mean individual withdrawal from participation: indifference to outcomes resulting from democratic institutions. Nonparticipation at times assumes mass proportions: At least 35 percent of the U.S. citizenry remains permanently outside the democratic institutions.

These forms of individual noncompliance can threaten democracy when they are on a mass scale, by creating a potential for sporadic street outbursts or ephemeral antidemocratic movements. But isolated individuals do not shake social orders. This is why "legitimacy" understood in individual terms, even with all the Eastonian distinctions, has little bearing on the issue of regime stability. Only organized political forces have the capacity to undermine the democratic system.

Thus, the only forms of noncompliance that matter for the self-enforcement of democracy are strategies that (1) seek to alter ex post the outcomes of the democratic process and (2) drastically reduce the confidence of other actors in democratic institutions.[32] Thus, not to comply is the same as to subvert the democratic system in order to override its outcomes.

[32] If any actor is able to reverse the outcome ex post, other actors must update downward their expectations about winning the game according to the rules.

Let me suggest schematically how spontaneous decentralized self-interested compliance may work.

Examine the situation from the point of view of a particular actor, such as the military or a coalition of the bourgeoisie and the military. At any moment, the outcomes of the democratic process are such that these actors either win or lose, where the value of having won is greater than of having lost ($W > L$). The probability they attach to their chance of winning in any future round is p.[33] The courses of action available to these actors are either to comply or to subvert. If they subvert, they get S, where S includes the risk that they will fail and will be punished;[34] and if the compliance of these actors is problematic, it must be true that $W > S > L$.[35] Suppose, then, that they have just lost; let this be $t = 0$. If they comply, they will get $L(0)$; if they subvert, they will get $S(0)$. If they were guided only by immediate interests, they would subvert. But institutions offer actors an intertemporal perspective. Although they have just lost, the actors know that if they comply in this round then they can expect to get $C(1) = pW + (1 - p)L$ in the next one, and although $L < S$, it may be true that $L(0) + C(1) > S(0) + S(1)$, which would lead them to comply at t = 0.

Let us generalize this argument. It is reasonable to assume that actors discount the future, where the discount factor is $0 < r < 1$, so that the value they attach to compliance in the next round is rC, the round after that r^2C, and so on. The cumulative value of compliance is C^*. If they subvert, they can reverse the loss in this round and can expect to get S now and in the future. The cumulative value of subversion is S^*. If $C^* > S^*$, the losers will comply at $t = 0$.

Note that the likelihood of successful subversion and the cost associated with its failure depend on the willingness of other political forces to defend the democratic institutions. One may thus be tempted to think in terms of a "tipping equilibrium": a situation in which each actor's support of democracy depends on the number of other actors who support it. Yet the actors in the democratic game are not identical; democracy is not just a matter of numbers. Obviously, the institutional framework of civilian control over the military constitutes the neuralgic point of democratic consolidation.

[33] This is the probability they attach at present; they may update this probability as they learn whether they are losing or winning.

[34] S depends on the probability that an attempt to subvert the outcomes will be successful and on the utilities of success and failure of subversion. If q is this probability, and D is the value of successful subversion and F of its failure, then $S = qD + (1 - q)F$.

[35] Some actors may be such that for them $S > W > L$: They will always try to subvert. Others may be characterized by $W > L > S$: They never will.

One can complicate this story in several ways to make it more realistic, allowing for more differentiated strategies, incomplete knowledge and learning, and a more reasonable notion of victories and defeats.[36] But one fundamental conclusion has already emerged from this simplified model and continues to hold when the model is made descriptively more realistic: Compliance depends on the probability of winning within the democratic institutions. A particular actor *i* will comply if the probability it attaches to being victorious in democratic competition, *p(i)*, is greater than some minimum; call it *p*(i)*. This minimum probability depends on the value the particular collective actor attaches to outcomes of the democratic process and to outcomes of subverting democracy and on the risk it perceives for the future. The more confident the actor is that the relationship of political forces will not take an adverse turn within the democratic institutions, the more likely is this actor to comply; the less risky the subversion, the less likely are the potential antidemocratic forces to comply.[37]

None of the above is intended as a description of historical events. "Models" – I frequently feel forced to cite Theil (1976: 3) – "are to be used, not believed." What the model suggests is that in analyzing any concrete situation one should consider the values and the chances the particular political forces attach to advancing their interests under democracy and outside it. Democracy will evoke generalized compliance, it will be self-enforcing, when all the relevant political forces have some specific

[36] Note that the concepts of winning and losing are greatly simplified here. Each group defines its interests over a broad spectrum of outcomes and attaches values to particular degrees and specific manners in which each of these interests is realized. Thus, winning and losing are continually defined for multidimensional preference contours. But there is no reason to get mired in mathematics if the logical implications remain the same as in a simple model.

[37] For those who are curious about the reasoning and not just the conclusions, here is the model. If the actor has just lost, at time t, set as $t = 0$ for notational convenience, the payoffs from complying are $C^* = L + \Sigma r^t C(t) = L + [r/(1 - r)]C$. The payoffs from subverting are S^* and depend on the probability this actor attaches to the success of subversion and the rate at which it discounts the nondemocratic future. Hence, the actor complies if $C^* > S^*$, or if

$$p > (1/r)\,\frac{(1 - r)S^* - L}{W - L} = p^*.$$

Note that $dp^*/dr < 0$. The more confidence a particular actor has in its future under democracy, the lower the minimum probability required to evoke its compliance. In turn, let q be the probability of the success of subversion, $dS^*/dq > 0$. Then $dp^*/dq > 0$: The less risky it is for a particular group to subvert, the higher is the probability of winning required to make it obey democratic outcomes.

Finally, observe that if p^* is sufficient to evoke compliance when the actor has just lost, it will be also sufficient if it has just won. Hence, $p > p^*$ is the minimal condition.

minimum probability of doing well under the particular system of institutions.[38]

This probability is different for different groups. We learned earlier that it depends on the specific institutional arrangements and on resources the participants bring into the democratic competition. We now learn that it also depends on the power a particular actor has to cause the downfall of democracy. The military have weak prospects to pursue their interests under democracy, but they can subvert democracy by force: Their W is low, their S high. Hence, their p^* may be quite high. The bourgeoisie can do quite well under democracy and well outside it but need the military for successful subversion. Unions and other organizations of wage earners can do quite well in democratic competition, but they are often brutally repressed if democracy falls; they may be the one group for which $L > S$ and which always prefers to comply.[39] Moreover, the guarantees required by a particular group may vary with historical conditions. In post-1976 Spain, the military were almost indifferent as between S and L; they were so starved by Franco that even a nonpolitical life under democracy seemed satisfactory to them. In turn, the post-1983 Argentine military saw L as much inferior to S; they knew that losing could mean long jail sentences for many of them. These are just seat-of-the-pants speculations; what I want to show is that even the simplified model has some power to distinguish particular actors and different historical conditions.

Hence, the minimal chance required to stay within the democratic system depends on the value of losing in the democratic interplay of interests. Those political forces that have an outside option – the option of subverting democracy or provoking others to subvert it – may stay with the democratic game if they believe that even losing repeatedly under democracy is better for them than a future under an alternative system. After all, democracy does offer one fundamental value that for many groups may be sufficient to prefer it to all alternatives: security from arbitrary violence. As Santiago Carillo, then secretary of the Spanish Communist party, put it in 1974, "One should have the courage to explain to the working class that it is better to pay surplus value to this bourgeois sector than to create a situation that may turn against them" (Carrillo 1974: 187).

Even from the purely economic point of view, faith in the efficacy of

[38] The political forces that are relevant are those for which $S > L$. Those for which $L > S$ have no outside option and need no guarantee.

[39] The Peronist unions in Argentina are the most likely exception.

democracy may be a source of commitment among those who see little chance of winning distributional conflicts within democratic institutions. If democracy is believed to be conducive to economic development in the long run, various groups may opt for this system even if they see little chance of winning conflicts about distribution. The higher the anticipated value of losing under democracy, the lower need be the chances of winning.[40]

This last hypothesis has implications for the perennial issue of the social conditions of democracy. Put conversely, the model implies that if some important political forces have no chance to win distributional conflicts and if democracy does not improve the material conditions of losers, those who expect to suffer continued deprivation under democratic institutions will turn against them. To evoke compliance and participation, democracy must generate substantive outcomes: It must offer all the relevant political forces real opportunities to improve their material welfare. Indeed, a quick calculation shows that in South America between 1946 and 1988 any regime, democratic or authoritarian, that experienced positive rates of growth in a given year had a 91.6 percent chance of surviving through the next twelve months, a regime that experienced one year of a negative rate of growth had an 81.8 percent chance, and a regime that experienced two consecutive years of declining incomes had only a 67 percent chance.

Yet it is important to see what this hypothesis does not imply. First, it does not mean that democracy must have a social content if the institutions are to evoke compliance. If democracy is a system in which outcomes always appear uncertain, "social content" cannot mean prior commitments to equality, justice, welfare, or whatever.[41] Such commitments are not feasible; under democracy, outcomes are determined by the strategies of competing political forces and are thus inevitably uncertain ex ante. Constitutions that are an oath to promote the general welfare, enhance national unity, advance the culture of the people, or provide decent conditions of life for everyone[42] may be necessary for catharsis, but they cannot be

[40] This is true if the political forces that have a low chance of winning distributional conflicts believe that democracy will result in increasing the total pie. Return to the expression for p^*. The derivative $dp^*/dL = -(1/r)\,[W - (1 - r)S^*]/(W - L)^2$. This derivative is negative.

[41] This has been a topic of my repeated debate with Francisco Weffort. For the most recent salvo, see his "Incertezas da transição na América latina," (1989).

[42] Not to mention such clauses as those requiring every firm that employs more than ten workers to hire at least 10 percent of new employees over forty-five years of age!

complied with. They can be observed only to the extent that they express laws, not oaths.[43] Democracy may end up having a social content if the institutional framework favors social justice in spite of the unequal resources with which different forces enter the democratic competition. But this is a matter of institutions, not of substantive commitments.

Second, the assertion that democracy cannot last unless it generates a satisfactory economic performance is not an inexorable objective law. A phrase one repeatedly hears in newly democratic countries is "Democracy must deliver, or else . . ." The ellipsis is never spelled out, since it is taken as self-evident. When Argentine generals proclaim one after another that "the economic situation is putting democracy at risk" (*New York Times*, 3 January 1990), they appear to be asserting an objective law of which they are just unwitting agents: They expect the economic crisis to turn some civilians against democracy, which will increase the probability of successful subversion, to which they will respond, given their preferences, by overthrowing democracy. Yet whether or not democracy survives adverse economic conditions is a joint effect of conditions and institutions. As the European experience of the Great Depression demonstrates, some institutional frameworks are more resistant than others to economic crisis.

In conclusion, from the static point of view democratic institutions must be "fair": They must give all the relevant political forces a chance to win from time to time in the competition of interests and values. From the dynamic point of view, they must be effective: They must make even losing under democracy more attractive than a future under nondemocratic alternatives. These two aspects are to some extent interchangeable. They constitute different ways of asserting that political forces comply with democratic outcomes when they expect that their future will be better if they continue to follow the rules of the democratic game: Either they must have a fair chance to win or they must believe that losing will not be that bad. Thus, to evoke compliance, to be consolidated, democratic institutions must to some extent be fair and to a complementary degree effective.

Yet under certain conditions these requirements may be contradictory, particularly with regard to economic issues. Fairness requires that all major interests must be protected at the margin; effectiveness may necessitate that they be seriously harmed. To be effective economically, governments may

[43] This juxtaposition is derived from the current Polish constitutional debate. See *Trybuna Ludu*, 17 September 1989.

have to violate some property rights – for example, by adopting land reform or by generating massive unemployment in a quest for allocative efficiency. Institutions conducive to major economic transformation cannot protect all interests; institutions that protect all interests are not an appropriate framework for major economic transformation.

Indeed, the traditional dilemma of the Left has been that even a procedurally perfect democracy may remain an oligarchy: the rule of the rich over the poor. As historical experience demonstrates, democracy is compatible with misery and inequality in the social realm and with oppression in factories, schools, prisons, and families. And the traditional dilemma of the Right has been that democracy may turn out to be the rule of the many who are poor over the few rich. Democratic procedures can threaten property; political power in the form of universal suffrage and the right to associate may be wielded to restrict property rights. Hence, the conditions under which democracy becomes the equilibrium of decentralized strategies of autonomous political forces are restrictive. This is why democracy has been historically a fragile form for organizing political conflicts.

Institutional design

What does this abstract discussion imply about specific institutions? What kinds of institutional arrangements are likely to last and to matter? Should the constitution contain only rules about political competition and about protecting minorities, or should it include substantive commitments? Is the parliamentary system more likely than the presidential one to regulate conflicts?[44] Are some elements of a corporatist organization of interests necessary to mobilize consent to economic policy at a time of crisis?

[44] Linz (1984) has developed a number of arguments in favor of parliamentary, as opposed to presidential, systems. I am particularly persuaded by his observation that presidential systems generate a zero-sum game, whereas parliamentary systems increase total payoffs. The reasons are the following. In presidential systems, the winner takes all: He or she can form a government without including any losers in the coalition. In fact, the defeated candidate has no political status, as in parliamentary systems, where he or she becomes the leader of the opposition. Hence, in terms of the model developed above, under *ceteris paribus* conditions (under which $W + L = T$ is the same in both systems), the value of victory, W, is greater and the value of defeat, L, is smaller under presidential than under parliamentary systems. Now, assume that political actors discount the future at the rate of r per annum. Under the presidential system, the term is fixed for some period ($t = \text{PRES}$), and the expected value of the next round is $r^{\text{PRES}}[pW + (1 - p)L]$. Under the parliamentary system, the winner governs only as long as he or she can maintain sufficient support in the parliament, say for the period $t = \text{PARL}$, so that the expected value of the next round is $r^{\text{PARL}}[pW + (1 - p)L]$.

The relationship between constitutions and political reality is not an obvious one. Except for the United Kingdom and Israel, all countries have written, formally adopted constitutions. Yet these constitutions have had highly divergent roles in the actual political life of their countries. In the United States the same constitution has survived for two hundred years, during which time it has continually influenced political life, at least in the sense that major political conflicts, with one major exception, have been framed in terms of it. In Argentina, the constitution adopted in 1853 remained, on paper, in effect except for the brief period between 1949 and 1957. Yet in the past fifty years, political conflicts in Argentina have only half the time been processed according to its provisions. In France, the constitution has been changed several times since 1789; indeed, every major political upheaval has produced a new one. Yet while it was in force, each constitution did regulate the exercise of power and the pattern of succession. Finally, to fill the last cell of this fourfold table, in South Korea major constitutional reforms have occurred every three years and nine months since 1948, and no succession has conformed to the rules. A constitution that is long-lasting and observed, one that is long-lasting and ignored, some that are changed often and respected serially, and others that are modified frequently and remain irrelevant – historical experience is not very informative.

Indeed, I discovered, much to my surprise, that we do not have sufficiently reliable empirical knowledge to answer questions about institutional design. We have intuitions about the impact of presidentialism versus parliamentarism, we know the effects of alternative electoral systems, and we tend to believe that an independent judiciary is an important arbitrating force in the face of conflicts, but our current empirical knowledge leaves a broad margin for disagreements about institutional design. Is democracy in Poland more likely to be consolidated under a strong or a weak presidency? Under a plurality or under a system of proportional representation? Under a constitution that affirms the commitment to common values or under one that leaves them open? We just do not know enough to answer such questions when confronted with specific historical conditions.

The reason we cannot answer such questions in a reliable way is that the

Elementary algebra will then show that unless the tenure expected under parliamentarism is notably longer than under presidentialism, the loser has a greater incentive to stay in the democratic game under parliamentarism.

consolidation of democracy may be a joint effect of conditions and institutions. Institutions may have to fit conditions. Rousseau (1986: 1) may have been correct when, in the course of designing a constitution for Poland, he wrote, "One must know thoroughly the nation for which one is building; otherwise the final product, however excellent it may be in itself, will prove imperfect when it is acted upon – the more certainly if the nation be already formed, with its tastes, customs, prejudices, and failings too deeply rooted to be stifled by new plantings." And we have just not done enough empirical research to acquire a reliable knowledge of such joint effects.

Hence, I can venture only a rudimentary guess. Constitutions that are observed and last for a long time are those that reduce the stakes of political battles. Pretenders to office can expect to reach it; losers can expect to come back. Such constitutions, Napoleon is alleged to have said, should be "short and vague." They define the scope of government and establish rules of competition, leaving substantive outcomes open to the political interplay. Constitutions adopted to fortify transitory political advantage, constitutions that are nothing but pacts of domination among the most recent victors, are only as durable as the conditions that generated the last political victory. In turn, constitutions that allow everyone to introduce substantive demands, constitutions that ratify compromises by enshrining substantive commitments (of which the social rights chapter of the Weimar Constitution is the prototype) are often impossible to implement.[45]

To push this argument just one step farther, let me offer three – still excessively abstract – observations. First, it is worth noting that electoral majorities have been rare in the history of successful democracies; in the postwar period only about one election in fifteen has resulted in a majority of votes cast for one party. Hence, most democracies are ruled either by explicit coalitions among parties none of which can rule on its own or by minority governments based on implicit assurance of support. Second, successful democracies are those in which the institutions make it difficult to fortify a temporary advantage. Unless the increasing returns to power are institutionally mitigated, losers must fight the first time they lose, for waiting makes it less likely that they will ever succeed. Yet, third, governments must be able to govern, and this implies that they must be able to

[45] As Lula put it in a preelection interview, "If we put in practice the social rights chapter of the new constitution, we will make a revolution" (Luis Inacio Lula da Silva, interviewed in *Veja*, 29 November 1990, p. 4).

prevent some demands from reaching the public sphere and certainly that they cannot tolerate all important groups having veto power over public policy.

These observations add up to two negative rules. To be stable and effective, democratic institutions must not generate governments unresponsive to the changing relations of political forces, governments free from the obligation to consult and concert when they formulate policy, governments unconstrained to obey rules when they implement them. Yet they also must not paralyze decisions and their implementation. All interests must be represented in the making of policy, but none should be able unilaterally to block its formulation and implementation. Another way to formulate this conclusion is that a stable democracy requires that governments be strong enough to govern effectively but weak enough not to be able to govern against important interests.

If these observations are valid, democratic institutions must remain within narrow limits to be successful. And under some historical conditions there may be no space between the limits; consolidation of democracy is not always possible.

