

## Chapter 6: Political Survival

As every sports fan knows, election to the Hall of Fame requires consistent, high quality performance over many years. One good season is not enough. John F. Kennedy envisioned a different sort of leadership Hall of Fame. In *Profiles in Courage* he highlighted political leaders who sacrificed their own continuation in office in pursuit of a noble cause. These were individuals who, in our terms, produced public goods even when doing so meant losing their job. Few political leaders are profiles in courage.

If citizens were to choose leaders to belong to a Leadership Hall of Fame, they might emphasize individuals who consistently, over a long career in office, produced peace and prosperity for their country. Peace and prosperity, after all, are the cornerstones of a flourishing, successful government that does its utmost to promote the well-being of its citizens.

If national leaders were to select candidates for a Leadership Hall of Fame, their criteria might be different. They might forego measures of peace and prosperity and just emphasize longevity in office. Long tenure is not necessarily the hallmark of a government that promotes social welfare, but it is the hallmark of a politically successful leader.

These two Halls of Fame illustrate several principles. Each membership list reflects the twenty-five leaders who took office in 1945 or after and who met the requisite performance criteria by 1992, the last year for which we have leadership data. The “citizens pick” list selects post-World War II leaders who, over their tenure in office, produced a long-term growth rate that ranks in the top quartile for all heads of national governments during that period. Additionally, to make the list, an incumbent’s country had to be without involvement in even a single military dispute during his or her time in office. Finally, from among all those who meet these “good policy performance” criteria, the list chooses the twenty-five with the longest tenure in office.

The second list, the “leaders pick” Hall of Fame, chooses those individuals who came to power from 1945 on and who were among the twenty-five longest lasting leaders without regard for whether they performed well in producing peace and prosperity for the average citizen. Not even one member of the citizens list appears on the leaders list.

Just how different the lists produced by these two sets of criteria would be is evident from a comparison of Tables 6.1 and 6.2<sup>1</sup>

Table 6.1: Citizens Pick the Leadership Hall of Fame

Leader	State	Tenure	Long-Term Growth	W
Pereira	CAP	15.7	0.052	0.75
Mintoff	MLT	13.5	0.058	0.75
Barrow	BAR	9.8	0.047	0.75
Olivier	MLT	9.30	0.071	0.75

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<sup>1</sup> Missing data may result in the exclusion of some leaders on either list who otherwise would have ranked in the top twenty-five on the relevant criteria. Fidel Castro, for instance, is missing from the Leaders Pick Hall of Fame because of incomplete data about Cuba on some of the variables that select leaders into or out of the Hall of Fame, but otherwise would surely have qualified. As is evident in several empirical chapters, missing data itself often indicates problems in governance within the societies that withhold pertinent information.

Gowon	NIG	9.0		0.100		0.00	
Lynch	IRE	6.3		0.049		1.00	
Razak	MAL	5.3		0.049		0.75	
Blaize	GRN	5.0		0.087		0.75	
Haughey	IRE	4.9		0.051		1.00	
Shearer	JAM	4.9		0.069		1.00	
Obote	UGA	4.6		0.070		0.25	
Eyskens, G.	BEL	4.4	4.4	0.050			1.00
Medici	BRA	4.4		0.091		0.50	
Hermansson	ICE	4.1	4.1	0.046			1.00
De Jong	NTH	4.1		0.048		1.00	
Otilia Ulate	COS	4.0		0.081			1.00
Chiari, Roberto	PAN	4.0		0.049		0.75	
Robles	PAN	4.0		0.049		0.00	
Battle Berres	URU	3.6	3.6	0.172			0.75
Vargas	BRA	3.5		0.048		0.75	
Mba	GAB	3.5		0.084			0.50
Shick	NIC	3.3		0.057			0.50
Yen Chia-Kan	TAW		3.1		0.088		0.50
Constantine I	GRC	3.1		0.059		0.00	
Margai, M	SIE	3.0		0.077		0.75	

