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The micro-foundations of one-party hegemony: development and clientelism

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While social cleavages and policy divisions tend to generate political competition and at times instability, dominant party systems are a unique exception. Dominant parties consistently face unusually low degrees of political contestation despite the fact that elections open to the opposition forces take place. This puzzle implies that the dominant party has achieved a hegemonic position by putting in place an extraordinary strategy other than the use of coercion, which reduces its exposure to competition and effectively prevents social divisions from developing into opposing political alignments. The paper explores how the practice clientelism can perform this task. In developing countries, the widespread practice of clientelism is a by-product of a model of economic development in which the state retains a key role in the distribution of economic resources. Clientelism is seen both as a set of collective incentives for political mobilisation and as a mode of interest accommodation that transcends and mitigates socioeconomic divides. Under certain structural conditions, it becomes effective in pre-empting the emergence of a truly competitive opposition.

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Introduction

Social cleavages in developing countries tend to generate deep divisions over state policies and offer political forces substantial opportunities to challenge the government party. Yet in a number of countries, hegemonic political parties have been established in power for long periods of time. Most prominent cases include India under the Congress Party and Taiwan under the rule of the Kuomintang (KMT), post-apartheid South Africa and a number of African states, Malaysia under the United Malays National Organisation (UMNO) and the Barisan Nasional coalition, and the Institutional Party (PRI) in Mexico. Dominant parties often emerged in nascent political systems as successor to movements that had previously played a key role in the country's struggle for independence and democratization. They had been enjoying a high degree of popularity and credit at least in their first years in power. Many of these dominant parties assume characteristics of what Larry Diamond called *hegemonic regimes*, where, despite regular competitive multiparty elections, 'the existence of formally democratic political institutions, such as multiparty electoral competition, masks the reality of authoritarian domination' (Diamond, 2002, 24). The fall of communist regimes in the late 80s gave rise to a second wave of political hegemonies, and has consequently renewed academic interest in the phenomenon. Dominant parties of this type managed to establish a hegemonic position that allowed them to define the pattern of institutional and economic change in their countries.

At the same time, state involvement in the economy, while justified as a tool for in development, was simultaneously used as a vehicle for political manipulation. In particular, the distribution of economic resources by the state was often made conditional on the recipients exhibiting political behaviour favourable for the party in government. Deployed in varied political, institutional and socioeconomic contexts, the practice of clientelism has become an endemic characteristic of the types of economy in which the state enjoys a high degree of regulatory authority and a significant scope for discrimination in the distribution of economic resources: in the channelling of budget funds, the granting of privileges and subsidies, the promotion of particular economic activities and the creation of national champions.

It may then be possible that the type of economic model they pursued had a parallel impact on politics. The argument is that the practice of clientelism plays a key role in securing the stability of dominant party-systems of the hegemonic type described by Diamond (2002), by providing them with an alternative mode of accommodating social preferences and an extraordinary set of incentives quite that are quite effective in securing loyalty from key segments of society.

Nevertheless, possible associations with dominant party systems have yet to be explored in full by theory. The traditional approaches to clientelism have paid scant attention to its aggregate effect on political organisation and, most importantly, have not associated it with models of economic policy and resulting types of economic structure, in particular, prevalent economic models in developing countries in which the state assumed the principal role in promoting economic growth. There are reasons to suspect that the causal link between clientelism and hegemonic parties is contingent on the degree to which the state plays a key role in economic policy, namely the size of the state, the extent of its role in the economy and the availability of financial

resources increase the efficiency. These factors determine how effective clientelist incentives are in manipulating political preferences and altering political behaviour

Conceptualising political hegemony

One-party hegemony can be seen as an instance of the broader phenomenon of dominant party systems broadly defined as political systems in which the party in government never loses an election for a substantial period of time while the other parties are ‘without hope of being in government (Ware 1996: 159 and 165). In dominant party systems, the victory of the opposition party seems to be an improbable event, ‘requiring a level of ‘opposition mobilization, unity, skill, and heroism far beyond what would normally be required for victory in a democracy’ (Diamond, 2002:24).² The ruling party faces little competition from other contestants and this may be a first indication that something is fundamentally different regarding the conditions in which electoral competition takes place there. As such, dominant party systems are often identified as hybrid or semi-authoritarian regimes; they are seen as multi-party electoral political systems whose basic characteristics differ substantially from perceived standards of what typical democracy is. Other terms such as sultanistic regimes, demagogical democracies, competitive authoritarianism and illiberal democracies (c.f. Linz and Stepan, 1996:38-54; Eke and Kuzio, 2000; McFaul, 2005; Gill, 2002:4-5; Croissant, 2004; Merkel, 2004) have been some of the many colourful labels that illustrated the particular deficiencies of different political systems under consideration.