Transitions to democracy

Self-enforcing democracy is not the only possible outcome of "transitions": strategic situations that arise when a dictatorship collapses.[46] A breakdown of an authoritarian regime may be reversed, or it may lead to a new dictatorship. And even if a democracy is established, it need not be self-sustaining; the democratic institutions may systematically generate outcomes that cause some politically important forces to subvert them. Hence, consolidated democracy is only one among the possible outcomes of the collapse of authoritarian regimes.

Given that under the current economic, political, and institutional conditions autonomous social forces struggle to impose on others a system that will fortify their political advantage, are there any institutions that will voluntarily be adopted that, once in place, will elicit decentralized compliance? When it is rational for the conflicting interests voluntarily to constrain their future ability to exploit political advantage by devolving

[46] The term "transitions" is not a very fortunate label for these situations, since it suggests that the outcome is predetermined. Yet I decided to follow common usage in the immense body of literature on transitions to democracy.

some of their power to institutions? When will they conclude a "democratic pact" that engenders compliance and thus makes democracy self-enforcing?

We now confront nothing less than the classic problem of liberal political theory. Ever since the seventeenth century, political philosophers have been hunting for the secret of an alchemical transformation from the brutish chaos of conflict to the serene life of cooperation. Beginning with the Leviathan, proposals have been innumerable and, recently, increasingly optimistic. We are told that the problem of social order can be solved by conventions (Lewis 1969; Sugden 1986), by spontaneous evolution of cooperation (Taylor 1976; Axelrod 1984), by norms (Ullman-Margalit 1977; Axelrod 1986), by morals (Gauthier 1986), and by benevolent institutions (Schotter 1981).

The generic problem can be posed as follows. Given some strategic structure of interests classified by various mixes of conflict and coordination, the noncooperative solution to which has some normatively undesirable features, is there any device (the state, the plan, conventions, morals, norms, institutions, lotteries) that will be voluntarily adopted and that, once adopted, will evoke spontaneous (free and decentralized) compliance, that is, behaviors that support normative desiderata, such as collective (Pareto) rationality, some other welfare criteria, justice, fairness, equity, or equality? Note that the philosophers' quest is for devices that evoke spontaneous compliance, not for institutions that force compliance, even if they elicit behaviors that are normatively desirable.

This formulation is based on some assumptions that limit its usefulness.[47] The liberal point of departure – that hypothetical "individuals" confront the problem of cooperation in a state of nature – is not helpful for analyzing problems confronting real actors in concrete historical conditions.[48] The relevant actors are not abstract individuals but politi-

[47] One reason why the Hobbesian formulation is not very useful in our context is that for Hobbes the first reason for individuals to found a state is that it can defend them from invasion by foreigners. Only a secondary reason is that it can protect them from injuring one another (*Leviathan*, ch. 17). Although territorial conflicts flare up from time to time, the issue we are analyzing is not founding a state but organizing a state on territory already given. Hence, the Pareto superiority of having secure borders is not a major consideration in conflicts about institutions in transitions to democracy.

[48] The problem with game theory is that it combines a useful methodology with an ideologically derived and patently unreasonable ontology of "individuals" who in addition appear homogeneous in that they have available to them the same strategies and often the same payoffs. My biases on this topic are treated at length in Przeworski 1985. Note that Kavka (1986: 148) is careful to define the state of nature as "a model of societies of real people dissolved by civil disorder or removal of the State."

cal forces: previously constituted collective organizations, some categories of people who might become collectively organized if provoked, and individuals as voters. They enter conflicts in a context in which there are always preexisting conventions, norms, and institutions.

Yet, with these caveats, the role of the democratic pact is to effect just such an alchemical transformation. Pacts are (one-shot noncooperative[49]) equilibria in strategies that consist of altering the current conditions in such a way as to make decentralized voluntary compliance individually optimal. They are agreements to disagree. And the only way to change these conditions by agreement is to form new institutions.

Thus, solutions to the problem of democratization consist of institutions. Resources of political forces are given; so are their preferences and the conditions independent of everyone. The game is solved if a system of institutions that engenders spontaneous compliance is an equilibrium of the transition. The problem of establishing democracy is the following: Will political actors agree to a framework of democratic institutions that will evoke their compliance?

This question involves two separate issues.[50] The first is whether under given conditions there are any systems of democratic institutions that will evoke spontaneous decentralized compliance once they are established. Under some structures of interests, there may be no institutions that will stop important political forces from trying to subvert them once they are in place. The second is whether a self-enforcing system of democratic institutions will be established as a result of conflicts concerning the choice of institutions. For even if institutions could be found that would be self-enforcing once installed, they need not constitute the equilibrium of the

[49] By which I mean only not externally enforced.

[50] These issues are collapsed in social contract theories. These theories pose the following question: What kind of political order would hypothetical individuals in the state of nature see as worth complying with? They differ with regard to the assumptions imposed on individuals. If individuals are placed behind a veil that prevents them from knowing anything about their welfare in the new social order, then the issue is why they would comply with this order once they were in it and knew how well off they were (Braybrooke 1976). If, in turn, individuals know their chances in the new order, then the question is why they will agree to one that they know will cause them to comply with outcomes that make them badly off. Say the military know that a democratic system will impose civilian control with which it would be best for them to comply; they may prefer their own dictatorship. Hence, the questions whether political forces will comply with a given institutional system once it is established and whether they will agree to establish it are distinct.

transitional situation when the chances of the particular political forces are very different under alternative institutional arrangements. Imagine that a group of people enters a casino that contains a roulette wheel, a poker table, a blackjack counter, and a crap stand. Is there a game that the players, given the resources they have, will continue to play even if they lose a few times in succession? And if there is, will the potential players agree which one to play?

These are the generic issues inherent in any transition to democracy.

Appendix: Why do outcomes appear uncertain?

One characteristic feature of democracy is that outcomes appear in a particular way uncertain to all participants. It is as if all do what they think is best for them, and then some random device chooses the outcome; as if the results were decided by a throw of dice. Are they in fact? And if they are not, why do they appear as if they were? The purpose of this appendix is to clarify the origins and nature of the uncertainty generated by democracy.

Let us first try a less frivolous description of the way democracy operates. A few examples may help intuition.

Electoral competition is an obvious one. Parties look at the electorate, decide which issue positions will generate the most support, and choose those that maximize the probability of winning under that platform. On election day the result is read, and the parties receive the signal, more or less uniquely defined in each democracy, to form the government or go into opposition.

Proponents and opponents of public aid to private schools argue their case in front of a constitutional court. They cite the constitution if the law is on their side; the facts if it is not. The court deliberates and issues a verdict, which is now the legal status quo.

Banks are pressuring the legislature to bail them out of their past misdeeds. Everyone knows that universalistic appeals beat particularistic ones: Banks summon the specter of widows losing their lifesavings; politicians claiming to represent taxpayers evoke the perils of deficits. The legislature votes the bail-out, and the bureaucracy writes checks.

Note that in these illustrations there is no room for uncertainty. Given the resources of the participants and the institutional framework, the outcome is determined. Each actor can examine the distribution of resources, look up the rules, and determine who will lose or win what if they all go through

the motions; that is, if they follow their best strategies. And yet the actors appear to behave as if they were not certain of the outcome.

The evidence that they do is twofold. If winning and losing are dichotomous, then those who expect to lose should simply do nothing, since there is nothing they can do: The court will decide against them because the other side has better arguments.[51] Hence, if they do compete, it must be because they are uncertain about the consequences of their actions. If payoffs are continuous, the eventual losers are compelled to go through the motions because otherwise they would do worse than they can do. Politicians must complain about government largesse even if they know that they will end up bailing out the banks, just in order not to lose votes. But I think there is much prima facie evidence that political actors are often uncertain about the outcome; everyone in a democracy has lived through at least one election-night drama. My favorite admission of surprise was the editorial in the right-wing Chilean daily *El Mercurio* the day after Salvador Allende won a plurality in the presidential election of 1970: "No one expected that an election via the secret, universal, bourgeois franchise could lead to the victory of a marxist candidate."

What, then, is the source of uncertainty inherent in democracy?

Let us examine a few card games. The first one is called LEN. Players come to the table and bid for the ace of spades. Whoever makes the highest bid gets his money back and collects the money on the table and a dollar from everyone who did not play. The rules are perfectly universalistic; everyone can play. But one player is richer than the others, and wealth uniquely determines the outcome.[52] Hence, there is no uncertainty here. This is why Lenin was correct to call his conception of democracy the dictatorship of the bourgeoisie.[53] Except for the certain winner, anyone who pays more than a dollar to enter this game is a dupe.

[51] For a dichotomous view of payoffs, see Riker 1962. This view was disputed by Stigler (1972).

[52] Think of (American) football. There are a field, a ball, and a set of rules. The rules are blind to the identity of the teams. Referees and umpires adjudicate impartially whether actions conform to the rules and administer specified penalties. But one team consists of 300-pound players, the other of 150-pound weaklings. The outcome is certain.

[53] "The bourgeois parliament, even the most democratic in the most democratic republic in which the property and the rule of the bourgeoisie are preserved, is a machine for the suppression of the toiling millions by small groups of exploiters. . . . As long as capitalist property exists universal suffrage is an instrument of the bourgeois state" ("The Letter to the Workers of Europe and America" [1919], Lenin 1959: 482). Lenin's most programmatic statement on this topic is "Theses on Bourgeois Democracy and Proletarian Dictatorship Presented to the First Congress of the Communist International," 4, March 1919.

Now let us play JON. Players bid for cards, face down. After all the cards have been bought, they look at what they have. The player who has the ace of spades wins, and payoffs are the same as before. In this game, if everyone plays as well as possible, the wealthiest player will buy the most cards and will have the best chance of getting the ace. If all the N players are equally wealthy, their prior probabilities of winning are $\{1/N, 1/N, \ldots, 1/N\}$. In fact, the probabilities may be terribly unequal: The prior probability distribution may be as skewed as $\{(N-1)/N, 1/N, 0, \ldots, 0\}$. But all money can buy is a better chance, because pure chance plays a role. Even a player who can afford only one card has one chance in fifty-two of pocketing the prize. Is this what democracy is like?

One obvious argument against this analogy is that democracies – at least modern ones – have no institutions that function as randomizing devices.[54] Parliaments, bureaucracies, and courts are supposed to deliberate and make decisions on justifiable grounds, not throw dice.

Note, however, that this is the explanation of uncertainty suggested by social choice theory: Collective preferences cycle incessantly, the time of reading them lacks particular justification, the outcome cannot be understood in terms of individual preferences. But the uncertainty implied by social choice theory is too radical; it permits no rational action. Social choice theory portrays democracy as if it were LOTTO: Actors decide whether to buy a ticket and wait for the winning numbers to appear on the screen. The outcome is fair, but this is its only justification. This is not enough to motivate participation in democracy; to participate, actors must see some relationship between what they do and what happens to them. If everyone believed the impossibility theorems, no one would participate. True, Elster (1989) has shown that there are some circumstances when collective rationality may call for a random decision: whenever the costs of deciding are greater than the difference the decision makes – for example, when a custody battle inflicts more damage on the child than landing with the less-qualified parent. But in general, a democracy in which people believed that outcomes were decided at random would be untenable.

Hence, I do not think that this is the way democracy is played. An element of pure chance does enter the democratic game, but only exogenously: The accidental death of a leader may radically alter the situation. But this is where the role of chance ends.

[54] There are instances in history of elections by chance and serious arguments in their favor. See Elster 1989.

Table 1.1

		Column	
		King of hearts	Any other card
Row	Ace of spades	Nothing, All	All, Nothing
	Any other card	Something, Something	Something, Something

Another reason outcomes can be uncertain is that actors do not know what to do. Some commentators on my earlier claim that democracy is inherently uncertain concluded that this assertion implies that individuals must be uncertain what to do.[55] Indeed, the Brazilians published one of my articles under the title "Ama a incerteza e seras democrático": "If You Like Uncertainty, You Will Be a Democrat."[56] Now, it may be true, as Manin (1987) argues, that democracy requires that citizens be willing to change their preferences. But they need not like uncertainty and need not be uncertain what to do.

Let NOR be a game in which actors do not know which strategies will produce the best outcomes, because these outcomes depend on simultaneous actions by others: there are no dominant strategies. The game is played as follows. Bids are made for cards, face down. Once all the cards have been bought, the players (two for the sake of simplicity, named Row and Column) play by each putting a card on the table face down and simultaneously turning over the cards. The payoffs are given by {first payoff to Row, second to Column}.[57]

Row does not know what to do. Playing the ace of spades is better than pulling any other card if Column plays any card other than the king of hearts; otherwise, it is worse. The same is true for Column. (Table 1.1.)

Some game theorists assert that the rational thing to do under the circumstances is to use a random device to choose one's actions. If a political

[55] Notably Lechner (1986) and Hirschman (1986). There are in fact two distinct reasons why actors may not know what to do. The one discussed in the text is that they do not know which course of action is best for them. But I have an impression that Hirschman and Manin (1987) have something else in mind, namely, that, educated by deliberation, actors are not certain whether they should act on their own current preferences or yield to the preferences of others. In the latter case, actors are uncertain about their own preferences rather than that about courses of action.

[56] *Novos Estudos*, 1985.

[57] To limit the impact of resource inequality on the outcome, the Law of Fair Access ensures that the same player cannot have both the ace of spades and the king of hearts.

party does not know whether it can gain more votes moving to the left or to the right, because the outcome depends on where another party moves, it should decide by throwing an appropriately weighted coin. If banks do not know whether an argument about widows is more persuasive than one about its employees threatened with losing their jobs, they may decide by chance. In this case the outcome is uncertain because it emerges from probabilistically chosen strategies: The combination of strategies that has the property that no one would want to mix the strategies differently given what others can do is unique, but the outcomes are only probabilistically knowable.[58]

Lechner is right that NOR is not a plausible understanding of democracy, because democratic actors value order, an order that will indicate to them what to do. Disorder destabilizes democracies, argues Lechner, influenced by the trauma of the chaotic years of the Unidad Popular government in Chile. I agree, but I do not think that the uncertainty about outcomes entails either chaos at the institutional level or uncertainty about one's own actions.

The explanation of uncertainty that I find most persuasive has been offered by Aumann (1987). He has shown that if actors do not know something, if they are cognitively rational in the sense that they change their beliefs about the world as a function of information they get,[59] and if they act on these beliefs, then the strategies they choose independently will be distributed probabilistically, as if they had been chosen jointly using a random device.

What is it that actors do not know? One of the many powerful implications of Aumann's model is that they may not know all kinds of things, not only those that traditional game theory allowed them to be ignorant about, but also the strategies of other actors. Indeed, this is what actors do not know in Aumann's account. Each actor may know the unique outcome associated with each combination of strategies, and each may know what it

[58] This idea seems to be going out of fashion. See Aumann 1987 and Rubinstein 1988: 9; the latter says that "the naive interpretation of a mixed strategy, as an action which is conditioned on the outcome of a lottery executed by the player before playing the game, is intuitively ridiculous." In turn, a physically mixed strategy – mixing strategies in some proportion – would not lead to uncertainty.

[59] One important assumption underlying Aumann's model is the so-called Harsanyi doctrine, which asserts that the only source of knowledge is observation. Specifically, the assumption is that all actors have the same priors, so that if they attach different probabilities to crossing an intersection at any moment, it is only because what they have observed is different.

is best for others to do given what he or she does. Only the most minimalist assumption is required to generate uncertainty: that I am not sure how others see me. Leaders of a political party may know that if they keep the opponent's skeletons in the closet, it will be best for others to reciprocate, but if they are not sure whether opponents trust them not to cause scandals, uncertainty will ensue. The minimal assumption is that I am not sure that the opponents know my preferences or my character. If I allow that they may see me as moralistic rather than victory-oriented or as reckless, I cannot be sure what they will do.

Hence, the outcomes of the democratic process are not uncertain. They only appear to be uncertain to every participant. But "appears" should not be taken as an indication of remediable ignorance, as "false consciousness."[60] The appearance of uncertainty is necessarily generated by the system of decentralized decision making in which there is no way to be sure what others think about me. An omniscient observer could determine the unique outcome of each situation, but no participant can be an observer, because the observer's theory need not be universally shared by other participants. And if it is not shared, then she cannot be certain how others perceive her and hence what they will do. Note that the strategies are chosen independently and deterministically. Each actor decides independently what to do, and each actor knows what it is best to do at every moment. Yet the outcomes associated with these combinations are distributed probabilistically.

To highlight the distinguishing features of uncertainty inherent in democracy, consider a stylized model of authoritarian regimes (which I treat as synonymous with dictatorships, abandoning some important distinctions).[61]

[60] This lapse into marxist language is not accidental. Aumann's model provides microfoundations for Marx's theory of fetishized knowledge. Fetishized knowledge is simply local knowledge: the view of the system from the point of view of each agent. Individual agents exchanging under capitalism do gain or lose from exchanges: If I sell for more than I bought, I will gain and the buyer will lose labor values (but not necessarily utility). This is a valid local theory of the capitalist system; everyone operating within this system must act on the basis of this theory. Informed by marxist theoreticians, everyone may know that value is created only by labor and that when all values entering exchange are summed up, their sum is zero: Whatever I gained in exchange, someone else lost it. But this knowledge does not and cannot alter individual behavior within the system. A critique of capitalism is not sufficient to alter individual behavior.

[61] And distinctions there are. Just think of the Soviet Union, which was variously dubbed a totalitarian regime, an authoritarian one, a dictatorship of the proletariat, a dictatorship of a party, an autocracy (*samoderzhavie*), a state capitalist system, a nomenklatura, a bureaucracy,

One essential feature of authoritarian regimes is that someone has an effective capacity to prevent any outcome from occurring. As was said of Franco, "All the cards are in his hands, he does not *make* politics, he *is* politics" (cited in Carr and Fusi 1979: 1). That "someone" can be the ruler; an organization, such as the armed forces, the party, or the bureaucracy; or even a less easily identifiable ring of groups and individuals. I speak below of an authoritarian power apparatus and introduce distinctions only when they enlighten the problem at hand.[62] The power apparatus can act not only ex ante, but even ex post; that is, not only can it establish rules that prohibit actions that would lead to undesirable outcomes, but it can also overturn such outcomes even if they result from following its own rules. Here is an example drawn from Argentina. A minister of education appointed by the military government charges a group of experts with preparing a mathematics text for elementary schools. The textbook is prepared, and it is approved by the minister, published, and distributed. It then falls into the hands of the commandant of a local military zone, who orders that it be removed from the schools. Note that the text in question is not an underground pamphlet; it is a product of the authoritarian institutions themselves.[63] In contrast to a democracy, the set of possible outcomes cannot be deduced from the rules.[64] Under dictatorship, there is no distinction between law and policy.[65] In this sense, dictatorships are arbitrary. Under democracy, an outcome of the democratic process can be overturned ex post if and only if it violates previously established and knowable rules; under dictatorship, the possible outcomes are not entailed by any set of rules.

and what not. My purpose is only to highlight what I see as the essential features of democracy, not to provide a classification of forms of government. Most important, my discussion collapses a distinction between what Montesquieu called despotism, where the will of the despot is the order of the day, and dictatorships that rule through laws (monarchy: rule by laws but not of law). For a discussion of various classifications of political regimes in history, see Bobbio 1989: 100–25.