Table 6.2: Leaders Pick the Leadership Hall of Fame

Leader	State	Tenure	Long-Term Growth	W	
Tito	YUG	35.0		0.071	0.50
Stroessner	PAR	34.6		0.017	0.75
Kadar	HUN	31.6		0.029	0.75
Lee Kuan Yew	SIN	31.5		0.069	0.75
Ben Ali Bourguiba	TUN	30.3		0.035	0.50
Kaunda	ZAM	27.0	-0.008		0.75
Zhikov	BUL	27.0		0.072	0.50
Mao Zedong	CHN	26.9		0.019	0.50
Pindling	BHM	25.6		0.055	0.75
Kekkonen	FIN	25.5		0.036	1.00
Chiang Kai-Shek	TAW	25.1		0.053	0.25
Ceausescu	RUM	24.8		0.054	0.25
Williams	TRI	24.5		0.043	0.75
Eyadema	TOG	24.3		0.007	0.25
Nyerere	TAZ	23.0		0.018	0.50
Erlander	SWD	23.0		0.031	1.00
Ahidjo	CAO	22.5		0.033	0.50
Traore	MLI	22.4		0.009	0.25
Siad Barre	SOM	21.3		0.007	0.25
Johathon	LES	20.5		0.043	0.25

Senghor	SEN	20.4	0.005	0.75
Marcos	PHI	20.2	0.011	0.25
Ne Win	BUR	19.7	0.019	0.25
Burnham	GUY	19.2	-0.010	0.50

We could have been more cynical and chosen members of the leaders list not only for their longevity in office, but for their success in creating opportunities to steal from the state. This list would be the “Haul of Fame.” Many on the leaders list would remain in the Haul of Fame, but we prefer to believe that government officials are not so venal that they seek office just to aggrandize themselves and their cronies. Thus, the leaders list simply reflects our basic assumption that incumbents want to keep their jobs.

The two Halls of Fame are strikingly different not only in their composition, but also in the characteristics of their members. The average long-term growth rate achieved by the citizens list is 6.8 percent per annum; for the leaders list the average growth rate is 3.1 percent. It is extremely unlikely that the difference reflects chance ( $p=.000$ ).<sup>2</sup> The tenure of the leaders on the two lists are also dramatically different even though longevity in office was a selection criterion for both lists. Those in the citizens Leadership Hall of Fame lasted, on average, about 5.5 years, while those on the leaders list survived on average 25 years in office. Again it is extremely improbable that this is a chance occurrence ( $p=.000$ ). Also noteworthy is the difference in democraticness and the size of the coalition on which the leaders depended (the respective probabilities of a chance difference are  $p=.06$  and  $p=.09$ ). The citizens list, though not chosen by institutional criteria, favors more democratic, larger coalition systems. The leaders on the citizens list have an average democracy score of 0.62 and an average coalition score of 0.67. The leaders list, though also not selected on institutional criteria, has an average democracy score of 0.39 and a coalition average of 0.53.

The differences between the two Leadership Halls of Fame reinforces results reported in the first chapter. Those who produce good performance also produce relatively short-lived terms of office. Those who enjoy persistence in power perform at a lower level. Those who do a good job tend to depend on large coalitions while those who perform less well, in terms of public welfare, depend on smaller coalitions. The remainder of this chapter is devoted to a close and careful exploration of the theoretical and empirical relationship between institutions for selecting leaders, policy performance, and the effect these factors have on the risks leaders face of being deposed.

In this chapter we examine the survival of leaders. We reexamine the theory developed in chapters 2 and 3 and derive predictions as to how institutions and policy performance influence persistence in office. [After developing modifications to our basic model designed to account for leadership deposition, we examine the empirical evidence regarding predictions we derive and](#)

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<sup>2</sup> The comparison probably *underestimates* differences in growth rates because, though well represented on the list, poorly performing African leaders were disadvantaged in making the second list. This is so because decolonization generally occurred well after 1945, thereby reducing the available years for African leaders to make it onto either list. Unfortunately, given the continent’s overwhelmingly poor performance during the past four decades, probably no African leader was excluded from the first list – the citizens pick list – because of a foreshortened opportunity to come to power before the 1950s or 1960s.

then discuss the effects of mortality and term limits in the context of the selectorate logic.