The task of separating dominant party systems of the hegemonic type described by Diamond (2002) from other regime types remains, particularly difficult. This is because, unlike traditional authoritarian regimes, the power monopoly of the dominant party is neither arrived at nor secured by the systematic and consistent use of coercion. Unlike dictatorships, electoral hegemony allows the entry and organisation of opposition forces. In theory, a strong opposition party can emerge, taking advantage of existing social cleavages and grievances and by diverse economic interests and conflicting social preferences. This is why a convincing argument is required first to specify why a political system in which the incumbent enjoys long-term incumbency should be regarded as a deviation from democracy; in particular, why and when continuous electoral victories may not be regarded as a possible outcome of free and open democratic elections. We need a clear conceptualisation of one-party hegemony that moves beyond a list of deficiencies of the way the political process operates. These may simply be general pathologies of electoral politics that are common in most democratic systems too.

If it is essential to clarify the distinctive characteristics of one-party hegemony in relation to typical democratic systems, this task is complicated by the observation that hegemonic parties often enjoy continuing high levels of popularity whilst opposition forces remain weak and fragmented. The dominant party’s high levels of popularity could be plausibly considered as the genuine outcome of free and unhindered political competition rather than the result of structural flaws in the political system. One-party dominance may be seen as a rare and idiosyncratic but still legitimate outcome of

² Juan J. Linz, and Seymour Martin Lipset made a similar observation in *Politics in Developing Countries*, xviii.

democratic competition formally kept open to all political forces. For instance, long-lasting one-party power monopoly may be attributed to the party's successful management of public affairs and its success in mobilising support and accommodating a variety of diverse social groups. This approach, however, is based on a rather problematic assumption that positions leaders' popularity as the explanatory variable. In this view, long-standing incumbency is seen merely as the outcome of voters' preferences. An alternative view, however, would position incumbent's popularity as the intermediary variable, and place emphasis on the conditions in which political competition takes place and the circumstances under which voting preferences are shaped. With these conditions and circumstances placed as the explanatory variable, the task is to explore whether in the case of a dominant party systems they conform to an agreed standard of what constitutes conditions of fair competition in a typical democracy.

At first glance, drawing the demarcation line between democracy and one-party hegemony is confronted with the uneasy tension between an electoral system that allows free entry to political contestants and the reality of one party's actual monopoly of power. Electoral hegemony in a dominant party system can be understood a structure of *competition* that exhibits limited *competitiveness* (c.f. Sartori, 1976:218). This structure stands at odds with the observation that, historically, competing interests stem from a diverse social context and their political expression can hardly be accommodated and contained within the ranks of one-party system. Instead, such diversity tends to be registered in a political system occupied by autonomous and competing political forces. One-party hegemony, by contrast, is noticeable by the fact that, for a long period of time and despite the periodic holding of elections and the participation of other parties, the opposition fails to take advantage of real and substantive opportunities derived from embedded social cleavages and divisions over state policies. These opportunities could have otherwise enabled it to pose a serious electoral challenge to the incumbent. On a first interpretation, the oppositions' failure to capitalise on these substantial opportunities and its weakness to activate existing social cleavages and policy divisions into votes may be attributed to poor political skills from the part of the opposition. But, if consecutive electoral defeats serve as repeated 'electoral games', the expectation is that they should be providing a learning process that would enable the opposition to identify flaws in its previous political campaigns, reassess its political messages, improve organisational capacities and make the necessary adjustments in campaign tactics. The 'natural selection' view of political organisation seems ill-suited to explain the resilience of one-party hegemony in so many cases and over a long period of time; why that opposition forces continually fail to become truly independent antagonists of the predominant party.