[62] On the difficulties of identifying the centers of power under authoritarianism, see Przeworski 1982. A more systematic analysis is offered in Cardoso 1972.

[63] Note another aspect of this example: the absence of a clearly defined authority. There are no rules that give the commandant of a military zone the authority to act on primary-school textbooks. He has blanket power to act on anything. Another example: The Polish government decided in the early 1960s to rebuild the center of Warsaw. An architectural competition was announced, and the winning project was selected and approved by the government. But one of the secretaries of the Communist party decided that the proposed buildings would compete with a Stalinist monster that dominates the city and ordered their height reduced. He could have done anything else he wanted.

[64] This is not to say that retrospective action is not possible under democracy: The president may appoint a surgeon-general, who may charge a group of experts with preparing a report on AIDS; the report may be publicized; and the president may disclaim the report or even fire his appointee. But we know ex ante that the president can do all this; he has the right to repudiate, and he has the power to fire a member of his administration. He cannot repudiate, however, a ruling of the Supreme Court or fire a Justice, and we know that, too. What I am arguing is that under dictatorship we cannot know ex ante what the power apparatus can and cannot do, because the feasible outcomes are not entailed by any set of rules.

Does this argument imply that democracies generate less uncertainty than dictatorships? I think this question cannot be answered, because the response depends on the point of view.[66] The difference is in the assumptions one must make to deduce the outcomes. In a dictatorship, they are deduced only from the preferences of one actor; in a democracy, from conflicting preferences and rules. Under a sufficiently capricious leader or a sufficiently divided power apparatus, the authoritarian regime may keep bewildering everyone with its twists and turns.[67] Indeed, under dictatorship the outcomes may be unpredictable: They can be predicted only by knowing the will of the dictator or the balance of forces among the conflicting factions. A democratic regime may, in contrast, yield highly predictable outcomes even when parties alternate in office. Hence, ex post an authoritarian regime may exhibit more variation of policies than a democratic one. But examine the situation ex ante. Under dictatorship, there is someone who is certain about the outcomes, and anyone who knows what the power apparatus wants also knows what will happen.[68] Under democracy, there is no such actor. Hence, the difference in uncertainty is conditional in the following sense: In an authoritarian system it is certain that political outcomes will not include those adverse to the will of the power apparatus, whereas in a democracy there is no group whose preferences and resources can predict outcomes with near certainty. Capitalists do not always win conflicts processed in a democratic manner,[69] and even one's current position in the political system does not guarantee

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[67] Here is a Soviet view of the matter: Three men meet in a gulag. One asks another, "What are you here for?" "I was against Radek," he says. "And you?" "I was for Radek." They turn to the third man, thus far silent. "I am Radek," he says.

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future victories. Incumbency may be an advantage, but incumbents do lose.

Hence, instrumental action under authoritarianism is limited to cases in which those actors who enjoy room for maneuver know that the power apparatus is indifferent to some outcomes. Party secretaries from particular localities may compete, for example, to get an investment provided for in the plan; producers' associations from different sectors may defend themselves against the lowering of tariffs on competing imports. Acting instrumentally makes sense for them only if they know that the power apparatus will not punish them for their actions and that it can tolerate the outcome they want. It would be irrational for anyone to act as if the outcome were to be determined by his or her actions under the existing institutional framework. Everyone has to try to anticipate the reaction of the power apparatus.[70]

To test these distinctions, consider the following example. After 1954, the Polish Communist regime regularly changed its agricultural policy. Whenever peasants stopped producing food for the cities, the party would tell them, "Enrich yourselves." And whenever peasants enriched themselves and their consumption began to appear ostentatious, the party would confiscate all the riches. Hence, the policy followed predictable cycles: Low productivity led to fiscal stimuli, visible inequality led to punitive taxation, and so on.[71] Now, we could imagine a similar dynamic under democracy: The Productivity party would campaign for fiscal stimuli; the Equality party would advocate taxing the rich peasants. When food was scarce, the Productivity party would win elections until peasants got too

[70] Yet note that authoritarian regimes systematically hide information about their true preferences. Their main concern is not to make it public that there are divisions within the power apparatus or even that any counterarguments were considered legitimate in the discussions inside the apparatus that led to a particular decision. What is communicated publicly is only "the line": a decision portrayed as unanimous and undisputable. Yet for any educated observer, the line is not credible information about the preferences of the rulers. I owe this observation to conversations with Tang Tsou.

The secrecy of the power apparatus sometimes reaches the grotesque. When Chernenko died, Soviet radio did not announce the fact for a day and a half; they let it be guessed by playing only solemn music on the radio. In the meantime, *Le Monde* announced the death of another member of the Politburo and reported the rumor that yet another had been ousted. The Soviet people did not know whether or not the dictator was still alive: Gabriel García Márquez's *The Autumn of the Patriarch* was performed in real life on the other side of the globe.

[71] Eventually, peasants did learn not to invest; workers were starved and threw party bureaucrats out. But it took forty years.

rich, whereupon the Equality party would be victorious. Ex post, therefore, the policy cycles, and the posterior probability that the tax rate is t percent, may be identical in the two systems.

Ex ante, however, the uncertainty inherent in the two systems is different in three ways. First, the party changed the rules ex post: The central instrument of its policy was the *domiar*, a retroactive surtax. Income was earned by peasants when the tax rate was 40 percent; long after this income was earned and well after it was invested or consumed, it would be subjected to an additional tax. This can happen under democracy, but only according to established rules that permit retroactive taxation. Under dictatorship, it can happen despite the rules. Second, the timing and the amount of the confiscatory retribution was arbitrary in the sense defined above: It was not entailed by any set of rules. Under democracy, peasants may expect that when inequalities become conspicuous the tax rate will increase, but they can also expect that the rules will change only according to rules. Finally, under democracy, the new tax rate is determined jointly by the political actions of peasants and of other forces. Peasants can participate in determining the new tax rate; they can defend their interests. Given their reading of public opinion and their knowledge of the rules, they can attach prior probabilities to increases by any particular amount. Hence, they can calculate expected values and act upon them when deciding how much to invest. Under dictatorship, all they can do is to guess what the party will tolerate; if they cannot guess, they do not know when they will get hit and by how much.

None of the above implies that peasants will be better off under democracy. If the power apparatus wants to develop agricultural production and if it is willing to tolerate wealth, peasants will prosper. They will prosper even if other people starve and even if everyone else would prefer lower agricultural prices. Their interests are guaranteed by the will of the dictatorship; but this is all their interests depend upon. There is little they can do.[72]

Democracy is thus a system that generates the appearance of uncertainty because it is a system of decentralized strategic action in which knowledge is inescapably local. Dictators are observers because they do not have to consider what others think about them. If others guess incorrectly what the

[72] The NEP is the obvious example. Told by Lenin to enrich themselves, the Soviet *kulaks* waited for his death and the defeat of Bukharin to be massacred by Stalin.

dictator wants, he or she can correct the outcomes ex post. In turn, everyone who knows what the dictator wants can predict what will happen. Under democracy, no one is the dictator. Hence the appearance of uncertainty.

2. Transitions to democracy

Introduction

The strategic problem of transition is to get to democracy without being either killed by those who have arms or starved by those who control productive resources. As this very formulation suggests, the path to democracy is mined. And the final destination depends on the path. In most countries where democracy has been established, it has turned out to be fragile. And in some countries, transitions have gotten stuck.

The central question concerning transitions is whether they lead to consolidated democracy, that is, a system in which the politically relevant forces subject their values and interests to the uncertain interplay of democratic institutions and comply with the outcomes of the democratic process. Democracy is consolidated when most conflicts are processed through democratic institutions, when nobody can control the outcomes ex post and the results are not predetermined ex ante, they matter within some predictable limits, and they evoke the compliance of the relevant political forces.

Note that a breakdown of an authoritarian regime may be reversed, as it was in Czechoslovakia in 1968, in Brazil in 1974, and in Poland in 1981, or it may lead to a new dictatorship, as in Iran and Romania. And even if the outcome is not the old or a new dictatorship, transitions can get stuck somewhere along the way in regimes that limit contestation or suffer from a threat of military intervention. Finally, even if democracy is established, it need not be consolidated. Under certain conditions, democratic institutions may systematically generate outcomes that cause some politically important forces to opt for authoritarianism. Hence, consolidated democracy is only one among the possible outcomes of breakdowns of authoritarian regimes.

To formulate the question for the analyses that follow, we need to examine the full range of possibilities inherent in different situations of transition

– moments when an authoritarian regime breaks down and democracy appears on the political agenda. Given the goals and resources of the particular political forces and the structure of conflicts they face, five outcomes are conceivable:

1. The structure of conflicts is such that no democratic institutions can last, and political forces end up fighting for a new dictatorship.

Conflicts over the political role of religion, race, or language are least likely to be resolvable by any set of institutions. Iran is perhaps the paradigmatic case here.

2. The structure of conflicts is such that no democratic institutions can last, yet political forces agree to democracy as a transitional solution.

The paradigmatic case of such situations is offered by O'Donnell's (1978b) analysis of Argentina between 1953 and 1976. Given the structure of the Argentine economy, where the main export goods are wage goods, democracy results in Argentina from coalitions between the urban bourgeoisie and the urban masses: the urban–urban alliance. Governments that result from this alliance overvalue the currency in order to direct consumption to the domestic market. After some time, this policy results in balance-of-payment crises and induces the urban bourgeoisie to ally itself with the landowning bourgeoisie, resulting in a bourgeois–bourgeois coalition. This coalition seeks to reduce popular consumption and needs authoritarianism to do so. But after a while the urban bourgeoisie finds itself without a market and shifts alliances again, this time back to democracy.

Examine this cycle at the moment when a dictatorship has just broken down. The pivotal actor – the urban bourgeoisie – faces the following choices: (a) to opt for a new dictatorship immediately; (b) to agree to democracy now and to shift alliances when a balance-of-payment crisis ensues; (c) to agree to democracy now and to continue supporting it in the future. Given the interests of the urban bourgeoisie and the structure of conflicts, the second strategy is optimal. Note that no myopia is involved here; the urban bourgeoisie knows that it will switch at some future moment. Democracy is simply the optimal transitional solution.

3. The structure of conflicts is such that some democratic institutions will be durable if adopted, but the conflicting political forces fight to establish a dictatorship.

This outcome may ensue when political forces have different preferences over the particular institutional frameworks; for example, over a unitary versus a federal system. One part of the country has a strong preference for a unitary system; other parts, for a federal one. What will happen under such conditions is not apparent – I shall return to it several times. Perhaps if any institutional framework is adopted temporarily, it will acquire the force of convention (Hardin 1987) and will last. But one conceivable outcome is open conflict, degenerating into civil war and dictatorship.

4. The structure of conflicts is such that some democratic institutions will be durable if adopted, but the conflicting political forces agree to an institutional framework that cannot last.

This outcome may seem perverse, but there are situations where it is to be expected. To anticipate what follows, imagine that a military regime is negotiating its way out of power. The forces represented by this regime prefer democracy with guarantees for their interests over the perpetuation of the dictatorship, but they fear democracy without guarantees more than the status quo, and they are capable of maintaining the dictatorship if the democratic opposition is not willing to adopt institutions that will constitute such a guarantee. The opposition then knows that unless it agrees to such institutions, the military will clamp down again. The result is democracy with guarantees. But if democratic institutions, once installed, erode the repressive power of the military, these institutions will not last. This situation does involve myopia or lack of knowledge. Recent events in Poland provide the paradigmatic case here.

5. Finally, and hopefully, the structure of conflicts is such that some democratic institutions will be durable if adopted, and they are.

The conditions under which these outcomes emerge and the paths that lead to them are the subject of this chapter. Liberalization of authoritarian regimes provides the prologue to the story and is first analyzed. Then follows a discussion of the way conflicts over the choice of institutions ensue in two different contexts: when the ancien régime extricates itself from power by negotiation, and when it falls apart, so that the problem of constituting the new democratic institutions remains entirely in the hands of proto-democratic forces. The last section is devoted to the interplay of institutions and ideologies.

The approach I use generates hypotheses of a comparative nature: hy-

potheses that specify the consequences of conflicts among actors endowed with particular interests and values operating under conditions independent of their will. These hypotheses should be tested by recourse to comparative evidence. And as the events in Eastern Europe unfold, we are for the first time on the verge of having enough cases to test them systematically, perhaps even statistically. I only suggest, not test, such hypotheses here.

Liberalization

A common feature of dictatorships, whatever mix of inducements and constraints they use, is that they cannot and do not tolerate independent organizations.[1] The reason is that as long as no collective alternatives are available, individual attitudes toward the regime matter little for its stability.[2] Even Weber (1968: I, 214) observed that "people may submit from individual weakness and helplessness because there is no acceptable alternative." What is threatening to authoritarian regimes is not the breakdown of legitimacy but the organization of counterhegemony: collective projects

[1] Obviously, not all dictatorships are the same. Some tolerate no autonomous organizations of any kind; even the Animal Protection Society is organized from above and is a part of the Association of Associations, which is a part of the Front of National Unity, run out of the Ministry of Order. Other dictatorships are more selective; they ban unions and parties but tolerate stamp collectors' societies, churches, or producers' associations. But no dictatorship permits autonomous organization of political forces.

[2] This is why explanations of regime breakdown in terms of legitimacy are either tautological or false. If by a loss of legitimacy we understand the appearance of collectively organized alternatives, they are tautological in that the fact that these alternatives are collectively organized means that the regime has broken down. If we see legitimacy in terms of individual attitudes, in Lamounier's (1979: 13) terms as "acquiescence motivated by subjective agreement with given norms and values," they are false. Some authoritarian regimes have been illegitimate since their inception, and they have been around for forty years.

It is hard to evaluate how much attitude change occurs before and how much as a result of liberalization. In Spain, 35 percent of respondents supported a democratic representative system, as opposed to one-man rule, in 1966; 60 percent in 1974; and 78 percent in May 1976. In 1971, 12 percent thought political parties beneficial; by 1973, 37 percent thought they should exist, and this proportion rose to 56 percent by April 1975, fell to 41 percent by January 1976, and rose again to 67 percent by May 1975 (López-Pintor 1980). In Hungary in 1985, 88 percent of respondents declared confidence in the national leadership (57.3 percent "fully"), 81 percent in the parliament, 66 percent in the party, and 62 percent in trade unions (Bruszt 1988). In Poland, where organized opposition had functioned openly since 1976 and was repressed in 1981, confidence in the Communist (PUWP) party declined slowly from 66.2 percent in June 1985 to 53.1 percent in July 1987 and precipitously to 26.6 percent during the wave of strikes of August 1988; increased again to 38.6 percent by November 1988; and fell again to 26.0 percent on the eve of the Magdalenka talks in January 1989. During the same period, confidence in the opposition increased from 20.5 percent in 1985 to 26.2 percent in August 1988 to 45.9 percent by January 1989 (Ostrowski 1989).

for an alternative future.[3] Only when collective alternatives are available does political choice become available to isolated individuals.[4] This is why authoritarian regimes abhor independent organizations; they either incorporate them under centralized control or repress them by force.[5] This is why they are so afraid of words, even if these words convey what everyone knows anyway, for it is the fact of uttering them, not their content, that has the mobilizing potential.

How does it happen, then, that at some moment a group inside the authoritarian power establishment decides to tolerate an autonomous organization in the civil society? At one point the Spanish regime stopped repressing the Commissiones Obreras; General Pinochet allowed the reemergence of political parties; in July 1986, General Jaruzelski passed an amnesty law for political activities that did not include a recidivism clause, thus signaling a de facto legalization of the opposition; Egon Krenz accepted the existence of the embryonic Nueue Forum. Such moments signal

[3] The Gramscian inspiration of these hypotheses is obvious, but Gramsci's framework, with its duality of coercion and consent, is not sufficiently specific institutionally to serve as a guide to the problem at hand. In particular, Gramsci failed to distinguish concessions given by someone who controls the political system from realizations of interests achieved through open-ended, even if limited, competition.

[4] Demonstration effects play an important role in transitions to democracy. Here is a Brazilian joke, dating to the twilight of the dictatorship: In a crowded Rio bus, a man slaps the face of an officer standing next to him. Another man does the same. From the back of the bus, a *mulatinho* pushes his way through and administers a third slap. The bus stops and is surrounded by the police. The first man is asked, "Why did you hit the officer on the face?" "He offended the honor of my daughter; I had to react" is the answer. The second man is interrogated: "He offended the honor of my niece; I had to react." Finally, the question is directed to the *mulatinho*. "When I saw them hitting the officer, I thought the dictatorship had fallen," he explains.

As someone observed, the breakdown of the communist monopoly of power took ten years in Poland, ten months in Hungary, ten weeks in East Germany, and ten days in Czechoslovakia. The events in Poland and Hungary demonstrated to East Germans the possibility of this breakdown; the spectacle of the crumbling wall signaled to individual Czechs the feasibility of regime transformation.

[5] A Soviet samizdat, *Chronicle-Express* (no. 16, 17 November 1987), made public a document of the Komsomol entitled "To Strengthen the Work in the Autonomous Youth Associations." This document observes that "the recent extension of democracy resulted in the appearance of a growing number of autonomous socio-political youth associations. . . . The range of their interests is extremely broad, from international information, ecology and protection of historical monuments, to a shameful speculation on not yet surpassed difficulties of the reconstruction." The document goes on to distinguish good and bad associations. In the case of the good ones, Komsomol organizations should extend their cooperation and should send their "best militants to play the role of commissars." In the case of the less good ones, their leaders should be bribed, or "should be offered in private concrete ways of realizing their capacities." Finally, the document goes on, if this strategy fails, the Komsomol should be prepared "to create its own alternative association."

fissures in the authoritarian power bloc and suggest to the civil society that at least some forms of autonomous organization will not be repressed. They mark the onset of liberalization.[6]

Explanations of such decisions fall into two categories: from above and from below. To some extent, these explanations reflect real differences. Hungary, for example, is generally viewed as an almost pure case of divisions in the authoritarian power bloc. In the words of Karoly Grosz, "the party was shattered not by its opponents but – paradoxically – by the leadership."[7] East Germany represents the other extreme: There were no indications of a split in the power bloc until hundreds of thousands of people had occupied the streets of Leipzig. Yet a striking aspect of the case-study literature is that often different causes are cited to explain the same event. With regard to Brazil, for example, Cardoso (1979) saw the *distensão* as a result of a long-standing division within the military; Lamounier (1979), as a consequence of popular mobilization. Indeed, the top-down and bottom-up models often compete to explain liberalization.[8]

The reason for these analytical difficulties is that the model that simply distinguishes the two directions is too crude. Short of a real revolution – a mass uprising that leads to the disintegration of the apparatus of repression[9] – decisions to liberalize combine elements from above and from below. For even in those cases where divisions in the authoritarian regime became visible well before any popular mobilization, the question is why the regime cracked at a particular moment. And part of the answer is always that the Liberalizers in the regime saw the possibility of an alliance with some forces that up to then had remained unorganized, which implies

[6] I am using the terminology of O'Donnell (1979: 8), according to whom "liberalization consists of measures which, although entailing a significant opening of the previous bureaucratic authoritarian regime (such as effective judicial guarantees of some individual rights or introduction of parliamentary forms not based on free electoral competition), remain short of what could be called political democracy."