## Survival as Explained by the Selectorate Theory

In the model in chapter 3 all leaders survive. Consequently, that model cannot predict how leader tenure varies with the sizes of the winning coalition and selectorate. We present four extensions of that model to provide different reasons why challengers can and do replace incumbent leaders. We discuss each of these reasons informally, rather than through formal models, because each adds substantial complexity to the model. All of these extensions are straightforward, and several parallel approaches that have been pioneered by others (xxx add citations).

The world of the model presented in Chapter 3 is very certain and regular, allowing leaders to calculate exactly what policies will keep them in office. The political world is buffeted with changes of economic fortune; when the followers of a leader judge her on economic performance, such changes can bring her down. Additionally, there is no effective variation between leaders and challengers in the basic model; real world leaders vary substantially in their ability to manage the organs of their government to produce benefits for their followers. In the basic model, affinities between the leader and her followers are known perfectly, yet the affinity between followers and the challenger are a complete mystery. In reality, leaders, challengers, and members of the selectorate have some sense of their affinities for each other, but experience helps to clarify those beliefs. Changes in economic fortunes, particularly competent challengers, and more equal information in the hands of challengers and incumbents about affinities all create chances for leaders to be removed from office, and so can explain leader tenure. All of these approaches lead to similar conclusions about patterns of leader tenure across selection institutions. The common conclusions give us confidence that our underlying argument about how selection institutions drive the provision of public and private goods also reflects the dynamics of leader tenure in office.

The first argument focuses on how the vagaries of the economy cause variations in the amount of resources available to the leader. These variations in available resources change the level of goods that the leader can produce. Changes in the level of goods would not matter if the leader's followers could determine the precise economic conditions and so the available resources. If they cannot observe the available resources, then the leader has an incentive to divert resources to her own use and claim that the economy prevents her from producing the level of goods normally expected. This argument then shows how economic downturns lead to leader removals and why some leaders in some systems seem immune to this threat.

The second argument begins with the assumption that politicians, leaders and challengers, differ in their competence. More competent leaders are able to produce higher levels of goods from a given level of resources. Contests for leadership then focus on competence because more competent leaders will produce more goods in the future for members of their winning coalition. Of course, the importance of competence varies with selection institutions because of the nature of the goods that the leader provides to her winning coalition.

The third and fourth argument loosens our restrictive assumptions about affinities between leaders and followers. Our original model favors the incumbent heavily by assuming that affinities between selectors and her are common knowledge and that affinities between the challenger and the selectors are completely unknown. These assumptions create a situation in which the members of the leader's winning coalition always know that they will always receive private

goods in the future if they remain loyal and that they have no idea whether the challenger will include them in his winning coalition if he is chosen as leader. The risk of exclusion in the original model is, then,  $1 - W/S$  because every selector has an equal chance of being in the challenger's winning coalition in the future.

We loosen these assumptions in two ways. The third argument assumes that affinities are never fully known but are revealed through interaction over time. Because selectors have more experience with the incumbent than the challenger, they can more accurately predict whether they will be included in the winning coalition in the future if the leader is retained. The risk of exclusion from private goods continues to operate for members of the current winning coalition.

Our fourth argument assumes that all affinities are known to all, **thereby relaxing the incumbency advantage assumed in the basic model of chapter 3**. Selectors then know whether the challenger will include them in his winning coalition should he come to power. Members of the winning coalition are willing to defect to the challenger when they have stronger affinity with him than with the current leader. The leader counters the possibility of such defections by over-sizing her coalition so that she can suffer some defections from her winning coalition and still have a sufficient number of loyal members to retain power. The defectors can then be excluded from the leader's winning coalition as a punishment for their defection. The risk for defectors from the winning coalition changes, then, from the risk of exclusion in the challenger's winning coalition to the risk of exclusion from the leader's winning coalition if the challenger fails to come to power.

All four of these arguments rely on some basic principles of the logic of the model. We briefly review these principles to highlight their key role in understanding how selection institutions affect leader tenure.