Instead, the conceptualisation of democracy from a pluralist approach expects that in an political system where elections take place, a considerable degree of competition will be the standard outcome as various and conflicting interests emerging in a context of social diversity will be channelled to politics in the form of political parties in competition for their policies to become state policy (Sartori, 1967:83). This expectation is a normative standard for assessing whether a regime is truly democratic or not. A typical democratic system is conceived of not merely as one that satisfies the procedural criterion of free participation in elections but, equally, as one that meets the standard of *effective competition* among political forces autonomous from each other. Democracy is a political system 'in which *competing* leaders and organizations

define the alternatives of public policy in such a way that the public can participate in the decision-making process' (Schattschneider 1960, 141, emphasis added). This approach to democracy entails a broadened understanding of the notion of *demos* that goes beyond the view of a single collectivity with a 'general will' which is periodically identified through the democratic process -a monistic ideal of democracy characteristic of early idealistic theories. Rather, the *demos* is understood as active citizens representing their views in politics *through their organisation in competing political groups*. Democracy is an open process that allows citizens to pursue their conflicting interests by means of autonomous collective organisation in the form of political parties and civil society associations. There emerges competition between active democratic minorities where 'a minority becomes a majority, or, inversely, the majority is thrown into a minority' (Sartori, 1967:116).

In this view, if parties are, by definition, minority organisations appealing to the electorate, political hegemony is distinguished by the fact that a single minority organisation continually reproduces its dominant political position in a way compatible with the formal institutions of political representation. Such an understanding of democracy gives one-party hegemony a specific content as:

A political system in which elections are held, citizens are entitled to vote and form political parties yet the party in government dominates the political arena, facing no serious challenge by the opposition. This runs counter to the expectation that multiple autonomous political entries would tend to represent bundles of conflicting political preferences in a society divided by social cleavages and that such competition would generate, as a result, a considerable degree of political competition.

Seen in this light, one-party hegemony is an anomaly in representative politics. It follows that a consistently weak and often fragmented opposition implies the presence of flaws in the conditions of political competition, but in this case they should be traced outside the formal rules of the game. In Dahl's language, if democracy is *contestation* open to *participation*, a political system with open participation and limited contestation is an 'inclusive hegemony' that does not provide political contestants with symmetrical opportunities for public contestation (Dahl, 1971:8, 34). Seen now as a dependent variable, limited contestation directs our inquiry to possible structural and strategic factors that have a sizeable impact on the conditions in which political competition evolves. In this regard, far from being a reflection of long-standing popularity, the resilience of hegemonic parties and leaders may reflect fundamental flaws in the conditions of political competition. The underlying idea is that preferences may not be formed in conditions of 'fair competition'. This embedded unfairness may be the outcome of a distinct political strategy that interferes in the way diverse interests are channelled into the political sphere and become publicly articulated demands and agendas. The hypothesis developed below is that clientelism provides such a mode of interest accommodation and political mobilisation that reproduce limited contestability.

The conventional view of clientelism

Defined as the distribution of state resources ‘on a nonmeritocratic basis for political gain’ (Mainwaring: 1999:177), clientelism has been a central component of party strategies to mobilise broader political support. Traditionally it has been viewed as a bilateral relation between a patron and his client, an ‘instrumental friendship in which an individual of higher socioeconomic status (patron) uses his own influence and resources to provide protection, benefits, or both, for a person of lower status (client) who, from his part, reciprocates by offering general support and assistance, including personal services, to the patron’ (Scott, 1972:92). Lemarchand and Legg (1972) saw clientelism as a ‘personalized and reciprocal relationship between inferior and superior commanding unequal resources. Viewed in its micro-dimension, the agreement between the political patron and his clients is seen as an informal ‘*clientelist contract*’, in which the provision of the good or the service by the patron is made conditional on the clients providing some form of reciprocation.

One view is to see clientelist relations as a subset of particularistic politics where ‘who gets what’ is decided outside the sphere of traditional programmatic and ideological politics. Dixit and Londregan (1996) showed that pork-barrel politics and tactical redistribution tend to support influential interest groups and swing voters. As Piattoni points out, universalism in interest representation is unattainable and possibly undesirable (Piattoni, 2001:29). However, clientelism differs from pork-barrel politics. In pork-barrel politics, the allocation of government resources to a constituency or a group is disassociated from explicit agreements on political behaviour between the politician and the beneficiaries of his policies. Instead, each allocation takes place in anticipation of a positive response by some of them. Unlike clientelism, this does not involve an explicit *ex ante* agreement. By contrast, in clientelism the political actor has made the provision of the resource explicitly conditional on the client’s political behaviour.