[7] Interview with Karoly Grosz, former first secretary of the Hungarian (Socialist Workers') Communist party, in *Przegląd Tygodniowy*, no. 51 (403), Warsaw, 22 December 1989, p. 15.

[8] Even Hungary and Poland are not exempt from alternative interpretations: Szelenyi (1989) emphasized the from-below aspects of the Hungarian transition, and Comisso (1989) countered that Szelenyi was neglecting the from-above elements. Walicki (1990) went against the standard interpretations of the Polish transition, which assign the crucial role to Solidarity, by arguing that it was an effect of an agreement between two elites. Wiatr (1989), perhaps even more provocatively, described it as a pact between the army and the church.

[9] Even Romania does not represent the case of a true revolution. There seems to be much we still do not know about the background of these tragic events, but note that the Romanian army survived the destruction of the Ceausescu regime with its command structure intact.

that there was some force in the civil society with which to ally. Conversely, in the cases in which mass mobilization antedated visible splits in the regime, the question remains why the regime decided not to repress it by force. Again, part of the answer is that the regime was divided between Liberalizers and Hardliners. Liberalization is a result of an interaction between splits in the authoritarian regime and autonomous organization of the civil society. Popular mobilization signals to the potential Liberalizers the possibility of an alliance that could change the relations of forces within the power bloc to their advantage; visible splits in the power bloc indicate to the civil society that political space may have been opened for autonomous organization. Hence, popular mobilization and splits in the regime feed on each other.

Whether a visible split or popular mobilization occurs first, the logic of liberalization is the same. What is different is its pace. Popular mobilization dictates the rhythm of transformation, since it forces the regime to decide whether to repress, coopt, or devolve power. Yet whether liberalization lasts years, months, or days, the regime and the opposition face the same sequence of choices.

Projects of liberalization launched by forces from within the authoritarian power establishment are invariably intended as controlled openings of political space. They typically result from divisions in the authoritarian bloc sparked by various signals that portend an imminent crisis of some sorts, including signs of popular unrest. The project of Liberalizers is to relax social tension and to strengthen their position in the power bloc by broadening the social base of the regime: to allow some autonomous organization of the civil society and to incorporate the new groups into the authoritarian institutions.[10] In the light of this project, liberalization is to be continually contingent on the compatibility of its outcomes with the interests or values of the authoritarian bloc. Thus, liberalization is referred to as an "opening" (*apertura*), "decompression" (*dis-*

[10] According to Carr and Fusi (1979: 179), in Spain "the political class was divided by struggle between *aperturistas* – those who believed that the regime must be 'opened' in order to survive by winning a wider support, usually called 'participation' – and *inmobilistas*." The former first secretary of the Polish United Workers' (Communist) party, Edward Gierek, revealed in a recent interview (Rolicki 1990: 146) that in the late seventies he "intended to introduce to the Seym [Parliament] a significant group of 25 percent of Catholic deputies. It would have permitted us . . . ," Gierek continued, "to broaden the political base of the authorities."

tensão), "renewal" (*odnowa*), or "reconstruction" (*perestroika* – "remodeling," as of a house). These are terms with strong connotations of limits to reform.

Yet liberalization is inherently unstable. What normally happens is what Ilya Ehrenburg called in 1954 "the thaw" (*ottepel*): a melting of the iceberg of civil society that overflows the dams of the authoritarian regime. Once repression lessens, for whatever reason, the first reaction is an outburst of autonomous organization in the civil society. Student associations, unions, and proto-parties are formed almost overnight. In Brazil, lawyers, journalists, and students organized first, followed by the *comunidades de base*. In Poland, ten million people joined Solidarność within a few weeks of September 1980. Even organizations founded and controlled by the regime declared themselves independent: not only professional associations but even the Tourism and Sightseeing Society and the Stamp Collectors' Association. According to a story by K. S. Karol (*Le Nouvel Observateur*, no. 1200, Paris, 6 November 1987), the first autonomous group established in Gorbachev's Soviet Union may have been the Spartakists, meaning, obviously, fans of the Moscow soccer club Spartak. By 1987, there were already thirty thousand independent groups and they held a national congress. By the end of 1989, sixty thousand autonomous groups, clubs, associations, circles, and federations were probing the limits of the political space (*Pravda*, 10 December 1989).[11]

The pace of mobilization of the civil society is different in different regimes, depending on whether the authoritarian equilibrium rests mainly on lies, fear, or economic prosperity. The equilibrium of lies is the least stable. In regimes of ritualized speech, where everyone goes through the motions of uttering words they do not believe and do not expect anyone else to believe, fresh words are subversive. Once the king is announced to be naked, the equilibrium is destroyed instantaneously. In Romania, a few people started shouting anti-Ceausescu slogans during the demonstration organized to welcome his return from Iran, and the regime fell a few days later. In regimes based on fear, where words are permitted as long as they do not enter the public sphere – post-Stalinist Poland and post-1982 Mexico provide good cases – dissent can smolder for a long time before it erupts into flames. The crucial factor in breaking individual isolation is the safety of numbers. Poles discovered the strength of the opposition when the Pope's visit in June 1979 brought two million people into the streets; in Bulgaria, the first autonomous demonstration, on 17 November 1989, grew out of one organized by Mladenov's new government in his support; the same occurred in Romania when Ceausescu returned from Iran; in East Germany, the mass movement was released when trains carrying refugees began crossing from Czechoslovakia to West Germany. Finally, regimes based on a tacit exchange of material prosperity for passive acquiescence – the "goulash communism" of Kadar in Hungary, the Gierek period in Poland, or the pre-1982 PRI regime in Mexico – are vulnerable primarily to economic crises. Hence, the time lag between the opening and popular mobilization varies from regime to regime.

At some time the civil society mobilizes, and new organizations form, declare themselves independent of the regime, proclaim their goals, interests, and projects. But the regime has centralized, noncompetitive institutions that incorporate only those groups that accept its direction and that control the outcomes of any political process ex post. Thus, on the one hand, autonomous organizations emerge in the civil society; on the other hand, there are no institutions where these organizations can present their views and negotiate their interests. Because of this *decalage* between the autonomous organization of the civil society and the closed character of state institutions, the only place where the newly organized groups can eventually struggle for their values and interests is the streets. Inevitably, the struggle assumes a mass character.[12]

Once that happens, liberalization can no longer continue. The tear gas

[11] A careful study of popular mobilization in Spain, focusing on unions, is Maravall 1981. One does not know to what extent these estimates can be trusted, but here are some numbers concerning Bulgaria: On 13 November 1989, the subhead in the *New York Times* was "Bulgarians Are Passive"; on 28 December, the independent union Podkrepa was said by the *New York Times* to have 5,000 members; on 16 January 1990, Paris *Liberation* reported that Podkrepa had 100,000 members.

[12] The Brazilian experience does not contradict this general proposition. It is true that in Brazil the struggle for democracy did not reach the streets until the Direitas, ja! campaign of 1984, but the reason, I think, is that the *distencão* of 1974 was immediately transformed into electoral competition. The institutional framework to channel opposition was available. The project of liberalization got into trouble anyway because of the unexpected electoral success of the MDB.

Similarly, liberalization in the Soviet Union did not lead to mass demonstrations in the Russian part of the country, I think for two reasons. First, popular mobilization was in fact encouraged by Gorbachev, who attempted to develop a traditional Russian coalition of the tsar and the people against the bureaucracy. (See explicit statements to this effect in his *Perestroika*.) Second, the Supreme Soviet was transformed overnight into a fairly contestatory institution, which witnessed sharp confrontations and passed laws with small majorities. Hence, the institutional framework was transformed de facto to correspond to its status de jure.

that shrouds the streets stings the eyes of Liberalizers; the eruption of mass movements, the unrest and disorder, constitute evidence that the policy of liberalization has failed. Since liberalization is always intended as a process controlled from above, the emergence of autonomous movements constitutes the proof that liberalization is not, or at least is no longer, a viable project. Street demonstrations are the demonstration that the most sacrosanct of authoritarian values, order itself, has been violated. Mass eruptions undermine the position of Liberalizers in the authoritarian bloc.

In China, student demonstrations forced the Liberalizers to beat a retreat and cost them the leadership of the party. Repression increased again. In South Korea, however, similar demonstrations led to a break in the regime and transformed Liberalizers into democratizers. These indeed are the alternatives: either to incorporate the few groups that can be incorporated and to repress everyone else, returning to the authoritarian stasis, or to open the political agenda to the problem of institutions, that is, of democracy.[13] Liberalizations are either reversed, leading to grim periods euphemistically termed normalization,[14] or continue to democratization.

The perplexing fact is that so many authoritarian politicians believe that they will succeed where others have failed, and they go on to fail. The Brazilian case is classic. As Smith (1987: 207) observed, "The difference between liberalization and democratization was clear for Golbery: If implemented properly, careful doses of liberalization could substitute for genuine democratization, thereby maintaining the political exclusion of subaltern groups and preempting meaningful demands for real reform of the economic model."[15] In Poland, the Jaruzelski regime came as close as one

[13] The Polish events of 1955–7 are a classic case of liberalization that ended up in normalization. After a period of autonomous organization, workers' councils were incorporated into the regime, while the student movement was repressed. In Brazil, the failed liberalization attempt of 1974 was followed during 1975–7 by a mixture of intensified repression and welfare measures. See Andrade 1980. For some reason, several Brazilian writers found it surprising that the liberalization project did not quite work the way it was intended, and they went on to distinguish "the project" from "the process" (Diniz 1986). They must not know Perez's third law of decompression: "Things always get out of hand."

[14] These were best summarized by Milan Kundera: "A man is vomiting in Wenceslaus Square. A passerby approaches. 'Do not worry. I understand you,' he says." (I do not remember from which novel this story comes.)

[15] A fascinating document outlining plans for liberalization is the speech given by General Golbery do Couto e Silva in 1980 (Golbery 1981). Karoly Grosz summarized his earlier stance as follows: "My position was the following: Let us move forward, with courage but also prudence, so that the nation will understand us and follow us. . . . I thought that a single party, having lost its two radical wings, would be able to overcome the difficulties" (see n. 7).

can to squaring the circle. The strategy was to create democratic institutions, such as the Administrative Court, the Constitutional Tribunal, self-management councils and independent unions, the Consultative Council to the Government, and an Office of the Ombudsman – and to retain power.[16] Even in cases in which liberalization occurred only under the intense pressure of mass demonstrations (East Germany and Czechoslovakia), the first project of the liberalizing leadership was to suck the dissent into the authoritarian system: Krenz encouraged "the people" to share their grievances with the party and promised that the "authorities" would listen, Vladyslav Adamec hand-picked some noncommunists for his first cabinet, and both hoped that the mobilization would be diffused by these measures. Yet all erred in their expectations, and all were eventually forced to accept democratization. Why?

Examine the situation from the point of view of proto-Liberalizers at the moment when the choice of opening the regime appears on the horizon. The proto-Liberalizers can maintain their present position in the power bloc, and then the result is the status quo, denoted in Figure 2.1 as SDIC (status quo dictatorship). Or they can decide to issue signals that they are willing to tolerate some autonomous organization outside the power bloc: to open. If the organized forces in the civil society decide to enter into the new organizational forms created by the regime, typically some Front of National Unity, and no further autonomous mobilization occurs, the result is BDIC (broadened dictatorship); and the liberalization strategy is successful. If the civil society continues to organize autonomously, Liberalizers face the choice of going back to the fold and agreeing to repress popular mobilization or of continuing on to TRANSITION to democracy. Repression, however, may be ineffective: If it succeeds, the outcome is NDIC (narrower dictatorship) in which the Liberalizers find themselves at the mercy of the executors of repression; if it fails, the outcome is an INSURRECTION. Assume that Liberalizers attach the probability r to successful repression.

Note immediately that the process of liberalization can be launched only if some groups in the authoritarian regime prefer broader dictatorship to the status quo. Liberalizers prefer BDIC to SDIC because broadening the social

[16] A nice statement of this strategy is an article by Leszek Gontarski entitled "Are We Afraid of Democracy?" ("Czy boimy się demokracji?"), *Życie Warszawy*, no. 291, Warsaw, 12–13 December 1987, p. 3.

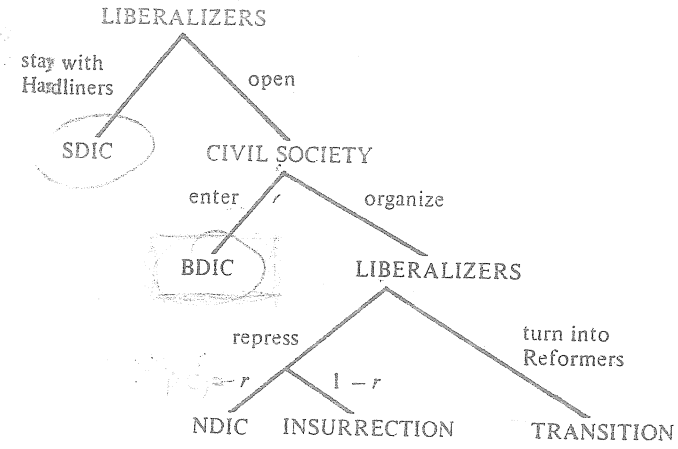

Figure 2.1

base strengthens the regime as a whole and because groups that enter the regime constitute natural allies for Liberalizers vis-à-vis Hardliners. INSURRECTION is the worst outcome for everyone in the regime.

Now, if everyone knows everything and everyone knows the same, then the only possible outcomes of this game are either the status quo or broadened dictatorship; liberalization occurs only when it will be successful. Suppose that the preferences of Liberalizers are BDIC > SDIC > TRANSITION > NDIC > INSURRECTION. Then Liberalizers will know that if the society organizes, they will have to turn into Reformers. So does the civil society. Hence, if Liberalizers open, society organizes. But Liberalizers prefer SDIC to TRANSITION. Hence, they never open. In turn, suppose that the preferences of Liberalizers are BDIC > SDIC > NDIC > TRANSITION > INSURRECTION and that Liberalizers attach a high probability to the success of repression. Then Liberalizers know that they will choose repression if society organizes. So does the civil society. Since for the society BDIC > NDIC, civil society enters knowing that Liberalizers will opt for repression if they organize. And since for Liberalizers BDIC > SDIC, they open. The outcome is thus BDIC.

How then can the process ever arrive at TRANSITION? I see two possible ways, both relying on someone's mistaken assumptions.

(1) Suppose Liberalizers are in fact proto-democratizers; that is, their preferences are BDIC > TRANSITION > SDIC > NDIC > INSURRECTION.[17] Yet Liberalizers have to reveal their preferences strategically, given that Hardliners in the regime would never accede to liberalization if they knew that Liberalizers were prepared to go all the way. Hence, Liberalizers announce that they prefer BDIC > SDIC > NDIC > TRANSITION, and Hardliners believe them.

Now, suppose that the decision to open depends on the consent of Hardliners. If Liberalizers propose to open, Hardliners decide to agree, in which case the rest of the game ensues, or not to permit the opening, in which case the outcome is the status quo. Now, assume that (a) Hardliners prefer NDIC to SDIC and that (b) Hardliners believe that the society mistakenly believes that Liberalizers are in fact proto-democratizers. Then Hardliners analyze the situation as follows: If they agree to open, the society, believing that Liberalizers will not opt for repression, will organize. Yet Liberalizers prefer the outcome expected as a consequence of repression. Hence, Hardliners think the result of opening will be NDIC. They agree to open. But given the true preferences of the Liberalizers, the outcome is TRANSITION.

This explanation assumes that Liberalizers know all along what they are doing and deliberately mislead Hardliners while sending correct signals to the society. It is hard to evaluate the plausibility of this scenario, precisely because under it Liberalizers are forced to reveal their preferences strategically. We have to decide whether Liberalizers are sincere when they claim that they want only to invigorate the regime by broadening its base.[18] Given their public statements, either they are very good liars or this is not a plausible story.

(2) Suppose that the preferences of Liberalizers are BDIC > SDIC > NDIC > TRANSITION > INSURRECTION and their prior estimate of successful repression is high, which implies that the outcome will be BDIC. Hardliners play no role in this story; perhaps the regime is not divided or the Liberalizers control the weapons. Liberalizers open, expecting the society to

[17] Or perhaps Liberalizers are even democratizers in sheep's clothing, with TRANSITION > BDIC > SDIC > NDIC > INSURRECTION.

[18] O'Donnell (1979: 13) noted with regard to the liberalizations initiated by Lanusse (1971–3) in Argentina and by Geisel (1975–9) in Brazil that in each case they threatened that they would "be obliged" to stop the process if things went too far. But they were too committed to stop; a reversal of liberalization would have been a victory for hardliners over the "*blandos*."

enter. But the society has a lower estimate of successful repression and believes that Liberalizers have the same estimate. Hence, society organizes. Once Liberalizers observe that the society is continuing to organize, they downgrade their estimate of successful repression to the point where they prefer TRANSITION to the outcome expected under repression. Hence, civil society organizes, and Liberalizers update their beliefs about the effectiveness of repression as they watch the streets.

These assumptions seem plausible. As the eighty-two-year-old head of the East German security apparatus, Erich Mielke, is alleged to have said to Honecker, "Erich, we can't beat up hundreds of thousands of people" – a statement I interpret as a technical, not a moral, admonition (*New York Times*, 19 November 1989, p. 15). If popular mobilization increases in spite of beatings and jailings, the regime revises downward its beliefs about the effectiveness of shooting. Moreover, at one moment the stakes become enormous. Not enlisting in the repression is an act of treason, for which a Romanian general was forced to "commit suicide" as Ceausescu's last act in power;[19] and joining in repression that fails landed Prague's party secretary in jail just a couple of weeks later. Under such conditions, jumping ship seems as good a way to save one's skin as shooting.[20]

These two explanations assume that preferences are fixed and that actors are rational, even if ill informed. But two more explanations are plausible.