To survive in office leaders need to offer a level of benefits to their supporters that is at least as large as the greatest possible offer that can credibly be made by a potential challenger. The institutions under which they operate influence how much leaders need to spend to offer the requisite benefits. When the winning coalition is large, and so as a consequence leaders rely upon public goods to reward supporters, the incumbent has little advantage over the challenger. In this case the incumbent must spend practically all available resources if she wishes to keep her supporters loyal. There is little slack in the system for the incumbent, and so, although in the original model leaders always have enough resources to survive, we can see that for a leader in a large  $W$  system, even a small exogenous shock is enough to leave her without sufficient resources to match the challenger's best offer. As a consequence, leaders in large  $W$  systems find it hard to retain office.

When the winning coalition is small, private goods predominate in the package of rewards that leaders offer. As described in chapter 3, incumbents are advantaged in their ability to provide future private goods. Hence when political competition is primarily based on such rewards, incumbents find it easy to match the best possible offer that challengers can make. This leaves lots of slack in the system and allows such leaders to redirect resources towards discretionary projects. These excess resources can also be redirected to providing additional benefits to compensate for any deficiency in rewards caused by an economic or other shock. This ability to reserve resources for a rainy day is particularly strong when the selectorate is large. Leaders in small  $W$  systems find it easier to survive shocks or the introduction of incomplete information.

Although all leaders survive in the model presented in chapter 3, with the addition of incomplete information or exogenous shocks to the system, leaders can not be certain of surviving. Yet the greater the difference between a leader's available resources,  $R$ , and the

amount the leader actually needs to spend,  $M$ , the more slack there is in the system and the easier it is for leaders to compensate supporters in response to an exogenous shock or in the face of an unusually attractive challenger. The gap between available and required resources ( $R-M$ ) provides a metric to measure the ease with which leaders survive. The smaller  $W$  is, the greater the difference between  $R$  and  $M$  and, therefore, the easier it is for small-coalition leaders to survive. Large selectorates also make it easier for leaders to survive since large  $S$  increases the risk of exclusion from future coalitions, thereby enhancing the loyalty norm. The influence of  $S$  is most important when  $W$  is small.

We now turn to an elaboration of each of the four arguments set out above as each can help explain leader tenure. We do not give any one argument priority over the others because we believe all of them capture some elements in political competition that lead to the removal of leaders. Slack resources and the loyalty norm play a central role in the implications that follow from each of the four arguments.

## Leader Competence

Leaders vary in their competence. While there are many dimensions of political competence, we focus on the leader's ability to induce the government to run efficiently. More competent political leaders, in our view, are able to produce more goods, both public and private, from the same pool of resources. Competence then helps a leader retain office and a challenger gain office because each is capable of doing more for the selectorate (or their coalition of supporters) than are less competent others. For convenience, we will think of leader competence as a factor that divides the prices the leader pays to produce public and private goods.<sup>3</sup> The higher this factor, the more competent the leader. A leader of average competence has a factor of one, incompetent leaders have factors less than one, and highly competent leaders have factors above one. In essence, the resources available to a leader increases in her competence; if a leader's competence is  $K$  and the pool of resources available is  $R$ , she has  $KR$  resources to allocate.<sup>4</sup>

Competence influences the value of the challenger's offer of goods to the selectorate. More competent challengers offer more public and private goods because their prices for both are lower. Recall that challengers commit all available resources to public and private goods in order to produce the most attractive offer they can to the selectorate. The exact mix of goods that the challenger offers depends on the values that the selectorate attaches to public versus private goods at the level of the offer. In equilibrium, the challenger's offer equates marginal utility divided by price for both goods; because competence divides the price of both goods by the same factor, any shift in the ratio of public and private goods offered depends solely on which good the selectors value more highly at the margin. A more competent challenger offers both more public goods and more private goods than a lesser challenger.

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<sup>3</sup> We model competence as influencing all prices paid to create goods equally in order that a leader's competence does not affect the relative prices of the goods. Changes in competence could produce different allocations to private and public goods through income effects though.

<sup>4</sup> To be careful, higher competence does not exactly increase resources by a fixed factor because it does not change the price of resources that the leader retains for her own uses.