A broader view would point out that clientelism develops in the interface of two key competitive processes; on the one hand, economic actors and social groups competing for goods and services distributed by the government and, on the other hand, political actors competing for political office. Since government-distributed resources remain in short supply, they retain an excludable and rivalrous nature. But unlike private goods, their distribution is centrally decided by political power. The involvement of the government in the distribution generates a competitive process in which the supply side, political agents who decide on allocation, and the demand side, economic actors to whom resources are allocated, get to interact with each other in a way similar to the interactions that occur between private actors. Their decisions reflect rational calculations of political and economic utility and take the form of agreements for mutual benefit, a tit for tat. Both sides have an incentive to strike an agreement: political actors offer their clients access to government-controlled resources in return for their active political support and the campaign resources they contribute. In a nutshell, clientelism gives rise to an informal ‘pricing’ system for the allocation of rivalrous and excludable goods distributed by the government via politics. This results in a sui generis *re-marketisation* of government goods and services where the terms of allocation are defined by political incentives distinct from those working in private markets. They are also determined by asymmetrical power relations between political agents and economic actors. On the supply side there are few political patrons that have control over the distribution of goods and service via the government, while on the demand side, there are numerous economic and social actors that compete for preferential access to government distribution in an attempt to gain a comparative

advantage over their competitors. Patrons can thus choose who becomes their client and can raise the ‘price’ they ask in return for their favours. Empirical studies confirm that politicians selectively allocate rents to core constituents. Lindbeck and Weibull (1987) showed that budget redistribution targeted groups of ‘core supporters’ to avoid wasting resources. Only a small number of economically powerful ‘clients’ are able to negotiate the terms of the exchange. The extent to which clients have alternative options in choosing a patron as well as how much scope for exit they enjoy both determine the degree of the imbalance in relative power between the parties involved.

From bilateral exchange to aggregate political effect

Conventional views of clientelism convey a partial account of the phenomenon reduced to exchanges between political agents and individuals and produced by concomitant preferences. The role clientelism plays in mobilising collective action is, however, much broader; it generates ‘political ramifications beyond the immediate sphere of dyadic relationships’ (Mainwaring, 1972:150-151). The aggregate effect of clientelism on political competition can be fully grasped if the phenomenon is studied in its macro-dimension, in the formation of extensive networks of political supporters and the cumulative impact this has on the capacity of political parties to mobilise electoral support. For the party in government, distribution is turned into a tool that directs individual political behaviour to a desired direction and the sum of these applications produces an overall pattern of political behaviour. Being a method of political mobilisation, clientelism serves as a solution to a collective mobilisation problem first described by Mancur Olson (1971), according to which ideology alone or a shared perception of common interest does not suffice to prevent free-riding and is insufficient to turn dormant groups into active ones. For parties, the collective mobilisation problem is addressed by the pro-offering of material goods in return for electoral support ‘where the criterion of distribution that the patron uses is simply: did you (will you) support me?’ (Stokes, 2007:604-605). This is more likely to happen if the expected benefit exceeds the cost of one’s participation. Equally, the negative side of clientelism involves exclusion from the benefits and this serves to punish defection and free-riding. Rewards and punishment work as a dual set of selective incentives and help the party to organise support groups and coordinate their action when they work to mobilise broader electoral support.

In short, clientelist agreements at the micro-level generate a very distinct pattern of political mobilisation at the macro-level, which can be gauged as the sum of individual cost and benefit assessments in response to collective incentives. A number of individuals become parts of clientelist networks operated by the political parties. Past and contemporary clientelist practices serve as ‘signals’ to potential clients, inviting them to approach the government party to become part of a clientelist network and gain preferential access to government resources. At the same time these signals are also conveying information about the cost of supporting the opposition and the cost of defecting from the government party’s support basis. Prospective supporters are expected to assess the frequency and the intensity of past cases as indications of the *probability* of similar benefits being offered to them on condition that they exhibit the anticipated behaviour in return. Equally, the severity and frequency of sanctions are received by potential dissenters as a demonstration of the *probability* of a similar sanction being imposed on them. This is a *risk assessment*

where risks are calculated against any expected benefits from openly expressing dissent. In addition, as clients become members of extensive clientelist networks, they are expected to reproduce the same pattern of incentives in their own sphere of command and influence as part of the commitments they have undertaken. This further extends the clientelist network.

Once clientelist networks are formed, they produce a *cumulative* effect on political organisation through two interrelated processes: they increase and strengthen the organisational infrastructure of party and reinforce through this effect the capacity of the party to motivate broader electoral support. The organisational capacity of the party is directly associated with how effective they are in attracting voters. Studies on party formation and action have observed that the gradual development of stable political loyalties from voters requires credible information about party policies (Klingemann and Wattenberg 1992). Because getting information is time-consuming and costly for individual voters, it is the political parties that bear the cost of informing voters of their programmes. Unless political parties are able to effectively communicate their ideological and programmatic messages, their capacity to mobilise broader political support and build stable party loyalties is weak. Political parties are in need of active members and campaign contribution for effective campaigning; these resources help political parties to project political messages effectively (Klingemann and Wattenberg 1992; Piven and Cloward, 1992, Bartolini and Mair 1995).. The idea is that:

While interest diversity offers substantial opportunities for ideological and political differentiation, the distribution of campaign-related resources largely delineates the relative capacity of each political party to mobilise broader electoral support in a political system open to participation.