One is sociological. As the organization of the civil society crystallizes, its leadership becomes known, and personal contacts become established, the Liberalizers learn that the opposition is not as threatening as they had thought. Here is General Jaruzelski, interviewed when he had become the elected president, by Adam Michnik, now editor-in-chief of the pro-

[19] From what we know thus far, it appears that the minister of defense, the minister of interior, and the chief of the secret police did not comply with Ceausescu's initial order to arm their forces. When harangued by Ceausescu during the last meeting of the Political Bureau, the last two made a sufficiently convincing show of obeisance and survived, only to try to change sides a few days later. For the minutes of this meeting, see Jean-Paul Mari, "La dernière colère de Ceausescu," *Le Nouvel Observateur*, 11 January 1990, pp. 42–45.

[20] See Przeworski 1986c, for a more formal treatment of such situations.

A comment is needed here on the theory of collective action. The main weakness of Olson's (1965) view is his assumption of a "pre-strategic" status quo: In his theory, individuals have a choice between doing nothing or acting to bring about a public good. But, as Sartre (1960) observed, there are situations in which the choice is only between acting for or acting against. When the royal troops were searching for arms in the houses along the street leading to the Bastille, the inhabitants who were hiding them had only the choice of finding themselves in the Bastille or destroying it. Under these conditions, the "collective action problem" is not a prisoner's dilemma.

Solidarity daily newspaper, on the eighth anniversary of the repression of 1981; "Gradually our view of the world was changing. Today we see it differently. But we had to arrive there, we had to bump our head. All of us had to. In any case, why look far? For several years you passed in my eyes, and not only mine, as a particularly demonic personage."[21] Negotiations show that the opposition is willing to listen and to make concessions; personal contacts bring rapprochement among individuals. Gradually, transition appears as less of a chasm, and repression seems simply uncivilized. Liberalizers change their preferences endogenously as a result of bargaining with the opposition.

The second explanation is psychological. Liberalizers may not be rational. Rational actors form their beliefs based on the information they receive and act upon their desires given these beliefs. Indeed, if they are truly rational, they use beliefs to temper desires. Irrational actors let their desires affect their beliefs and screen out undesirable information. Suppose that the regime has no choice but to open. Foreign pressure, economic and political strangulation, may leave no choice but to liberalize. Nicaragua is a clear case here. Popular mobilization may be uncontainable, as it was in Poland. Under such conditions, the Liberalizers are likely to persuade themselves that the opening will be successful, even that they will win competitive elections if they proceed all the way to democracy.

If any of these hypotheses are true, the spectacle of Liberalizers who venture into an unfeasible project and turn coats in mid course becomes intelligible. Either Liberalizers were in fact ready to proceed to democracy to begin with but had to hide their true intentions, or they discovered in mid course that repression is unlikely to succeed, or they found that they did not have as much to lose as they had thought at the beginning, or they had no choice and were just putting a good face on it.

But liberalization does not always lead to transition, as the tragic events of Tiananmen Square have reminded us. When will the outcome of liberalization be repression and a narrower dictatorship in which Liberalizers are eliminated? We already know that this outcome is not possible if

[21] "Z generałem Jaruzelskim o stanie wojennym," *Gazeta*, Warsaw, 18 December 1989, pp. 5–6. General Kiszczak, in turn, remarked that "agents of the MSW [Ministry of Interior, i.e., the police] were gradually getting used to the perspective of coexistence with the opposition, of the inevitability of the Polish compromise. Had they not been prepared, today there might have been resistance and tension" (Przewrót niewykonywalny," interview with General Czesław Kiszczak, *Gazeta*, Warsaw, 11 September 1989, p. 4).

everyone knows everything and all know the same. Suppose that (1) Liberalizers want only to broaden the regime, (2) Liberalizers believe that the society knows that they prefer BDIC to TRANSITION and that they are ready to repress if need be, and (3) the society mistakenly believes that Liberalizers are in fact democratizers or that they will not opt for repression because they believe it to be ineffective. Then Liberalizers open, expecting the society to enter; the society believes that if it continues to organize, Liberalizers will opt for transition, but Liberalizers opt for repression.

Hence, liberalization – an opening that results in the broadening of the social base of the regime without changing its structure – is not a feasible project unless everyone has full and accurate knowledge about everybody else's preferences and the probability of successful repression. Some misperceptions lead liberalization to transition; others, to repression. The perennial tragedy of Liberalizers was described by Marx as early as 1851: They want democracy that will keep them in power, and they are stung when it turns against them. They try to hold on as long as they can, but at some point they must decide whether to go backward to authoritarian restoration or forward to democratic emancipation.

Democratization

Introduction

The problem that thrusts itself to the center of the political agenda once a dictatorship breaks down is whether any institutions that will allow open-ended, even if limited, contestation will be accepted by the relevant political forces. And as soon as these institutions are in place, the question arises whether they will evoke spontaneous compliance; that is, whether, willing to subject their interests to the uncertainty of competition and to comply with its outcomes, they will absorb the relevant political forces as participants.

To organize the analysis, note that the conflicts inherent in transitions to democracy often occur on two fronts: between the opponents and defenders of the authoritarian regime about democracy and among the proto-democratic actors against one another for the best chance under democracy. The image of the campaign for democracy as a struggle of the society against the state is a useful fiction during the first period of transition, as a unifying slogan of the forces opposed to the current authoritarian regime.

But societies are divided in many ways, and the very essence of democracy is the competition among political forces with conflicting interests. This situation creates a dilemma: to bring about democracy, anti-authoritarian forces must unite against authoritarianism, but to be victorious under democracy, they must compete with each other. Hence, the struggle for democracy always takes place on two fronts: against the authoritarian regime for democracy and against one's allies for the best place under democracy.

Thus, even if they sometimes coincide temporally, it is useful to focus separately on the two different aspects of democratization: extrication from the authoritarian regime and the constitution of a democratic one. The relative importance of extrication and constitution depends on the place within the authoritarian regime of those political forces that control the apparatus of repression, most often the armed forces.[22] Wherever the military remains cohesive in defense of the regime, elements of extrication dominate the process of transition. Chile and Poland are the paradigmatic cases of extrication, but extrication also overshadowed the transitions in Spain, Brazil, Uruguay, South Korea, and Bulgaria. In contrast, wherever military cohesion disintegrated because of a failed foreign adventure – Greece, Portugal, and Argentina – and in regimes where the military were effectively subjected to civilian control – all the other Eastern European countries – the process of constituting a new regime was less affected by elements of extrication.

Extrication

Since extrication has been extensively studied, I proceed schematically. First, let me follow O'Donnell (1979) and O'Donnell and Schmitter (1986) in distinguishing four political actors: Hardliners and Reformers (who may or may not have been Liberalizers) inside the authoritarian bloc and Moderates and Radicals in the opposition. Hardliners tend to be found in the repressive cores of the authoritarian bloc: the police, the legal bureaucracy, censors, among journalists, and so on. Reformers tend to be recruited from among politicians of the regime and from some groups outside the state

[22] These need not be monolithic. Note that, as a legacy of the Stalin era, in Eastern Europe there have been two organized forces of repression: the armed forces for external defense under the control of the Ministry of Defense, and the army for internal order under the control of the Ministry of Interior. The autonomy of the secret police varied from country to country and period to period.

apparatus: sectors of the bourgeoisie under capitalism, and some economic managers under socialism.[23] Moderates and Radicals may but need not represent different interests. They may be distinguished only by risk aversion. Moderates may be those who fear Hardliners, not necessarily those who have less radical goals.[24]

Extrication can result only from understandings between Reformers and Moderates. Extrication is possible if (1) an agreement can be reached between Reformers and Moderates to establish institutions under which the social forces they represent would have a significant political presence in the democratic system, (2) Reformers can deliver the consent of Hardliners or neutralize them, and (3) Moderates can control Radicals.

The last two conditions are logically prior, since they determine the set of possible solutions for Reformers and Moderates. Whatever agreement they reach, it must induce Hardliners to go along with Reformers and dissuade Radicals from mobilizing for a more profound transformation. When can these conditions be satisfied?

If the armed forces control extrication, they must either opt for reforms or be cajoled into cooperation, or at least passivity, by Reformers. Moderates must pay the price. But if Reformers are a viable interlocutor for Moderates only when they can control or deliver the armed forces, Moderates have no political importance unless they can restrain Radicals. Moderate gentlemen in cravats may lead civilized negotiations in government palaces, but if streets are filled with crowds or factories are occupied by workers calling for the necks of their interlocutors, their moderation is irrelevant. Hence, Moderates must either deliver terms tolerable to Radicals or, if they cannot obtain such terms from Reformers, they must leave enough power in the hands of the apparatus of repression to intimidate Radicals. On the one hand, Moderates need Radicals to be able to put pressure on Reformers; on the other, Moderates fear that Radicals will not consent to the deal they work out with Reformers. No wonder the feasible set is often empty.

[23] The attitudes of the bourgeoisie toward authoritarian regimes belie facile generalizations. The reason is the following. The bourgeoisie has three ways of defending its interests: (1) Under democracy, it can organize itself as a party and compete; (2) under any regime, it can organize itself as a pressure group and use privileged channels of access to the state; (3) under any regime, decentralized pursuit of profit constitutes a constraint on the actions of the state directed against its interests ("structural dependence of the state on capital" – see Przeworski and Wallerstein 1988). Now, contrary to Marx, the last constraint may turn out to be insufficient to protect the bourgeoisie from the state. In fact, several military regimes in Latin America did enormous damage to some sectors of the bourgeoisie: Martínez de Hoz destroyed one-half of Argentine firms, and the Brazilian military built a state sector that competed with private firms. This is why by 1978 the leading sectors of the Paulista bourgeoisie saw the military regime as a threat. Thus, at least in Brazil, the anti-authoritarian posture arose from economic liberalism. (For interpretations of this posture, see Bresser Pereira 1978 and Cardoso 1983.) In turn, in countries where popular mobilization is feeble, the bourgeoisie can compete quite well under democratic conditions. This seems to be the case in Ecuador, where the autonomy of the technobureaucrats – the style rather than the substance of economic policy making, according to Conaghan (1983) – turned the bourgeoisie against the military government and where the bourgeoisie did not fear electoral competition.

Similarly, in the socialist countries some factory managers saw relatively early the possibility of converting their political power into economic power (Hankiss 1989) and supported democratization.

[24] In fact, in Poland in 1981 moderates were those who perceived Soviet intervention as imminent; radicals, those who saw it as unlikely.

Table 2.1

		Moderates ally with: Radicals	*Moderates* ally with: Reformers
Reformers ally with	Hardliners	Authoritarian regime survives in old form: 2,1	Authoritarian regime holds, with concessions: 4,2
	Moderates	Democracy without guarantees: 1,4	Democracy with guarantees: 3,3

When can an agreement that satisfies all these constraints be reached? Reformers face a strategic choice of remaining in an authoritarian alliance with Hardliners or seeking a democratic alliance with Moderates. Moderates, in turn, can seek all-out destruction of the political forces organized under the authoritarian regime by allying with Radicals, or they can seek an accommodation by negotiating with Reformers. Suppose the structure of the situation is as in Table 2.1.[25]

If Reformers ally with Hardliners and Moderates with Radicals, two opposing coalitions are formed, and they fight it out. If Reformers ally with Moderates and Moderates with Reformers, the outcome is democracy with guarantees. The off-diagonal outcomes should be read as follows: When Moderates ally with Radicals and Reformers with Moderates, Re-

[25] The first number in each cell represents the value of this outcome to Reformers; the second number, to Moderates (4 is better than 3, and so on). These numbers are not interpersonally comparable; they only rank the alternatives. Hence, Moderates may be miserable under their second-worst option, while Reformers may be quite happy with theirs.

formers are accepting the democracy without guarantees that results from the Radical–Moderate coalition. When Reformers ally with Hardliners and Moderates with Reformers, Moderates are accepting liberalization. They are entering in the sense used above.

Under such conditions, Reformers have a dominant strategy, namely, always to ally with Hardliners. If Moderates ally with Radicals, the opposition is defeated and the authoritarian bloc survives intact, which is better for Reformers than democracy brought about by a coalition of Moderates and Radicals that offers no guarantees. If Moderates seek an alliance with Reformers, some concessions are made, to the cost of Hardliners. These concessions are better for Reformers than democracy even with guarantees. Hence, potential Reformers are always better off defending the authoritarian regime in alliance with Hardliners.

The defining feature of this situation is that Reformers have no political strength of their own and thus no prospect of being politically successful under democracy. Without special guarantees, they will do very badly under democracy, and even with guarantees they are still better off under the protection of their authoritarian allies. This was the case of Poland in 1980–1.[26] Any solution had to satisfy two conditions: (1) The opposition insisted on the principle of open electoral competition, and (2) the party wanted to have a guarantee that it could win the electoral competition. The opposition was willing to have the party win; it did not demand a chance to win but only to compete. The party did not object to elections but wanted to have a good chance of winning.[27] But in clandestine polls, the party was running at about 3 percent in voting intentions. No way was found to overcome this impediment. If the party had been getting 35 percent, it would have been child's play to invent an electoral system that would be competitive and give it a good chance of winning. But not at 3 percent. No

[26] The Polish situation was analyzed in game theoretic terms by Stefan Nowak in *Polityka*, Warsaw, September 1981.

[27] This general posture was put forth rather directly by Jakub Berman, number-two man in Poland during the Stalinist period, in a 1981 interview. Referring to the postwar election, Berman said: "To whom were we supposed to yield power? Perhaps Mikołajczyk [leader of the Peasant party]? Or perhaps those standing even farther to the right of Mikołajczyk? Or who the hell knows who else? You will tell me immediately that this would represent respect for democracy. So what? Who needs such democracy! Now, by the way, we cannot have free elections either, even less now than ten or twenty years ago, because we would lose. There is no doubt about this. So what is the sense of such elections? Unless we would want to show ourselves to be such super-democrats, such gentlemen, that we would take top hats off our heads, bow down and say: 'Be welcome, we are retiring, take power for yourself' " (interview in Torańska 1985: 290).

Table 2.2

		Moderates ally with: Radicals	*Moderates* ally with: Reformers
Reformers ally with	Hardliners	Authoritarian regime survives in old form: 2,1	Authoritarian regime holds, with concessions: 3,2
	Moderates	Democracy without guarantees: 1,4	Democracy with guarantees: 4,3

institutions existed to satisfy the constraints imposed by the interests and outside opportunities of the conflicting political forces.[28] Under such conditions, Reformers could not venture into a democratic alliance with Moderates.

Suppose that Reformers do have sufficient political strength to be able to compete under democratic conditions if they are given institutional guarantees. Is this sufficient for them to opt for democracy? Consider Table 2.2. Here Reformers have political weight independent of Hardliners: They can get some support under competitive conditions, and they prefer democracy with guarantees over other alternatives. Yet the outcome for Reformers depends on the actions of Moderates. If Moderates opt for guarantees, Reformers are better off under democracy, but if Moderates ally with Radicals, Reformers lose.[29] And Moderates prefer democracy without guarantees. Examine this structure of conflict in the extensive form; that is, assume that first Reformers decide what to do, anticipating the reaction of Moderates (see Figure 2.2). Reformers analyze the situation as follows: If they ally with Hardliners, the result will be the status quo, which is the second-best outcome. They would be better off under democracy with guarantees. But if they decide to negotiate with Moderates, the latter will opt for an alliance with Radicals, which will result in the worst outcome for Reformers. Hence, Reformers stay with the regime.

[28] The same strategic situation was solved in March 1989 by a stroke of genius. Someone suggested creating an upper chamber of the parliament and having completely free elections to this chamber while guaranteeing the Communist party and its allies a majority in the lower house and hence the right to form the government.

[29] In this game there is no equilibrium in pure strategies.

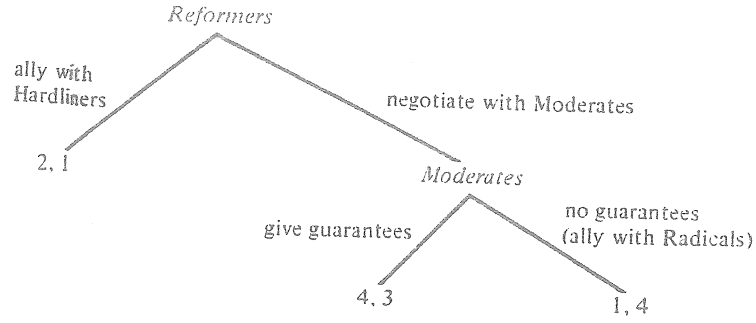

Figure 2.2

Will not democracy come about nevertheless, as a result of repetitions of this situation?[30] Imagine everyone knows that this strategic situation is almost certain to be repeated forever. Moderates know that if they respond to the opening by embracing the demands of Radicals, Reformers will ally with Hardliners next time around. Hence, the payoff to Moderates from defecting on the first round will be {4, 1, 1, . . . } or another mixture of 4s and 1s, depending on the punishment strategy chosen by Reformers.[31] But if Moderates decide to give guarantees on the first round, Reformers will respond in kind, and the payoff to Moderates will be {3,3,3, . . . }. It is easy to see that there are many Reformers' punishment strategies that should persuade Moderates to cooperate. Hence, if the original situation is to be repeated, democracy can evolve spontaneously.

But I do not think that situations in which regime change is at stake are repeatable. These are unique situations; something cracks in the authoritarian power apparatus; a group begins to feel that perhaps it would prefer to share power with consent rather than monopolize it by force, decides to make a move, and turns to eventual partners outside the regime in quest of assurances about its role under democracy. Once Reformers decide to make a move, *alea iacta est* – they cannot go back to the status quo. Payoffs for the future change as a result of actions chosen now. To go back is to admit the failure of the strategy of democratic opening and to

[30] The paragraphs that follow result from a heated discussion with Jon Elster, who, as always, forced me to decide what I really think.