The competence of the challenger affects how many resources the leader commits to public and private goods. Against a highly competent challenger, the leader may not be able to produce enough to retain power, even given the advantages of the loyalty norm. Because coalition members discount any future benefits from private goods if the challenger wins by their risk of exclusion,  $W/S$ , there must be either a vast difference in competence or the winning coalition must be large enough to force the leader to produce predominantly public goods in order for the challenger to make a more attractive offer to the current winning coalition than can the incumbent. In most cases, the incumbent could produce enough to hold the loyalty of her winning coalition *if* she knew the challenger's competence. The incumbent would offer enough so that every member of her winning coalition remained loyal. The amount that the leader needs to offer to beat a challenger of a given competence  $K$  increases with  $K$ , the challenger's competence, because more competent challengers can offer more to members of the winning coalition. The winning amount also rises with the size of the winning coalition,  $W$ , because increases in  $W$  drive leaders to produce more public goods and reduce the amount of the private goods that each individual member of the winning coalition receives. The reduction in private goods also reduces the consequences of the risk of exclusion for members of the winning coalition. The winning amount declines with increases in the size of the selectorate because the risk of exclusion rises. As before, the size of the selectorate has its greatest effect when the winning coalition is small, so that the incumbent relies on private goods to retain her position. We expect that introducing a known level of competence for the challenger creates a chance that a highly competent challenger will replace the leader, and that this possibility is more likely in systems with large winning coalitions.

The picture changes dramatically if the leader does not know the challenger's competence when she sets policy. This uncertainty creates a risk-return tradeoff for the leader. The more resources she commits to public and private goods, the less the chance that her challenger will be competent enough to offer the winning coalition more than she offers. However, those additional resources come at the expense of the resources she could otherwise retain for her own use. Reducing her allocation to goods raises her own pool of resources and her risk of removal. Exactly where the leader strikes this balance depends on her own competence and the selection institutions. The more competent the leader, the more public and private goods she produces, and so the risk of removal decreases. Part of the reason for this shift is that more competent leaders use fewer resources to produce a given level of goods. Consequently, they retain more resources, and their expectation from holding office is greater than that of less competent leaders. The greater value of holding office leads them to insure their position by producing more goods, reducing their risk of removal. Length of leader tenure should – unsurprisingly – increase with competence.

The larger the winning coalition, the more risk of deposition the leader should accept. As the winning coalition increases, the leader commits more resources to satisfying the winning coalition, thereby reducing her own pool of resources and the value of holding office. A leader compensates by reducing her commitment to goods, raising both her risk of removal and her payoff in this round. Increasing the size of the selectorate inclines the leader to reduce her risk of removal by committing more resources to goods for her winning coalition *when* the winning coalition is small.

What pattern of leader tenure does this argument imply? Over time, all systems select leaders on the basis of competence; less competent leaders are more likely to be removed than

highly competent leaders. This selection pressure is higher in systems with large winning coalitions. Democratic elections are contests of competence, as judged by the voters both retrospectively and prospectively. The risk of removal is greater in systems with large winning coalitions in part because leaders expect a short tenure. Systems with small winning coalitions allow incompetent leaders to retain power by providing their winning coalition with private goods, and this effect should be more pronounced as the size of the selectorate grows (holding the size of the winning coalition fixed). Still, highly competent leaders should be extremely difficult to remove in systems with small winning coalitions. They can easily ward off challengers, allowing them to retain a greater proportion of resources for their own use. Consequently, they work hard to retain office because it is so valuable to them.

## Economic Shocks

The basic model assumes that the resources of the state are unaffected by external circumstances. In reality, the resources that the state extracts from the population depends on the condition of its economy and the condition of the economy is partially dependent on external factors. State revenues go up and down as the economy does so. Industrial economies have business cycles; economies dependent on exports of primary products suffer from shifts in the world price of the goods they export. These changes in economic fortunes can be thought of as “shocks,” random occurrences outside the control of the leader. The idea of economic shocks is common in much of macroeconomics (citations to rational expectations). These shocks are modeled as a random walk around the underlying economic trend, which, as we saw in chapter 4, the leader does influence. Fluctuations in resources should be reflected in the level of public and private goods that the leader can provide to her winning coalition. Fewer resources available in a period should mean a lower level of public and private goods.