From this perspective, sharp asymmetries in the organisational capacities between the government and the opposition are likely to have a considerable impact on their *motivational* capacity, their ability to appeal to the electorate by taking advantage on current issues on the political agenda and by building party loyalties upon ideological divides. In case of political hegemony, the argument can be reframed as follows:

In a party system open to political participation, limiting the availability of campaign-related resources to the opposition reduces its capacity to make effective use of available opportunities for effective competition with the government party.

This formulation of the argument gives a new meaning to the dependent variable, *limited contestability*. It is seen now as the limited capacity of the opposition to gather sufficient human and material resources on a level comparable to the incumbent's. Consequently, the competitiveness of the political system can be said to depend largely on the distribution of organisational and mobilisation resources as this is shaped by strategic and structural factors. Since the factor blocking political competition in a dominant party system is not coercion and open repression of political participation, we have reasons to suspect that the low degrees of competitiveness found in a hegemonic regime are associated with the dominant party's ability to put in place effective *incentives* to strengthen its support basis. As coercion, violence and intimidation are not available options in that case, the dominant party can acquire such capacity by making extensive use of clientelism,

using it as strategy for political mobilisation alternative to coercion and, as argued earlier, quite effective in solving the collective mobilisation problem.

Parallel to this, clientelism serves the dominant party as an effective strategy to accommodate social demands. In this mode of addressing social demands, individual claims take precedence over universalistic politics and sectoral demands that are typically articulated in open debate. The hidden and individualistic mode of interest accommodation helps the party to transcend traditional social cleavages which are normally expected to generate competition among social groups and are the claims that generate a diversified pattern of political organisation. Rather, clientelism reshuffles the social sphere into individual party attachments which are then integrated into hierarchical party networks. This individualisation of political demands produces a 're-alignment of the social' by which social actors are regrouped into clientelist networks operated and controlled by political parties. On individual basis, the selective and personalised allocation of resources serves to downplay grievances associated with membership in broader social conditions. The aggregate result is that the government party can avoid or redress general disillusionment with state policies. By rearranging social demands into individual claims, clientelism becomes an effective tool in the attempt of the dominant party to contain the expression of social diversity within its party structures. This helps it strengthen and stabilise its control over society and mitigate actual or dormant sources of political instability.

By creating vast clientelism networks, the dominant party achieves an impact on political competition analogous to what coercion achieves in authoritarian regimes but without destroying the formal structures of participation that provide legitimacy to the government rule. The systematic application of clientelism helps the dominant party to reproduce its power monopoly through the electoral process. To be able to do so, however, the party should make a very extensive application of strong clientelist incentives, and this is only feasible in economies where the government plays the key role.

Clientelism and models of development

The practice of clientelism develops in what can be named as *the political sector* in the economy, the sphere of economic activities in which resources, goods and services, are produced, priced, and allocated by the state either directly or through transactions governed by private law to which either the government or a government-controlled entity is one party. Economic structures with large political sectors are mostly found in developing countries which have espoused and followed models of state-sponsored development. Where the state plays a crucial role in allocating resources - managing much of the demand for products and services, receiving foreign aid and distributing it, or allocating licences and subsidies - the government becomes the target of the political groups fiercely competing for control over its allocating mechanism, and becomes the prey for economic actors that seek to secure a privileged treatment. Quite often, such competition generates widespread corruption and violent conflicts over control of power. In developing countries with high degree of state intervention in the economy, competition over the state has generated two distinct patterns: the first pattern most prominent in Latin America is characterised by ongoing oscillation

between political conflict and small periods of stability; the second patterns observable in the Middle East is that of political stability and one-group hegemony.

In Latin America, an unstable political arena saw the rise of authoritarian regimes and their later demise. Latin American politics have been shaped by the weakness of consecutive models of development that caused rounds of economic crisis. This also allowed social forces a higher degree of relative autonomy against the political elites, periodically generating radical political agendas, social tensions, and authoritarian backlash.