[31] Tit for tat, the strategy people tend to choose in experimental situations, does maximize overtime payoff, but it is not a strategy for perfect equilibrium. In turn, there are a very large number of strategies that support the cooperative outcome. On this and many other technicalities involved here, see the excellent textbook by Rasmusen 1989.

meet with the wrath of Hardliners. Reformers who decide to go back almost never survive their failure; they are playing for broke.[32] This does not mean that an opening may not be tried again in the future by new Reformers; this is what did happen in South Korea and in Poland. But these are new forces, facing new circumstances. And if the Reformers' strategy is successful and democracy is institutionalized, the payoffs change as well. The devolution of power to democratic institutions is irreversible even if democracy can be subverted anew.[33]

Does this argument imply that democracy is never established as an equilibrium but can only result from a normative commitment to democracy? No; it is sufficient to tinker with the payoffs to see that there can exist unique situations in which the equilibrium outcome is democracy. There are two possibilities. One is that Radicals will accept democracy with guarantees; the other, that Moderates will continue to be protected by the existence of autonomous armed forces.

The first possibility – that Radicals will cease being radical – is not so farfetched as it may first appear. Until democracy is established, forces that seek profound political or economic transformation have no alternative to channeling their actions into streets and factories; there are no political institutions where their demands will not meet with violent repression. Yet once a competitive democratic framework is established because of an agreement between Moderates and Reformers, Radicals find that they too can play the game, participate. They tend to be wary of democratic institutions, distrustful of their chances, and skeptical that their victories will ever be tolerated. Yet the attraction of an open-ended democratic interplay is irresistible, and Radicals find that to abstain is to forsake popular support. As the history of Socialist parties in Western Europe demonstrates, all

[32] I say "almost" because of Brazil, where the architects of the failed "decompression" of 1974 succeeded in regrouping and trying again.

[33] This is why I do not think that evolutionary theories of institutions (Schotter 1981, 1986) can explain transitions to democracy.

Some technical issues are involved here. The results concerning the emergence of cooperation in repeated games govern only those situations that are repeated exactly; specifically, with the same payoffs. To the best of my knowledge, we know little about games in which component subgames change somewhat from one round to the next. Benhabib and Radner (1988) analyzed a labor–capital game in which payoffs change and discovered that if they change greatly from one subgame to the next, the equilibrium is noncooperative; if they change somewhat, the path of the equilibria moves monotonically to cooperative equilibrium, which reigns once the game becomes stationary. This result makes intuitive sense, so the relevant question is how much payoffs change from one situation to the next. My argument is that, at least for the Reformers, they change drastically.

political forces face the alternatives of joining or vanishing, and, except for the Anarchists, who persevered in resisting "the siren song of elections," they all joined (see Przeworski 1985: ch. 1).

If Radicals refuse to participate in the institutions forged by Moderates and Reformers, Moderates' interests may still be such that they prefer a democracy in which the forces in the civil society represented by Reformers have a significant presence to one that is dominated by Radicals.[34] Under such conditions, the payoffs in the game tree above will be interchanged: Moderates will prefer democracy with guarantees for Reformers to an alliance with Radicals. What this often means is that some sectors associated with the authoritarian regime continue to enjoy the protection of the armed forces. If Reformers have some political strength of their own and if Moderates prefer an institutional arrangement in which the armed forces remain autonomous as a counterbalance to the demands of Radicals, then Reformers have little to fear from democracy. Under such conditions, the equilibrium outcome will be democracy, but a democracy in which the armed forces will remain free of civilian control and will exercise tutelage over the democratic process.[35]

But why would Moderates tolerate military autonomy? Why would they consent to military tutelage that restricts the possible range of democratic outcomes, at times humiliates civilian politicians, and introduces a source of instability into the democratic system?[36]

Except in Poland, the communist systems of Eastern Europe produced civilian regimes. The military and most of the forces of order were subject to minute political control, which extended even to operational matters.[37] Hence, it should not be surprising that in conflicts over the leading role of

[34] In Figure 2.2, let the payoff to Moderates in a democracy with guarantees be 4, with no 3.

[35] I realize that the game is in fact more complicated than my analysis suggests, since I take the behavior of Hardliners as parametric. Yet Hardliners may, for example, provoke Radicals in order to undermine the agreement between Moderates and Reformers. In many cases of transition, there emerge shadowy groups that appear to be Radicals but may be Provocateurs: GRAPO in Spain provides one illustration; the Tablada affair in Argentina another.

[36] In October 1987, the Brazilian government raised military pay by more than 100 percent overnight in reaction to a takeover of a city hall by a small military unit stationed in a provincial town – this after the minister of finance had publicly committed himself not to do it.

[37] The secret police are a different matter. Conflicts between the secret police and Communist parties have punctuated much of the political life of communist regimes. The secret police are the group that had the most to lose from the dismantling of communism, and they were the target of popular ire in several countries.

the Communist parties, the armed forces in all Eastern European countries placed themselves squarely on the side of those who wanted to abolish the communist monopoly on power. "The army wants to serve not a party but the nation" – this has been the generals' paradigmatic declaration. From a Latin American perspective, this noble sentiment sounds ominous: not a pledge to democratic values but an assertion of independence.

In most Latin American countries, the military have preserved their autonomy and have continued to exercise tutelage over the political system, not only in countries where the transition to democracy was a result of negotiations, but even in Argentina, where the armed forces suffered a humiliating external defeat. The specter of military intervention is a permanent constraint on the political process, and the eventual reaction of the military is a consideration that permeates everyday political life in the new democracies. The Argentine experience is particularly poignant, since the impunity enjoyed by kidnappers, torturers, and murderers has a profoundly demoralizing effect on all political life. Among the recent transitions to democracy, Spain and Greece are the only countries where democratic governments succeeded in establishing effective civilian control over the military and freed themselves from this tutelage.

One obvious answer is that Moderates fear that any attempt to impose civilian control will immediately provoke exactly what it is intended to eliminate: military intervention. The strategic calculus involved must be the following. First, the probability of an immediate coup after any attempt to establish civilian control must be seen as higher than when the military are left alone. Hence, even if civilian control, once established, would greatly reduce the likelihood of military intervention, the probability that the coup will ever occur is lower without civilian control. Consider Table 2.3. The probability that the military will step in now or in the future if they continue to exercise tutelage over the political system is 68 percent, while the probability that they will undertake a coup if the government seeks to impose civilian control is 80.2 percent.[38]

This is not the end of the difficulty, for not all coups are the same. One argument for punishing violations of human rights is that the effect of

[38] Let p be the probability of an immediate coup under tutelage, and t the probability of an eventual coup in the same case. Let q be the probability of an immediate coup if the government imposes civilian control, and c the probability of an eventual coup. Then the total probability of a coup under tutelage is $p + (1 - p)t$, and under attempted civilian control it is $q + (1 - q)c$.

Table 2.3

	Probability that a coup will occur	
	Immediately	Eventually but not now
With tutelage	0.20	0.60
With civilian control	0.80	0.01

punishment is dissuasive: The military will think twice before stepping in again because they know that once out of power they will be punished. That may be true, but if this argument is valid, it also implies that if the military are not deterred by the threat of punishment from stepping in, it will be less likely to give up power because of this threat. Thus, imposition of civilian control may lower the probability of a coup but increase the conditional probability that, once it occurs, the coup will be highly repressive, a *golpe duro*.

Thus, if a government is intent on not provoking a coup and not risking repression, it may swallow its moral outrage and its democratic ideals and accept the limits set by military tutelage.[39] But I suspect that this reasoning is not sufficient to explain the behavior of civilian politicians vis-à-vis the military. There are two reasons why democratic politicians may not want to dismantle the threat from the military even if they could.

First, Fontana (1984: 121) observed that in 1981 the Argentine political parties feared that if the threat from the military was removed, a new wave of popular mobilization would push them, as in 1973, farther to the left than they wanted: They feared radicals. To paraphrase an expression Ernest Bevin once used about the Labour party, they "did not want to be put in the position of having to listen to their own people." If the military can be counted on to repress popular mobilizations, their tutelage is a bulwark for established political parties.

Second, the problem in many countries with a long tradition of military

[39] In an 1987 article entitled "La política militar del gobierno constitucional argentino," Fontana stresses that in 1983 the government did not have a good picture of the situation in the armed forces, that it believed erroneously that the military would purify itself if given a chance, and that it repeatedly underestimated the solidarity among military generations. All of this may be true, but what strikes me is that the article fails to demonstrate that the government had any military policy.

intervention is the absence of institutional models through which civilian control over the military can be exercised.[40] Through the chain of command, the military are responsible directly to the president rather than to parliamentary committees and civilian bureaus that supervise particular aspects of their conduct. Without such an apparatus of civilian control, the choice faced by democratic governments may be one of either tolerating military autonomy or destroying the military altogether.[41] And here, I suspect, nationalism plays a role: No president can afford to commit himself or herself to actions that will undermine the ability of the nation to defend itself. Perhaps when the choice of strategy vis-à-vis the military appears to be one of leaving it intact or dismantling it altogether, the perpetuation of military domination turns out to be a lesser evil for nationalistic politicians.

The issue of civilian control over the military is thus not only whether it is prudent to attempt it but also who wants to have it.[42] Military tutelage may be preferred by some civilian political forces as a protection from demands for greater representation, to ward off pressure from those who seek a social as well as a political revolution.[43]

[40] This observation is due to José Murilo de Carvalho.

[41] For example, Delich (1984: 135) presents as follows the choice available to the Argentine democratic government. Since the atrocities committed by the military constituted acts sanctioned by the military as an institution, under written orders and under control by the military command, the democratic government could only either condemn the armed forces as a whole or forget the whole matter.

[42] This is how in October 1987 José Murilo de Carvalho (1987: 18) characterized the attitudes of the Brazilian political forces in the Constituent Assembly: "It is more difficult to visualize a surge of solid political will to construct the hegemony of civil power. As we have seen, such a will certainly does not exist in the political action of the actual occupant of the presidency of the Republic, and it does not manifest itself in an unambivalent way in the majority party, the PMDB. It is not even necessary to say that there are no traces of such will in the PFL, the PTB, etc. Whoever observes the political scene in the new Republic has the impression that military tutelage is something normal and that it should continue to be exercised."

It should not be surprising, therefore, that the *Latin American Weekly Report* of 15 September 1988 (WR–88–36) could report, under the title "Brazil's Military Gain Quietly What Pinochet Demands Loudly," that "as some Brazilian military men have readily admitted in private, whereas elsewhere civilians have worried how much autonomy they could or should grant the military, in Brazil the military have carefully dosed [prescribed] the autonomy of the civilians."

[43] José Antonio Cheibub (personal communication) offered the following criticism of this hypothesis. "The explanation based on the elite's fear of popular mobilization is not good for two reasons. First, because leaders of countries that face a problem of civilian control over the military learned (or should have learned) that the protection the military offers (from one perspective) is also a threat (from another perspective). In other words, their job as politicians is also threatened by the very tutelage they want to maintain to protect them from popular

Extrications thus leave institutional traces. Just note the price extorted by Pinochet for his consent to free elections: (1) permanent office for the current commanders in chief of the armed forces and the police, (2) protection of the "prestige of members of the military and the police," (3) an "energetic struggle against terrorism," (4) respect for the opinions of a national security council to be formed of four military representatives and four civilians, (5) maintenance of the amnesty covering political crimes committed between 1973 and 1978, (6) abstention by the political authorities from intervening in the definition and application of defense policies, including not modifying the powers of military courts, the command structure, and the military budget and not interfering in the promotion of generals (normally a presidential prerogative), (7) the right to name nine members to the Senate, (8) autonomy of the central bank, the president of which was chosen by the military, (9) acceptance of privatizations conducted during the last months of the military regime without investigation of how they were conducted, and (10) automatic allocation of 20 percent of copper revenues to the military budget. When the armed forces themselves are the Reformers and the resistance comes from bureaucrats, the situation is simpler, even if at moments dramatic.[44] Yet note that in Poland, where the impetus for reforms came from the head of the armed forces, the regime also succeeded in exacting several guarantees: (1) The Communist party was guaranteed 35 percent of the seats in the more important house of the parliament (Sejm), and its then allies were given another 30 percent: in principle, ample support to form a government; (2) it was understood that the opposition would not block the election of General Jaruzelski as president; and (3) matters of external defense and internal order were left under the control of communists.

Hence, the optimal strategy of extrication is inconsistent. The forces pushing for democracy must be prudent ex ante, and they would like to be resolute ex post. But decisions made ex ante create conditions that are hard to reverse ex post, since they preserve the power of forces associated with

mobilization. . . . Second, it seems to me that this explanation may be . . . transformed into an argument that assumes the political elite in those countries to be inherently conservative; that it always prefers the risk of a military coup to a greater representativeness of the regime."

[44] The program of political reforms proposed by General Jaruzelski at the party plenum in January 1989 failed to win a majority. At that moment, the general (who was the commander in chief), the minister of defense, and the minister of interior (both also generals) offered their resignations and walked out of the meeting. Only then did the Central Committee deem desirable the turn toward negotiations with the opposition.

the ancien régime. Ex post the democratic forces regret their prudence, but ex ante they have no choice but to be prudent.[45]

Yet the conditions created by transitions negotiated with the ancien régime are not irreversible. The essential feature of democracy is that nothing is decided definitively. If sovereignty resides with the people, the people can decide to undermine all the guarantees reached by politicians around a negotiating table. Even the most institutionalized guarantees give at best a high degree of assurance, never certainty.[46] True, in Chile, South Korea, and Pakistan attempts to modify the constitutions left as the authoritarian legacy have thus far been abortive, and in Uruguay a referendum failed to reverse the auto-amnesty declared by the military. In Poland, the initial agreement concluded in April 1989 unraveled immediately as a result of the elections of June 1989, and its remains were gradually destroyed. Transition by extrication generates incentives for the democratic forces to remove the guarantees left as the authoritarian legacy. Hence, it leaves an institutional legacy that is inherently unstable.

Constitution

Suppose the aspect of extrication is absent: The armed forces have fallen apart, as in Greece and East Germany, or they support the transition to democracy, as they did in a number of Eastern European countries. A self-

[45] Since democracy has been consolidated in a number of countries, some North American intellectuals now advise us that the protagonists in the struggles against authoritarianism should have been more radical in pushing for social and economic transformation. For a fantasy of this kind, see Cumings 1989.

[46] Moreover, this entire analysis assumes more knowledge than the protagonists normally have or can have. In Poland, everyone miscalculated at several points: The party got so little electoral support in the first round of elections in June 1989 that the legitimacy of the negotiated deal was undermined, the heretofore loyal allies of the communists decided to venture out on their own, and the whole carefully designed plan of transition unraveled. The opposition had to make last-minute additional concessions to keep the reformers in the game. I suspect that if the party had known what would happen, it would not have agreed to elections; if the opposition had anticipated what happened, it would not have made the concessions.

Party strategists cited all kinds of reasons why Solidarity would do badly in the elections of June 1989. An eminent reformer assured me that party candidates would win a majority in the elections to the Senate. (In fact, they received 15.8 percent of the vote; see Ostrowski 1989.) But the other side was equally surprised. When asked whether political developments followed his plan, Wałęsa responded: "My project was different from what happened. With regard to politics, I wanted to stop at the conquests of the round table: make a pause and occupy ourselves with the economy and the society. But, by a stroke of bad luck, we won the elections" (interview in *Le Figaro*, Paris, 26 September 1989, p. 4).

enforcing democracy will be established if the conflicting political forces agree to an institutional framework that permits open, albeit limited, contestation and when this framework engenders continued compliance. The question is thus twofold: (1) What institutions will be selected? (2) Will they be self-enforcing?

Note first that all transitions to democracy are negotiated: some with representatives of the old regime and some only among the pro-democratic forces seeking to form a new system. Negotiations are not always needed to extricate the society from the authoritarian regime, but they are necessary to constitute democratic institutions. Democracy cannot be dictated; it emerges from bargaining.

A model of such bargaining can easily be constructed in the same vein in which we analyzed extrication. It has the following structure: Conflicts concern institutions. Each political force opts for the institutional framework that will best further its values, projects, or interests. Depending on the relation of forces, including the ability of the particular actors to impose nondemocratic solutions, either some democratic institutional framework is established or the struggle for a dictatorship ensues. This model implies hypotheses that relate the relations of force and objective conditions to the institutional results. In particular, different institutional frameworks are explained in terms of the conditions under which transitions occur.

Before developing this model, let me first flesh out the issues involved in institutional choice. Groups in conflict over the choice of democratic institutions confront three generic problems: substance versus procedure, agreement versus competition, and majoritarianism versus constitutionalism. To what extent should social and economic outcomes be left open-ended, and to what extent should some of them be guaranteed and protected regardless of the outcomes of the competitive interplay?[47] Which decisions should be made by agreement, and which should be subject to competition? Must some institutions, such as constitutional tribunals, armed forces, or heads of state, stand as arbiters above the competitive process, or should they all be subject to periodic electoral verdicts? Finally,

[47] On the tension between procedural and substantive aspects of constitutions, see Casper 1989. Among recent experiences, the Spanish constitution of 1977 came nearest to a classic liberal constitution that specifies only the rules of the game and says almost nothing about outcomes (except in the matter of private property), while the Brazilian constitution of 1988 went to the other extreme and listed detailed social and economic rights.

to what extent and by what means should the society bind itself to prevent some future transformations?[48] These are the central issues inherent in conflicts about institutions.

The institutional solutions required are specific and elaborate. A classic case of successful negotiations is the Swedish reforms of 1905–7.[49] The following issues were negotiated and resolved: (1) whether to extend the franchise and to whom, (2) whether the suffrage reform should include the upper or only the lower house, (3)whether seats should be allocated to single-member districts or multimember constituencies with proportional representation, (4) if single-member districts were to be retained, whether the victor should be the first past the post or the winner of a run-off election, and (5) whether the executive should continue to be responsible to the Crown rather than to the Rikstag.[50]

The reason agreement is problematic is that institutions have distributional consequences. If the choice of institutions were just a matter of efficiency, it would evoke no controversy; no one would have reason to fear a system that makes someone better off at no cost to anyone else. But given the distribution of economic, political and ideological resources, institutions do affect the degree and manner in which particular interests and values can be advanced. Hence, preferences concerning institutions differ.

What, then, can we expect to happen under different conditions? Two conditions are salient: whether the relation of forces is known to the participants when the institutional framework is being adopted and, if yes, whether this relation is uneven or balanced. These conditions determine what kinds of institutions are adopted and whether these institutions will be stable. Three hypotheses emerge from this reasoning: (1) If the relation of

[48] On this topic, see essays in Elster and Slagstad 1988.

[49] See Rustow 1955 and Verney 1959.