At first blush, economic shocks should not matter. The challenger’s offer cannot exceed what can be produced with the currently available resources. The same strategic dynamics of the risk of exclusion and the loyalty norm should operate no matter what level of resources are available in the current round. *If* the members of the winning coalition know what resources are available in this round, economic shocks should have no effect on the logic of leader survival. Because the leader’s abilities are irrelevant to the occurrence of economic shocks, followers should not draw inferences about future benefits from the occurrence of a temporary economic downturn.<sup>5</sup>

The argument above, like the model in chapter 3, assumes that members of the selectorate have a great deal of information about economic conditions. Two limitations on their information could explain how economic shocks influence and help explain the removal of leaders. First, members of the selectorate may not know precisely what current economic conditions are. Instead, they can only observe the public and private goods that the leader produces and compare them to their limited knowledge of the current state of the economy. Second, selectors may not

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<sup>5</sup> The term for declines in economic growth has changed over time as politicians have attempted to downplay their consequences. What were once panics became depressions, depressions became recessions, and finally recessions have become downturns. When will politicians discover the term “economic shocks” in their quest to avoid responsibility for economic contractions?

know the leader's competence and so are forced to use current economic conditions to infer the leader's ability to produce the goods they want. This argument also requires that selectors not know the precise current state of the economy; otherwise they could sort out the effects of economic shocks to determine the leader's competence.

These uncertainties present a problem in judging the leader's performance because the leader also has an incentive to reduce the level of public and private goods provided in order to divert resources to her own purposes. When individual members of the winning coalition do not know the state of the economy, the leader could attempt to reduce the goods she provides them and blame the shortfall on a bad economic shock. Alternatively, an incompetent leader could blame her inability to produce the expected level of goods on a temporary economic downturn outside of her control. When the selectors do not know the state of the economy, they cannot tell whether such excuses for poor leader performance are true. Consequently, they cannot believe such stories from the leader or else the leader will take advantage of them, either to divert resources to herself or to enable her to hold office even when she could be defeated by a more competent challenger.

Members of the winning coalition can protect themselves from such exploitation by the leader by adopting a simple strategy of removing the leader whenever her performance falls below a fixed level (Ferejohn 1987). This threat induces the leader to produce the necessary level of goods whenever she can, that is, when economic conditions are good enough to allow her to do so subject to her competence. What level of goods should the winning coalition demand to retain the leader? A higher demand will force the leader to produce more when she can. However, there are limits to how high the level should be pushed. It should not exceed the value of the challenger's best offer assuming a normal economy (the shock equals 0) and a challenger of average competence (if uncertainty about competence exists). Otherwise, the winning coalition sometimes will remove the leader when she can outperform what they expect from the challenger.

The leader will be better able to meet the demand of the winning coalition, and so retain office, the greater the slack resources that she would retain for her own uses under average conditions. First, she can allocate some of the slack to compensate for a bad economic shock. Second, she can stockpile slack resources over time to provide an emergency fund for bad economic times.<sup>6</sup> As before, slack resources ( $R-M$ ) that the leader can use for her own purposes decrease as the size of the winning coalition increases and increase as the size of the selectorate increases. If leader competence is included, more competent leaders are more likely to survive an economic downturn. Modern, mass democracies then are most likely to replace their leaders because of a decline in the economy. These leaders have the fewest slack resources. Unlike the earlier argument about leader competence, it does not take a more competent challenger to remove the incumbent. Even highly competent leaders face the prospect of economic times so bad that they cannot please their winning coalition.

In the long run, leaders answering to a small winning coalition should become more entrenched in office as their tenure extends. Not only is the chance of a shock big enough to remove them less than in large winning coalition systems, but also they can create and retain a stockpile to fend off a challenge when the economy is weak. Leaders who answer to a large

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<sup>6</sup> As this discussion is informal, we do not go into the exact questions of stockpiling resources, either how much is enough nor the tradeoffs involved in setting the size of the stockpile.

winning coalition can attempt to stockpile resources when the economy is strong; however, they do not have as much slack to stockpile as authoritarian leaders and they are more likely to be called to use their stockpile to hold office in response to small downturns in the economy.