Scholars of Latin American politics associated changes in the model of economic development that took place in the 1960s and early 1970s with social confrontations over inequalities and rent-seeking. In the period of pre-war export-driven economy until the end of War World II, oligarchic alliances hindered democratisation. Lack of independent industrial bourgeoisie (Chase-Dunn, 1975, 723) and the alliance between a dependent bourgeoisie with the political elite (Cardoso and Faletto, 1979; Evans, 1979) were portrayed as key factors inhibiting a path to democracy. A period of state-run industrialisation and import substitution followed under state tutelage based on domestic demand. This economic basis was extended to middle classes, the national bourgeoisie and to some extent the 'popular classes' which, in some occasions, allied with the dominant groups against the previously dominant alliance of landlords and exporters (Cardoso and Faletto, 1979:26, 150). While the emergence of a strong domestic market was seen as the result of an import-substituting policy, policies of 'developmental protectionism' were devised as a response to the tensions created by the distributive claims of the labour forces, a famous instance of which was 'Peronism' (Ibid, 134, 140). When foreign capital invested in Latin America to bypass the tariff walls, however, new cleavages appeared. Foreign investment relied on domestic consumption (Cardoso and Faletto, 1979:161) but for products that were luxury goods for the few. By significantly wiping out the less efficient domestic firms and allegedly marginalising those who had a dominant place before, foreign investment was seen to have accentuated income inequalities and to have exacerbated social divisions (Ibid, 64,165). This gave rise to opposition that often took radical forms. The emerging crisis signalled the exhaustion of the populist nationalistic paradigm and was said to have facilitated a series of military coups (Ibid, 167, 174). It led to a '*bureaucratic-authoritarian state*' supported by the dominant classes in view of the perceived threat of radical groups and aiming at the de-politicisation of the popular sector through repression (O'Donnell, 1973, 1978; Linz, 1970). The regime guaranteed the move to a new type of capitalist development of extensive industrialisation led by foreign capital and state policies of public investment and fiscal discipline. Yet again, by opening up the economy to foreign investment, bureaucratic authoritarianism laid the structural foundations of its decline. Cracks within the temporary alliance occurred when middle class groups felt ignored and the local bourgeoisie threatened by the regime's preference for international capital and the resulted harsh competition (O'Donnell, 1978, 8, 10).

Unlike Latin America, governments, the oil producing countries in the Middle East have been steadily authoritarian since independence (Huntington, 1991:31-32). In these countries a dominant political force has taken control of an extensive mechanism of rent distribution and astutely managed it as a tool of political mobilisation and interest accommodation. The literature on the rentier states explored the political implications from rent-seeking in oil/mineral-rich countries. The key role

of the state in the economy attributable to abundant mineral resources has hindered the formation of a vibrant and autonomous civil society, as governments are less reliant on income generated by the economic activity of domestic private actors and collect most of their income from foreign actors bidding to exploit the minerals and oil resources of the land (Mahdavi, 1970; Beblawi, 1987:51; Shambayati, 1994:308-309; Ross, 2001). The surge of income allows the political elite to control plentiful economic resources whose selective distribution subordinates social and economic actors to relations of dependency on the political elite. With increased financial means for patronage and bribe, governments create, pick and sustain submissive economic actors concerned with keeping their privileged access to the rent-distributing establishment with which they have intertwined political and financial ties (Entelis, 1976; Shambayati, 1994). This highly dependent business class tends to be supportive of the political elites and wary of any pressures for economic liberalisation that might jeopardise their privileged position (Chaudhry, 1994). Thanks to the ongoing sustainability of the state-centred model of development there, the political course in the oil-producing countries of the Middle East has exhibited noticeable stability.

The empirical observations from both contexts point to the role the clientelist distribution of resources has played in defining political developments. In the Middle East, the extensive application of clientelism has helped the regimes to avoid the kind of conflicts that shook Latin American policies. It becomes clear that the pattern of the alliances which the political elites form and rely upon depends on the nature of economic relations between the government and economic actors in a given economic structure. In the Middle East, however, the absence of elections and the presence of pervasive mechanisms of coercion make the effect of clientelism less obvious, hidden behind the coercive practices also at work there. For analytical purposes, the impact of clientelism can be better illustrated in multi-party systems with open structures of participation.