[50] The list of institutional issues that were the subject of discussion during the American and French constitutional processes two hundred years ago includes (1) universal versus restricted suffrage, (2) direct versus indirect elections, (3) integral versus phased renewal of deputies, (4) unicameralism versus bicameralism, (5) secret versus public voting, (6) parliamentarism versus presidentialism, (7) fixed-calendar elections versus governmental discretion about the timing of elections, (8) a reeligible versus a nonreeligible executive, (9) inviolability of deputies, (10) executive veto, (11) a responsible executive, liable to dismissal, (12) the right of dissolution, (13) legislative power to initiate and repeal laws, (14) legislative monopoly over the power of the purse, (15) an independent judiciary, (16) trial by jury, open to the public, (17) a ban on retroactive laws, (18) absolute freedom of the press, (19) freedom of religion, (20) institutional barriers between the army and the police, and (21) territorial decentralization of decision-making power. This list is Stephen Holmes's. See Hardin, Holmes, and Przeworski 1988.

forces is known ex ante to be uneven, the institutions ratify this relation and are stable only as long as the original conditions prevail; (2) if the relation of forces is known ex ante to be balanced, anything can happen: prolonged civil war, agreement to institutions that cannot work, or agreement to an institutional framework that eventually assumes the force of convention; (3) if the relation of forces is unknown ex ante, the institutions will comprise extensive checks and balances and will last in the face of a variety of conditions. These hypotheses are discussed in turn.

The relation of forces is known and uneven. When the relation of forces is known and uneven, the institutions are custom-made for a particular person, party, or alliance. Geddes (1990) has shown that new constitutions have been adopted in Latin America whenever a new party system has emerged from the authoritarian period. The features of the new institutions she analyzed were designed to consolidate the new relations of forces.

The origins and role of such institutions were best described by Hayward (1983: 1), writing, not accidentally, about France: "Because Frenchmen expected regimes to be short-lived – indeed their Constitutions were often dismissed as periodical literature – little authority was attached to the Constitution itself at any one time. The current document was regarded as a treaty provisionally settling the allocation of power to suit the victors in a political struggle. Far from being a basic and neutral document, it was seen as only a partisan procedural device setting out the formal conditions according to which the government was entitled to rule."

In Poland, the constitution of 1921 designed a weak presidency because Marshal Piłsudski's opponents knew he would be elected president. Piłsudski refused to run under these conditions and assumed power as the result of a coup d'état in May 1926. Nine years later, a new constitution was crafted to ratify his effective power. He died a year later, and it turned out that there was no one able to step into his shoes. In France, the constitution of the Fifth Republic was crafted specifically for General de Gaulle, but it survived the test of *cohabitation* when a Socialist president coexisted with a parliamentary majority of the Right.

It is reasonable to expect that constitutions that ratify present relations of forces will be only as durable as these relations. The case of the Chilean constitution of 1925 provides an excellent illustration (the following is based on Stanton 1990). This constitution was not generally accepted until 1932, when a side agreement was made to leave in the hands of landlords

control over the votes of peasants and to maintain indefinitely the overrepresentation of rural districts. In effect, therefore, the constitution that had emerged by 1932 was a cartel of the urban sectors and the *latifundistas*, designed to keep the prices of agricultural products low by allowing landowners to depress rural wages. The barriers to entry created by this pact eroded only during the 1960s when Christian Democrats came to office and sought the support of the peasants. By 1968, the system had collapsed, and democracy was subverted in 1973. Note that the institutions in question did last for forty-one years. But from the beginning they were designed in such a way that they could not survive one specific change of conditions: the effective enfranchisement of the rural masses.

The relation of forces is known and balanced. This is by far the most complex set of circumstances. Suppose that the conflicting political forces have strong preferences over alternative ways of organizing the political life of the society. One part of a country may strongly prefer a unitary form of government, while another has a strong preference for a federal system. Some groups may think that their interests will be best protected under a parliamentary system, and others insist on a presidential one.[51] One alliance of forces insists on the separation of church and state; another calls for a state religion. Imagine generically that one alliance of forces, called Row, would find democracy more advantageous under institutional system A, while the other, Column, feels threatened by this system and prefers B. They do not agree. (Table 2.4.)

This situation has no equilibrium in pure strategies, and one possible outcome is civil war. This was the case in Argentina between 1810 and 1862; two attempts to write the constitution failed, and a stable situation was reached only after the province of Buenos Aires was defeated in a war (Saguir 1990). This may very well be the current situation in the Soviet Union, where nationalist, federalist, and unitary forces conflict without any apparent solution.

Yet prospects of a prolonged conflict, of a civil war lasting perhaps for generations, are forbidding. Hence, political forces may be led to adopt some institutional framework, any framework, just as a temporizing solu-

[51] In a recent survey of 418 members of Brazil's elite, 71 percent of respondents wanted to see a parliamentary system adopted, among them 80 percent of politicians and journalists, 60 percent of union leaders, and 45 percent of the military (*Latin American Weekly Report*, 90–26, 12 July 1990, p. 5).

Table 2.4

		Column A	Column B
Row	A	Best, So-so	Terrible, Terrible
	B	Terrible, Terrible	So-so, Best

tion.[52] As Rustow (1970) observed, when none of the parties can impose its solution unilaterally, "this prolonged standoff leads the parties concerned to seek a suboptimal compromise solution."

Indeed, this is what did occur in several countries: Conflicts about institutions were quickly terminated. In Brazil, a new constitution was adopted, with full knowledge that it could not be observed, explicitly to reduce the intensity of conflict by promising to satisfy all kinds of demands in the future. In Argentina, the constitution of 1853 was reinstated, though this constitution had never worked before and there was no reason to think it would work now.[53]

Why are such temporizing solutions attractive? One reason is the belief of the political actors that institutions matter little, not enough to be worth the risk of continuing conflict. Indeed, trust in the causal power of institutions seems to be a distinctive feature of the political culture of the United States, where politicians and scholars alike believe that institutions cause people to behave differently than they would otherwise and where they attribute political stability to the genius of the founders. Outside the Anglo-Saxon world, institutions are seen as much less effective; a renowned Brazilian scholar and politician once remarked that "one does not stop a coup d'état by an article of the constitution."[54] In Hungary, a referendum

[52] Kavka (1986: 185) describes the choice of constitutions as a case of "impure coordination": No agreement is disastrous for both parties, but each party prefers a different one. He argues that under such conditions the parties will first agree to agree and then decide on what. I am not sure, however, how this is to be done.

[53] Between 1854 and 1983, the average proportion of the constitutional term served by Argentine presidents was 52 percent: 72 percent up to 1930, and 37 percent during the recent period (see de Pablo 1990: 113). The constitution of 1853 provided for a nine-month period between the election and the inauguration. The reason was that electors needed time to travel to Buenos Aires, and this is how long it took. This provision remained when the constitution was reinstated, and the first democratic transfer of power, between Raúl Alfonsín and Carlos Menem, was already unconstitutional: They agreed that the country could not tolerate a lame-duck government for such a long period and transferred power early.

[54] Fernando Henrique Cardoso, interviewed in *Veja*, 9 September 1987.

on the mode of electing the president brought to the polls only 14 percent of the electorate. Hence, while some institutional framework is required to coordinate political strategies, it matters little what this framework happens to be, for it will not be binding anyway.

Moreover, even if politicians do suspect that institutions matter, they know that they cannot accurately predict the consequences of alternative institutional frameworks. European conservatives called for compulsory voting, thinking that it was their own electorate that was abstaining, and they fought against female suffrage, expecting that this vote would benefit their adversaries; and they were wrong in both cases.

Neither skepticism about the importance nor lack of knowledge about the effects of institutions should be exaggerated. Politicians do know that and know how electoral systems influence the distribution of seats; they know that it matters who supervises the intelligence services; they are sensitive to regulations concerning the financing of political parties. History is replete with evidence of conflicts over institutions: conflicts in which protagonists acted on their belief about the importance of minute institutional arrangements. Hence, it is important to specify the hypothesis implied by the arguments above precisely: In my view, protagonists agree to terminate conflicts over institutions because they fear that a continuation of conflict may lead to a civil war that will be both collectively and individually threatening. The pressure to stabilize the situation is tremendous, since governance must somehow continue. Chaos is the worst alternative for all. And under such conditions, political actors calculate that whatever difference in their welfare could result from a more favorable institutional framework is not worth the risk inherent in continued conflict.

But how can they terminate conflict? They must establish some institutional framework, but which framework can they adopt if no institutions constitute an equilibrium solution? The only way out is to look for what Schelling called the focal points: solutions that are readily available and are not seen as self-serving. And the search for foci naturally leads to national traditions if these are available, or to foreign examples if they are not. This is why Argentines went back to the constitution of 1853, and Spaniards relied to a large extent on the West German system.[55] Indeed, several voices in Poland suggested that the country should just take any old West-

[55] Herrero de Miñon (1979) argues that the Spanish constitution was not "a servile copy" of one or several foreign models. He does provide evidence, however, that foreign examples, particularly the West German, loomed large in a number of key provisions.

ern European constitution and be done with it.[56] Since any order is better than disorder, any order is established.

This brings us to the question whether these institutional solutions are likely to last. In the light of game theory, coordination solutions are unstable when the situation involves conflict. But the question is not a simple one. Hardin (1987) argued that coordination points acquire causal power once they are adopted: Some institutions are around because they have been around for a long time. Change is costly.[57]

Hardin's theory finds strong support in the observation made by Dahl (1990) that, except in Uruguay, democracy has never been internally subverted in any country in which it has survived for twenty years.[58] Yet the theory of "contract by convention" is too strong: It may explain why the U.S. constitution has held, but it offers no understanding of why a constitution would ever fail or why so many have proved to be short-lived or irrelevant.

The reason temporizing solutions may not survive for twenty years is the following. Suppose that when the original confrontation occurs, any arrangement is superior for the relevant political forces to continued conflicts. Yet the system adopted as a temporary expedient favors the chances of some groups over others. Two mechanisms now set in. First, the losing alliance knows that its chances of winning under this system are lower than under an alternative system. This expectation is fulfilled, and this alliance loses one or more consecutive times. Hence, the ex post situation is not the same as the ex ante: If it had happened to win, in spite of its smaller chance, the calculus would have been different. Second, actors learn about their future chances when they observe current outcomes. The losers update downward their expectations concerning the system of institutions and may find the risk of reopening the conflict about institutions less forbidding than before.[59]

[56] This proposal has a tradition of its own. As early as the end of the eighteenth century, Poles turned to Rousseau to draft a constitution for the country.

[57] In Hardin's (1987: 17) words, "once we have settled on a constitutional arrangement, it is not likely to be in the interest of some of us then to try to renege on the arrangement. Our interests will be better served by living with the arrangement." And "The Constitution of 1787 worked in the end because enough of the relevant people worked within its confines long enough to get it established in everyone's expectations that there was no point in not working within its confines" (p. 23). Kavka (1986) makes a similar point.

[58] Democracy is defined here as a system in which there are free elections, the government is responsible to the elected parliament or president, and – a condition that strongly restricts the number of cases – a majority of the population has the right to vote.

[59] The difference between my views and those of Hardin (1987) and Kavka (1986) probably stems from our respective understandings of payoffs under democracy, which they treat as certain once a particular set of institutions is adopted and I consider as uncertain with known probabilities. Even in the simple model developed in the preceding chapter, the probability required to stay in the game after losing once, $p^*(1)$, is higher than the probability required ex ante to opt for democracy, $p^*(0)$; in fact, $p^*(1) = p^*(0)/r$, where $r < 1$. In addition, if actors update their beliefs on observing outcomes, then there is another reason why $p^*|L > p^*(0)$. Hence, there may be an actor that accepts democracy ex ante but seeks to subvert it having lost on one round, two rounds, etc.

If this argument is valid, then temporizing solutions may turn out to be exactly that. They were adopted because continued struggle was seen as too dangerous. But if they generate outcomes that hurt, the affected political forces will naturally be tempted to try to avoid the costs involved in competing under democratic rules or at least to improve their future chances in this competition. Hence, political forces that can pursue alternatives will do so.

The relation of forces is not known. Suppose a country emerges from a long period of authoritarian rule and no one knows what the relation of forces will be. The timing of constitution writing is then important. If the constitution is put off until elections and other events clarify this relation, we are back to the situations discussed above: The focus may turn out to be unequal and institutions will be designed to ratify the current advantage, or they may turn out to be balanced, with all the possibilities this situation implies. The relative timing of presidential elections, parliamentary elections, and constitution writing was the subject of intense conflict in Poland, and the decision was to hold presidential elections before the constitution was written. Yet suppose that the constitution is written first, as it was in Greece, or that elections are held and are highly uninstructive, as they were in Spain.

If everyone is behind the Rawlsian veil, that is, if they know little about their political strength under the eventual democratic institutions, all opt for a maximin solution: institutions that introduce checks and balances and maximize the political influence of minorities, or, equivalently, make policy highly insensitive to fluctuations in public opinion. Each of the conflicting political forces will seek institutions that provide guarantees against temporary political adversity, against unfavorable tides of opinion, against contrary shifts of alliances.[60] In Sweden, Liberals and Social Dem-

[60] Several instances of veil-of-ignorance reasoning can be found in the Constitutional Convention of 1789. According to Madison's notes, for instance, George Mason made the following argument: "We ought to attend to the right of every class of people. He had often wondered at the indifference of the superior classes of society to this dictate of humanity & policy, considering that however affluent their circumstances, or elevated their situations, might be, the course of a few years, not only might but certainly would distribute their

ocrats were willing to provide the guarantees required by Conservatives; as the Conservative spokesman, Bishop Gottfrid Billing, put it, he would rather have "stronger guarantees and a further extension of the suffrage than weaker guarantees and a lesser extension" (cited in Rustow 1955: 59).

Hence, constitutions that are written when the relation of forces are still unclear are likely to counteract increasing returns to power, provide insurance to the eventual losers, and reduce the stakes of competition. They are more likely to induce the losers to comply with the outcomes and more likely to induce them to participate. They are more likely, therefore, to be stable across a wide range of historical conditions.

The tentative conclusions, to be tested against systematic evidence, are thus the following. Institutions adopted when the relation of forces is unknown or unclear are most likely to last across a variety of conditions. Institutions adopted as temporizing solutions when the relation of forces is known to be balanced and different groups have strong preferences over alternative solutions may acquire the force of convention if they happen to survive for a sufficient period, but they are not likely to last long enough. Finally, institutions that ratify a transitory advantage are likely to be as durable as the conditions that generate them.

Contestation

There is one additional aspect to consider. Following O'Donnell and Schmitter, we need to make a distinction between democratization of the state and of the regime. The first process concerns institutions; the second, the relations between state institutions and the civil society.[61]

Each of the forces struggling against authoritarianism must also consider its future position under democracy. They must all stand united against dictatorship, but they must divide against each other.[62] If they divide too

posteriority through the lowest classes of Society. Every selfish motive therefore, every family attachment, ought to recommend such a system of policy as would provide no less carefully for the rights and happiness of the lowest than that of the highest orders of Citizens" (Farrand 1966: I, 49). I owe this quotation to Jon Elster.

[61] According to O'Donnell and Schmitter (1986: IV, 73), a regime is "the ensemble of patterns, explicit or not, that determines the forms and channels of access to principal government positions, the characteristics of the actors who are admitted and excluded from such access, and the resources and strategies that they can use to gain access."

[62] Thus, negotiations about the shape of the negotiating table are not just petty squabbling. The regime in place has good reason to fear a two-sided division, since this arrangement unites the opposition. The Polish solution was to make the table round. The Hungarian way was to make it triangular, but octagonal solutions were entertained.

early, the outcome is likely to repeat the experience of South Korea, where the rivalry between two anti-authoritarian presidential candidates – rivalry that was personal but also regional and economic – permitted electoral victory for the candidate associated with dictatorship.[63] If they do not divide at all, the new regime will be a mirror image of the old one: not representative, not competitive. This is the danger facing several Eastern European countries: that the revolution will end up being only anticommunist, not democratic.[64]

The same dilemma appears in modified form after democratic institutions are in place. The classic problem of any opposition under democracy is how much to oppose and by what means. If the opposition does not oppose – does not present alternatives and struggle energetically for them – then the representative power of political institutions – their capacity to mobilize and to incorporate – is weak.[65] Democracy is anemic. But if the opposition does oppose vigorously, democracy may be threatened. Particularly under difficult economic conditions, intransigent opposition may create an ungovernable situation. If every time a party loses an election or every time a government adopts an unpopular policy, the opposition

[63] Note that the democratic opposition could not unite in Spain until the death of Franco. The main issue was the participation of communists (see Carr and Fusi 1979). The Chilean opposition experienced the same difficulty.

[64] The situation in several Eastern European countries is particularly complicated, because any new party of the Left would have to include some former communists, but an alliance with them would be the kiss of death. In Poland, some groups in the anticommunist coalition deliberately tried to provoke a Left–Right split precisely because they knew the electoral consequences for any group that was cast as the Left. (See the editorial in *Tygodnik Solidarność*, Warsaw, 22 December 1989.) In turn, those painted as the Left were forced to respond that there were no real divisions within the coalition and no reason to split and form multiple political parties.

Note that in Brazil it took five years before the PMDB divided into its ideological currents. Established originally to provide window dressing for the authoritarian regime, the MDB was the only cover for legal opposition activity, and as such it became an umbrella for all kinds of political forces. Everyone was certain that this artificial creature would break up into its natural parts the day political parties could legally exist, and it briefly did when the right wing broke off as the Partido Popular. But the separation did not last long, and in its new incarnation the PMDB turned into the largest party in the country, developed local machines, and continued to win elections until 1989.

[65] Since a particular view of representation underlies the argument that follows, let me recall how I see a representative regime. A representative system is one in which (1) there exist autonomous organizations, (2) they are stratified internally into leaders and followers, (3) leaders have the capacity to (a) invoke collective identities, (b) control the strategic behavior of followers, and (c) sanction defections, (4) leaders are representatives, that is, participate in representative institutions, and (5) representation makes a difference for the well-being of their followers. Organized political forces participate in democratic institutions if they believe that actions channeled through these institutions affect their welfare.

launches a general strike, democratic institutions may be weakened and the conditions created for the military to step in.

Perhaps the clearest place to observe this dilemma is in the Peronist movement in Argentina. The "Renovadores" wanted to become an electoral party and to reduce their tactics to electoral and parliamentary struggle, while the orthodox wing wanted to remain a "movement" and to struggle for "social justice" by all possible means. Thus, Ubaldini did not think that losing elections should prevent the CGT from undertaking general strikes, while Peronist deputies in the Congress absented themselves whenever they thought they would lose, thus undermining the quorum.

One solution to this dilemma is political pacts: agreements among leaders of political parties (or proto-parties) to (1) divide government offices among themselves independent of election results, (2) fix basic policy orientations, and (3) exclude and, if need be, repress outsiders.[66] Such pacts have a long tradition in Italy, Spain, and Uruguay of what used to be called *transformismo*. The 1958 Venezuelan pact of Punto Fijo is the model for such agreements. According to this pact, three parties would divide government posts, pursuing policies committed to development goals under private property and excluding communists from the political system. This pact has been highly successful in organizing democratic alterations in office.