## Partial Knowledge of Affinities

The basic model assumes that all affinities between leaders and selectors were fully revealed as soon as the leader came to office. In reality, learning about these idiosyncratic factors is gradual. Selectors and leaders continue to learn about each other over time. Least is known about challengers because the affinities between them and prospective followers have not been put to the test. One's closest supporters in the climb to power may seek power for themselves once they are close to the leader. Should the challenger come to power, affinity between leaders and their followers will be tested by the competition to hold power. The learning curve between leaders and their supporter should be steepest at the beginning of the leader's term. Yet affinities will not be completely revealed upon assuming office, so leaders and selectors continue to learn about each other as long as the incumbent is in office, although presumably at a decreasing rate.

Once affinities are fully revealed incumbents can fully and credibly commit to maintaining members of their current coalition in all future coalitions. This creates the loyalty norm. The incumbent can promise future private goods to her coalition with certainty, while the challenger can promise them only probabilistically since, upon learning affinities, he will realign his coalition. This ensures that the loyalty norm favors the incumbent. The strength of the loyalty norm depends upon the relative value of inclusion versus exclusion from the coalition, and the probability of inclusion versus exclusion. When  $W$  is small, the majority of rewards are in the form of private goods so the cost of exclusion is high. When the ratio  $W/S$  is small the risk of exclusion is high. Therefore, the loyalty norm, and the resulting incumbency advantage, is strongest in small  $W$ , large  $S$  systems.

The loyalty norm only functions when learning has taken place. Prior to learning that their place in future coalitions is secure, members of a leader's current coalition are reluctant to commit to her. This implies that in small  $W$ , large  $S$  systems, once affinities are known leaders find it easy to survive in office. In the language of survival analysis, their hazard rate drops once they learn about affinities. Since learning occurs over time, leaders find it easier and easier to survive politically as their tenure in office progresses. The longer they have been in office, the more growth they experience in the loyalty norm that is induced by their ability to credibly promise future private goods. Consequently, we should expect the risk of political deposition to drop over time for leaders who depend upon a small coalition for their survival.

In contrast, in large coalition systems the majority of rewards are provided via public goods. As such, the cost of exclusion from future coalitions is low; and the risk of exclusion is also low since  $W/S$  is large. The loyalty norm is weak in such large coalition systems and the incumbent is little advantaged relative to her challengers since political competition is based on the quality of public policy. While in such systems, the risk of political deposition also falls over time as affinities are learned, the reduction in risk is small. Leaders who depend on a large coalition always find it difficult to survive in office.

The pattern of survival is radically different during the early period in office, what we termed the transition period in chapters 2 and 3. Unfortunately for a new incumbent early in her term – when there is still considerable uncertainty about affinity – the new leader has little incumbency advantage in the supply of private goods. This lack of advantage is especially telling

for small coalition leaders as they are most dependent on private goods allocations to keep them in office. Members of the current coalition who suspect they will not be included in the incumbent's long run coalition want to depose the new leader before she can learn affinities and realign her coalition, dropping those in the transition coalition who are believed to be least loyal. For leaders in small W systems, the early years in office are especially treacherous. Should they survive the early years, however, their risk of political deposition becomes remote.

## Defection and Oversized Coalitions

In the basic model, the leader can always hold the loyalty of her winning coalition in part because coalition members have no expectation beyond random chance about whether they will receive private goods if the challenger comes to power. In the real world, selectors have some knowledge of their affinity with the challenger, and so the challenger can attempt to recruit members of the current winning coalition who are close to her. As a contrast to the model where selectors know nothing about their affinity with the challenger, we discuss a model where they know their affinity for the challenger when they must select between the leader and the challenger.