Clientelism and limited political competitiveness: a reassessment

The practice is widespread in competitive democracies too and often involves two or more political parties (c.f. Lyrintzis, 1994, Hopkin, 2001; Goerz, 2007; Hee Park, 2008; Brender and Drazen, 2009; Epstein, 2009; Gërkhani and Schram, 2009; Pappas, 2009). In democratic multi-party systems, clientelism significantly *reduces the degree of contestability* the main parties face through the ‘lock-in’ effect it produces on the pattern of political alignments. This occurs, because aspiring political candidates will find it easier to align themselves with existing political parties than to seek to build autonomous political organisations from scratch against the existing clientelist networks. Such a task would require a significant amount of resources and can only be successful if there is a prospect of gaining power that would enable them to promise similar rents with some credibility. For those attempting to create a new political organisation, this prospect looks rather weak. Minor parties and new political entries lacking such a powerful mobilisation mechanism face a serious comparative disadvantage. By raising the cost for the formation of new autonomous political organisation, the established parties employ clientelism as a barrier to entry for their prospective competitors. It also serves them as a mechanism that allows them to impose party discipline thanks to the discretion they enjoy in defining the criteria for admission to central politics, such as loyalty to party hierarchy, its ideology and

political programme. Setting up criteria for admission to party networks also gives the established parties an extra check on the articulation of social demands.

Clientelism has had a more noticeable impact in the character of nascent political systems emerging from authoritarian transition where a volatile economic and political environment make it more difficult for political parties to make credible programmatic promises (c.f. Malloy and Mitchell, 1987, Birch, 1997; Keefer, 2005, Keefer and Vlaicu, 2005). When, however, there are competing clientelist networks they tend to produce multipolar or bipolar distributions of 'patronage'. While these successfully reduce political volatility, they do not eliminate the possibility of a change in government..

Knowing that clientelism is practised in competitive democracies too, there are grounds to suspect that there must be a particular configuration of the phenomenon which can be causally associated with one-party dominance. The analytical question is to hypothesise the conditions under which clientelism reduces political contestability to the extent that opposition parties are incapable of gathering the amount of campaign-related resources enough to allow them to pose a serious challenge to the government party in elections. First, the dominant party should have monopoly or quasi-monopoly control over the practice clientelism; second, the practice should be intense and extensive and should reduce the opportunities available to economic actors for exit to spheres of economic activity outside the reach of clientelist incentives. This is likely in an economy with a large political sector. The hypothesis is that:

In electoral hegemonies, the exclusive practice of clientelism by the party in government in a large political sector of the economy acts as an effective strategy to accommodate diverse individual preferences and achieve asymmetrical advantages in political organisation in a way that pre-empt the emergence of a competitive party system.

Monopoly over the supply of patronage means that, parallel to offering economic rewards to its supporters, the government is in a better position to punish those choosing to express dissent and openly support the opposition by excluding them from the allocation of rents and possibly inflicting on them severe economic sanctions. Where there is *reciprocity*, there is also *retaliation*. The negative side of clientelist exchange involves sanctions in a variety of forms; tax inspections designed to trace or fabricate irregularities, government authorities refusing access to funding schemes, state-owned banks making it difficult to get a loan, the government excluding certain businesses from its public procurement schemes etc. Employees working for the government or in a state-controlled company may also be exposed to threats of unfavourable placement or loss of employment. Private entrepreneurs may have their licenses revoked and subsidies withdrawn. Other sanctions may include a series of bureaucratic complexities that can only be avoided by the mediation of a patron. Sanctions may also involve *material retaliation* by companies and entities indirectly controlled by the government. These companies may also be expected to reproduce the same pattern of clientelist incentives in their own sphere of authority.

Without a comparable clientelist network, the opposition can only recruit a support basis among those actors with a social and economic position that remains outside the reach of the clientelist incentives. The degree of one's indifference to these incentives

depends on one's position in the economy, whether one's activity is outside the political sector of the economy or whether there is ample scope for exit to the sphere of economic activities relatively autonomous from the political process. In an economy dominated by the state such a scope is limited, and economic actors have little scope for recourse to areas of economic activities with a higher degree of autonomy from government discrimination. Under these conditions, both preferential access to distribution and material retaliation will help the government to elicit a strong and active support basis. The result is a sharp asymmetry in organisational capacity between the government party and the opposition that further reduces the latter's visibility and strength as a political contestant, and lies at the heart of its inability to take advantage of social diversity and public discontent. Monopoly over the supply of clientelism works as a powerful incentive structure that effectively replaces coercion as the mechanism pre-empting the emergence of competitive autonomous political forces.