The ostensible purpose of such pacts is to protect embryonic democratic institutions by reducing the level of conflict about policies and personnel. Whereas institutional pacts establish the rules of the game and leave the rest to competition, these are substantive pacts intended to remove major policy issues from the competitive process. Such pacts are offered as necessary to protect the democratic institutions from pressures to which they cannot respond. But note that such pacts are feasible only if the partners extract private benefits from democracy; and note that they can extract such rents only by excluding outsiders from the competition.[67] The danger inherent in such substantive pacts is that they will become cartels of incumbents against contenders, cartels that restrict competition, bar access, and distribute the benefits of political power among the insiders.

[66] Wiatr (1983, 1989) proposed a similar arrangement for Poland under the name of contractual democracy.

[67] In the language of the preceding chapter, such pacts cannot be bargains, since there is no third party to enforce them. If they are to be stable, they must constitute equilibria. But an agreement to limit competition is an equilibrium only if it effectively dissuades outsiders from entry. The source of rents is monopoly.

Democracy would then turn into a private project of leaders of some political parties and corporatist associations, an oligopoly in which leaders of some organizations collude to prevent outsiders from entering.

Entrepreneurial profits may be an inevitable private reward to those who undertake the democratic project. Moreover, democratic institutions may be unable to process all the important conflicts that divide a society; vide the deliberate exclusion of religious issues from the United States constitutional process. All democratic systems create some barriers to entry – electoral politics is perhaps the most protected industry in the United States. Yet if democracy is to be consolidated, the role of competition should be to dissipate such profits rather than to turn them into permanent rents. One should not forget that the success of the Pacto de Punto Fijo cost Venezuela the largest guerrilla movement in Latin America. Exclusion requires coercion and destabilizes democratic institutions.[68]

This analysis of political pacts has been couched in the economist's language of rents to be derived from collusion. Yet fear of divisions is motivated not only by the specter of authoritarian restoration and not only by the self-interested behavior of politicians. It is inherent in democracy for ideological reasons.

One reason stems from the rationalist origins of the democratic theory. The theory of democracy that developed during the eighteenth century saw the democratic process as one of rational deliberation that leads to unanimity and converges to a presumed general interest. If the citizenry is homogeneous or if its interests are harmonious, then there is one and only one interest that is both general and rational. In this view of the world, all divisions are divisions of opinion; there is no room for conflicts that cannot be reconciled by rational discussion. The role of the political process is epistemological: It constitutes a search for truth. And the status of consensus is moral: It represents an embodiment of the general interest. The

[68] The main difficulty with this hypothesis comes from the United States, where the barriers to entry have been formidable, where the representative power of political parties is minimal, and where economic inequality is high by comparative standards – all that in the face of relatively low levels of political repression. One might be tempted to make sense of this anomaly by making the claim some Brazilians (Andrade 1980; Moisés 1986) make with regard to their country, namely, that their civil society is weak, which I take to mean unable to organize to push its way into the representative system. But the civil society in the United States appears extremely strong, at least if we believe various measures of political participation other than voting. My hunch is that the role of repression in the United States has been historically greater than standard interpretations allow for, but I know no systematic evidence to that effect.

superiority of democracy consists precisely in its rationality. Hence, both Rousseau and Madison feared interests, passions, and the "factions" to which they give rise; both saw democracy as a mechanism to reach an agreement, to discover the common good.

Given these ideological origins, persistent differences of opinion, passionate conflicts of interest, procedural wranglings are often seen as obstacles to rationality. "If we could only agree" is the perennial dream of those appalled by the clamor of party politics, even if most politicians mean "If you would only agree with me" when they call for rational discussion. Consensus has a higher moral status than decisions by numbers or by rules. Hence, the striving to resolve conflicts by agreement, by ceremoniously celebrated pacts, is ubiquitous whenever political conflicts seem to get out of hand, whenever they appear to threaten democratic institutions.

An even more powerful impetus to unanimity is present in countries that have entrenched traditions of organicist views of the nation, often inspired by Catholicism.[69] If the nation is organism, it is not a body that can breed divisions and conflicts. Its unity is organic, that is, given by existing ties. The nation is "a live social organism, having a spiritual specificity derived from racial and historical bases" (Dmowski 1989: 71).[70] Those who do not partake in the national spirit can only be those who do not belong: alien to the body of the nation. And if the nation is an organism, it is not a body that can tolerate alien elements.[71] Individualism and dissent are manifestations of not belonging.

As O'Donnell (1989) has shown, the notion of an organic unity of interests leads each of the political forces to strive for a monopoly in representing the "national interest." Political forces do not see themselves as parties representing particular interests and particular views against representatives of other interests and projects. Since the nation is one body with one will, each of the political forces aspires to become the one and

[69] The paragraphs that follow result from several conversations with Guillermo O'Donnell about our native countries, Argentina and Poland.

[70] Roman Dmowski was the spiritual and political leader of Polish National Democrats before 1939. The eighth edition of Dmowski's seminal essay, *Myśli nowoczesnego polaka*, written originally in 1903, was published in Poland in 1989.

[71] This organicist language is notorious in Argentina; see several examples in O'Donnell 1989. I remember a speech by the head of the army under Alfonsín in 1988: "We are the immunological system which protects the nation from the virus of subversion" (*Pagina 12*, Buenos Aires, September 1988). In the recent abortion debate in the Polish parliament, Senator Kaczyński, the leader of the pro-Wałęsa party, declared that "all good Poles are against abortion" and those who support it "are a bad part of the nation" (*Libération*, 1 October 1990, p. 19).

only representative of the nation, to cloak itself in the mantle of *el movimiento nacional*. And since there are no conflicts to be resolved by competition under rules, democracy serves only as an opportunity to struggle for a monopoly in representing the national interest.

Catholic–nationalist ideology is alive in many countries; indeed, this is the ideology that motivated many, though by no means all, Eastern European dissidents in their struggle against communism. Many were caught between their opposition to communism and their opposition to the nationalist–religious ideology that was the only effective political force against communism.[72] In spite of Vaclav Havel's eloquent eulogies to the subversive power of truth, the spiritual force that provided the lasting source of opposition to communism was not a yearning for liberty (as distinguished from independence from the Soviet Union), but religion and nationalism; indeed, the historically specific amalgam of the two.[73] The resurgence of the political power of the church,[74] the flare-up of nationalist ideologies and of ethnic conflicts, and a burst of antisemitism constitute symptoms of the vitality of organicist ideologies in Eastern Europe.

Hence, the striving for consensus is motivated not only by considerations of self-interest. Democracy calls for a particular form of suspension of belief: the certainty that one outcome is best for all, rational. Decisions by numbers or by rules do not have prima facie rationality. The everyday life of democratic politics is not a spectacle that inspires awe: an endless

[72] The most revealing, and most poignant, document of the tension this dilemma engendered is the memoirs of Jacek Kuroń, *Wiara i Wina: Do i od komunizmu* (1990).

[73] Havel, in my view, confuses the subversive role of truth in regimes of ritualized speech with the commitment to free speech by those who uttered their truths in the struggle against these regimes. To say "We are a nation, with our own culture" under communism was to speak against Soviet domination; to say it in a democracy may mean that those who reject this culture have no right to speak. One should not forget that, except in Bohemia, the political culture that was suppressed by communists in the aftermath of World War II was a nationalist–religious–authoritarian amalgam that gave rise to several dictatorships during the interwar period. This culture was frozen under communist rule; it had no chance to evolve in the direction of democracy, as it did in France, Italy, and Finland. And this is to a large extent the culture that was defrosted in the autumn of 1989.

[74] It is a commonplace to emphasize the power of the Catholic Church in Poland. Yet this is a puzzling phenomenon. While the church is indeed politically most influential, as a moral force it is ineffective. Birth control is practiced in Poland, abortions are exceedingly frequent, divorce rates are high, alcoholism is rampant, crime has been growing alarmingly – the impact of the church on everyday moral behavior is hard to detect. And situations in which the church has political but not moral power naturally lead it to an authoritarian posture: What it cannot do by persuasion, it does by compulsion. Divorce was made more difficult by causing divorce proceedings to take place in higher courts, religious instruction in preschools, elementary schools, and high schools was introduced by a decree issued during the summer vacation by the minister of education; and abortion was criminalized.

squabble among petty ambitions, rhetoric designed to hide and mislead, shady connections between power and money, laws that make no pretense of justice, policies that reinforce privilege. This experience is particularly painful for people who had to idealize democracy in the struggle against authoritarian oppression, people for whom democracy was the paradise forbidden. When paradise turns into everyday life, disenchantment sets in. Hence the temptation to make everything transparent in one swoop, to stop the bickering, to replace politics with administration, anarchy with discipline, to do the rational – the authoritarian temptation.

Conclusions

This entire analysis is less conclusive than one might wish. Let me just summarize the major hypotheses.

First, whenever the ancien régime negotiates its way out of power, the optimal strategy of democratization is inconsistent: It requires compromises ex ante, resolution ex post. Transitions by extrication leave institutional traces: most important, the autonomy of the armed forces. These traces can be effaced, but transitions are more problematic and longer in countries where they result from negotiated agreements with the old regime. The transition was longer in Brazil than in Argentina; longer in Poland than in Czechoslovakia. And wherever the armed forces have remained independent of civilian control, the military question is a permanent source of instability for democratic institutions.

Second, it seems that the choice of institutions during recent cases of transition has been to a large extent haphazard, dominated by the understandable desire to terminate fundamental conflicts as quickly as possible. And there are reasons to believe that institutions adopted as temporizing solutions will turn out to be precisely that. Hence, the new democracies are likely to experience continued conflict over the basic institutions; the political forces that suffer defeat as a result of the interplay of these institutions will repeatedly bring the institutional framework back to the political agenda.

Finally, we should not be seduced by the democratic rhetoric of some forces that successfully joined in opposition to particular authoritarian regimes. Not all anti-authoritarian movements are pro-democratic; some join under the slogan of democracy only as a step toward devouring both

their authoritarian opponents[75] and their allies in the struggle against the old authoritarian regime. The search for consensus is often not more than a guise for a new authoritarian temptation. For many, democracy represents disorder, chaos, anarchy. As Marx noted almost 150 years ago, the party that defends dictatorship is the Party of Order.[76] And fear of the unknown is not limited to the forces associated with the ancien régime.

Democracy is the realm of the indeterminate; the future is not written. Conflicts of values and of interests are inherent in all societies. Democracy is needed precisely because we cannot agree. Democracy is only a system for processing conflicts without killing one another; it is a system in which there are differences, conflicts, winners and losers. Conflicts are absent only in authoritarian systems. No country in which a party wins 60 percent of the vote twice in a row is a democracy.

As everyone agrees, the eventual survival of the new democracies will depend to a large extent on their economic performance. And since many among them emerged in the midst of an unprecedented economic crisis, economic factors work against their survival. But before we can analyze the interplay of political and economic conditions, we need to examine the choices inherent in the economic systems.

Appendix: Approaches to the study of transitions

The approach used above is one among several possible. And since methods do affect conclusions, it may be helpful to place it among alternative perspectives. My intent is not to review the different bodies of literature employing the particular approaches, but simply to highlight the central logic of the alternatives.

The final question in studies of transitions to democracy concerns the

[75] Should former members of the nomenklatura be deprived of political rights without individual due process? Should they be purged from the bureaucracy? In all Eastern European countries, calls for a purge enjoy widespread popular support. Yet are such purges consistent with the rule of law? As Adam Michnik recently put it in a speech with an almost Dantonesque tone, "When we deprive others of political rights, we are taking them away from ourselves" (Vienna Seminar on Democratization in Eastern Europe, June 1990). The best treatment of this issue I have found is Bence 1990.

[76] To cite our contemporaries, Milos Jakes, the hardline first secretary of the Czechoslovak Communist party, accused the organizers of the demonstrations in Prague of "seeking to create chaos and anarchy" (*New York Times*, 21 November 1989). So did Erich Honecker. So did several of Gorbachev's opponents at the February 1990 Plenum of the Soviet Central Committee.

modalities of the system that emerges as the end state. Does the process end in a democracy or in a dictatorship, new or old? Is the new democracy a stable one? Which institutions constitute it? Is the new system effective in generating substantive outcomes? Is it conducive to individual freedom and social justice? These are the kinds of questions we seek to answer in studying transitions.

To stylize the analysis, let me refer to the system that emerges as the end state of transition by its Brazilian term, *Nova República*, the "new republic." Studies of transition attempt to explain the features of the new republic.

The point of departure is the authoritarian status quo that precedes it, *l'ancien régime, and perhaps even the social conditions that gave rise to this authoritarian system, l'ancienne société.*[77] Hence, transition proceeds from the ancien régime to the new republic.

Now, one approach, probably dominant until the late 1970s, was to correlate the features of the point of departure and the point of arrival. This approach is generally known as macrohistorical comparative sociology, and the seminal works include Moore (1965) and Lipset and Rokkan (1967). The method characteristic of this approach is to associate inductively outcomes, such as democracy or fascism, with initial conditions, such as an agrarian class structure. In this formulation the outcome is uniquely determined by conditions, and history goes on without anyone ever doing anything.

This approach lost much of its popularity when the possibility of democratization appeared on the historical horizon, first in Southern Europe and then in the Southern Cone of Latin America. The reason was, I believe, primarily political. The perspective was simply too deterministic to orient the activities of political actors who could not help believing that the success of democratization might depend on their strategies and those of their opponents rather than being given once and for all by past conditions.[78] It made little sense to Brazilians to believe that all their efforts were for naught because of the agrarian class structure of their country; it appeared ludicrous to Spanish democrats in 1975 that the future of their country had been decided once and for all by the relative timing of industrialization and universal male suffrage. The macrohistorical approach was

[77] Philippe Schmitter drew my attention to these social factors.

[78] I remember how struck I was that Barrington Moore's work was not even mentioned during the first meeting of the O'Donnell–Schmitter democratization project in 1979.

unappealing even to those scholar-activists who resisted the intellectual assumptions of the micro perspective because it condemned them to political impotence.

As events developed, so did scholarly reflection about them. The first set of questions concerned the impact of various features of the ancien régime on the modalities of transition. Transitions were variously classified into "modes." In particular, the collapse of the authoritarian regime was distinguished from – the term was Spanish for good reasons – a "*ruptura pactada*," a negotiated break. A perusal of the voluminous literature on this topic demonstrates, in my view, that these studies bore little fruit: It turned out to be hard to find common factors that triggered liberalization in different countries. Some authoritarian regimes collapsed after long periods of economic prosperity; some, after they experienced acute economic crises.[79] Some regimes were vulnerable to foreign pressure; others used such pressure successfully to close ranks under nationalistic slogans. The problem these studies encounter – and the rush of writings on Eastern Europe provides new illustrations – is that it is easier to explain ex post why a particular regime "had to" fall than to predict when it would fall. Social science is just not very good at sorting out underlying structural causes and precipitating conditions. And while explanations in terms of structural conditions are satisfying ex post, they are useless ex ante, since even a small mistake about the timing of collapse often costs human lives. The Franco regime was still executing people in 1975, one year before it was all over.

The O'Donnell–Schmitter (1986) approach was to focus on the strategies of different actors and explain the outcomes as a result of these strategies. Perhaps the reason for adopting this approach was that many participants in their project were protagonists in the struggles for democracy and needed to understand the consequences of alternative courses of action. Yet while this approach focused on strategic analysis, it shied away from adopting a formalistic, ahistorical approach inherent in the abstract theory of games. Given that the macrolanguage of classes, their alliances, and "pacts of domination" was the dominant vocabulary of the time, the result was an intuitive micro approach often couched in macro language.

The main conclusion of the O'Donnell–Schmitter approach was that

[79] My intuition is that finer analysis may still show that economic factors operate in a uniform way: Liberalization occurs when an economic crisis follows a long period of growth. Perhaps there were just not enough cases to substantiate results derived inductively.

modalities of transition determine the features of the new regime; specifically, that unless the armed forces collapse, successful transition can be brought about only as a result of negotiations, of pacts. The political implication was that pro-democratic forces must be prudent; they must be prepared to offer concessions in exchange for democracy. And the corollary was that the democracy that results from the *ruptura pactada* is inevitably conservative economically and socially.

Once democracy had been established in several countries, these conclusions drew the accusation that they were unduly conservative. Such retrospective evaluations are easy to support, particularly for observers tucked safely away within the walls of North American academia. Indeed, for many protagonists, the central political issue at the time was whether their struggle should be simultaneously for political and economic transformation or only be about political issues. Should it be for democracy and socialism simultaneously, or should democracy be striven for as a goal in itself? And the answer given in their political practice by most of the forces that turned out to be historically relevant was resolutely that democracy was an autonomous value, worth the economic and social compromises that successful strategies to bring it about engendered. This was the simple lesson drawn from the bestiality of the military regimes in Argentina, Chile, and Uruguay; anything was better than the mass murder and torture that these regimes perpetuated.

Indeed, the relevant question in retrospect seems not political but empirical: Is it true that modalities of transition determine the final outcome? As my analysis indicates, transition by extrication does leave institutional traces, specifically when it places democracy under the tutelage of an autonomous military. Yet, first, these traces can be gradually wiped away. In Spain, successive democratic governments were effective in gradually removing the remnants of Francismo and in placing the military under civilian control; in Poland, the evolving relations of forces eliminated most of the relics of the Magdalenka pact. Second, I find surprisingly little evidence that the features of the "new republic" do in fact correspond either to traits of the ancien régime or to modalities of transition. This is perhaps an inadequacy of my analysis – we are only now beginning to have enough cases to engage in systematic empirical studies. Yet I can think of at least two reasons why the new democracies should be more alike than the conditions that brought them about.

First, timing matters. The fact that recent transitions to democracy occurred as a wave also means that they happened under the same ideological and political conditions in the world. Moreover, contagion plays a role. Co-temporality induces homogeneity: The new democracies learn from the established ones and from one another.

Second, our cultural repertoire of political institutions is limited. In spite of minute variations, the institutional models of democracy are very few. Democracies are systems that have presidential, parliamentary, or mixed governments; recourse to periodic elections that ratify agreements among politicians; vertical organization of interests; and almost no institutional mechanisms for direct control over the bureaucracy by citizens. Certainly, there are important differences among types of democracy, but there are not as many types as the variety of conditions under which transitions occur.

Thus, where one is going matters as much as where one is coming from. The transitions we analyze are from authoritarianism, and the features of the anciens régimes do shape their modalities and their directions. But the transitions are also to democracy, and the destination makes the paths converge.