Final remarks: economic change and hegemonic decline

If political competition is only feasible provided the opposition matches the government's organisational and mobilisation capacities, two main scenarios can be said to open a pathway to political change. In the first scenario, the opposition gradually should gradually get its own share in the practice of clientelism comparable with the share of the government party. This prospect is possible if the opposition achieves small victories in elections held in local constituencies or trade unions. Victories in local or sectoral elections are likely to cause cracks in the government monopoly of power, producing a gradual erosion of the government monopoly over the supply of clientelism. As the opposition's sphere of influence on the economy increases, the credibility of its promises for future rewards is strengthened and so is its capacity to offer compensation to its supporters when they suffer costs from their political choices at present.

The second scenario is a significant reduction in the scope and intensity of clientelism. While clientelist exchange gives direct benefits to the parties involved negative externalities from clientelist exchange are diffused among taxpayers and producers. At first glance the prospect of a mass mobilisation against clientelism looks slim. But as the cost of clientelist exchange increases, it puts considerable pressure on public finances and economic actors. When the economic costs of clientelism lead to heavier taxation and higher government deficits, investment is discouraged and this could launch a spiral of economic downturn leading to increased public dissatisfaction. At times, fiscal and economic crises reduce the availability of government resources. They dictate policies that reduce the role of government in the economy and improve competitiveness to attract foreign investment. As the increasing costs continue to be passed on the economic actors and consumers mainly through taxation, the magnitude of these negative externalities determines the extent to which the practice of clientelism is fiscally sustainable and socially tolerable. Moreover, rising negative externalities from intensive clientelism increase the burden each economic actor experiences and a point could be passed beyond which there is a strong incentive for organising collective action to push for limits to clientelism and reforms in the economy. Provided that the government largely relies on the health of economic activity for its revenue, it may confront serious pressures by citizens,

taxpayers, consumers and its creditors. A change of economic policy may be unavoidable. This is more likely to happen when the government understands that the benefits of continuing with the particular economic model and its clientelistic practices are outweighed by the increasing political cost from deteriorating government finances and poor economic figures. The shift in economic policy model may include the elimination of quotas and license fees for business activities and the abolition of the system of permits and allowances awarded to loyal supporters. As a result, the scope for government discrimination is also reduced.

To the extent that economic reforms reduce the political sector of the economy, they limit the role of the state in the economy and the degree to which government discriminates in the allocation of resources (c.f. Ades and Di Tella, 1999). The pattern that has so far secured the stability of the hegemonic party system starts to wear away. As the number of those left outside clientelism increases, another tipping point could be reached. The opposition now has the chance to step in and recruit supporters among the excluded ones and among those who bear the brunt of clientelist politics, promising them future benefits in the event it comes to power.

Nevertheless, not all types of economic reform necessarily reduce the capacity for clientelist exchange. A reform may simply change the form of clientelist policies (Lim and Stern, 2003). Kelly McMan (2009) argued that, when market reform takes place in a context where prior to reforms state intervention in the economy was extensive, reforms may reduce the state's economic role but could also fail to actively develop market-enhancing institutions. These reforms are likely to give rise to new rounds of particularistic demands. Tangri notes that the process of privatisation has often increased the government's leverage over business: as the interested buyers compete for shares, the government can still choose the winners who will be allowed to buy public assets, often at bargain prices (Tangri 1999, 59). In addition, the partial privatisation of state-owned enterprises when a substantial share remains in the hands of the government is less likely to replace political incentives with a purely private logic in the management.

Furthermore, informal clientelist relations between the business community and the government may still develop in a new economic context. The choice of reforms, the sequence of reforms and the beneficiaries of these reforms may still reflect previous agreements between patrons and clients. New ties can restrain the business community's autonomy and impede the formation of cohesive and autonomous interest groups. As Pearson observed in China, the rising business elite has been co-opting with the government as its success continued to be heavily dependent on cultivating good relations with government officials. Hence, despite an accelerating rate of market-oriented economic reform, the private sector in China is not leading the call for greater political freedoms (Pearson, 1997). In Russia, economic restructuring in the 1990s gave rise to new business elites that took advantage of market distortions during the early stages of the transition to capitalism and then resisted further reforms (Hellman, 1998). As the state increased its capacities and roles, most of the economic elite allied with Putin and helped him to address the serious challenge posed by the alliance of Luzhkov and Primakov in the 1999 presidential elections (Colton and McFaul, 2003; Hashim, 2005). Finally, local idiosyncracies may provide new opportunities for discrimination, for instance in Kenya or Zimbabwe where the distribution of land became a resource for clientelist practices (Klopp 2000).

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