Selectors prefer a leader with whom they have a closer affinity. Consequently, members of the winning coalition will defect to the challenger if they have a higher affinity for the challenger than for the current leader. These opportunistic defections create a risk for the leader that she will lose enough members of her winning coalition to force her from office. This risk increases with the size of the winning coalition as a proportion of the selectorate. When the winning coalition is a small proportion of the selectorate, the leader chooses a winning coalition with whom she has a strong affinity. It is unlikely that the members of this small coalition will have higher affinity for the challenger than for the leader and so they are likely to remain loyal to the leader. As the size of the winning coalition grows relative to the selectorate, the leader must include selectors with whom she has lower affinities. These members of her winning coalition are more likely to defect simply because the chance that they have a higher affinity for the challenger is substantial ( $p > 1/3$ ). So the probability of defections from the winning coalition grows with the size of the winning coalition relative to the selectorate.

The leader can compensate for these possible defections by over-sizing her coalition. Needing at least W members to hold power, adding extra members to her winning coalition increases the chance that she will still hold the loyalty of W members after defections. The value of over-sizing the winning coalition decreases as W increases relative to S. When W/S is small, the members of the winning coalition have high affinity with the leader and so are unlikely to defect. The leader then needs to add only a few extra members to her winning coalition to significantly increase her chances of holding power. When W/S is large, the chance of some defections is large, forcing the leader to oversize her coalition substantially to provide insurance against deposition. Over-sizing the coalition means both bringing in members of dubious loyalty to the leader and spreading private goods across more members of the expanded winning coalition. Because the private goods committed to the oversized coalition come out of the resources the leader retains for her own use, she always faces a decision about whether she should add another member to her coalition, costing her resources, or live with a smaller winning coalition, raising her risk of removal.

As both W and S get larger, that is, as the selectorate expands while holding the selection ratio constant, the leader provides more public goods relative to private goods. Slack resources also decrease as she must commit more resources to public and private goods in her efforts to

retain office. This shift by itself increases the risk of removal because it reduces the difference between the offers of the challenger and leader, increasing the chance of defection. It also decreases the value of holding office because the resources that the leader can use for her own purposes decrease. These two shifts oppose each other in their effect on the leader's interest in over-sizing her coalition; the former pushes her towards adding more extra members in order to reduce the risk of removal, while the latter inclines her to cut back on extra members in order to retain more resources for her own uses. Separating the effects of the sizes of the winning coalition and selectorate while holding the other constant, increases in the size of the winning coalition raise the chance that the leader will be removed, and increases in the selectorate decrease the chance that the leader will be removed. This argument, like the three previous arguments, implies that autocratic leaders face the least risk of removal and democratic leaders the greatest risk.

Table 6.3 pulls together the implications of the four arguments on how leader tenure varies with selection institutions. All four arguments predict that the risk of removal decreases as the size of the winning coalition shrinks; leaders of large winning coalition systems face the highest risk of losing office. All four arguments also predict that the risk of removal decreases as the selectorate increases. The slack resources available to the leader (R-M) provides a gauge of the leader's ability to weather a challenge to her, and such resources are largest for small winning coalition, large selectorate systems, commonly referred to as autocracies. The final column of the table presents the predictions of each for how the risk of removal of authoritarian leaders changes with their tenure in office. The first three arguments predict that authoritarian leaders become more entrenched in office over time. Such leaders are likely to be competent at producing goods for their supporters, have accumulated a stockpile of resources that allows them to weather an economic shock, and have loyal supporters because affinities are well-known. The final argument predicts no variation in removal rate with tenure.

Table 6.3: The Removal Rate of the Leader Decreases as...

Argument	Winning Coalition	Selectorate	Tenure of Leader of Small Coalition System
Leader Competence	Decreases	Increases	Increases
Economic Shocks	Decreases	Increases	Increases
Partial Knowledge of Affinities	Decreases	Increases	Increases
Defections and Oversized Coalitions	Decreases	Increases	No Effect; Removal Rate is Constant with Tenure

Because all four arguments make almost identical predictions about how leader survival varies with selection institutions we have confidence that these conclusions are robust to the exact mechanism that leads to leader removal. We are agnostic about which of these four arguments is "the right argument." Instead, we believe that all four of them capture an aspect of the processes that cause followers to defect from their current leader to the challenger.

While we systematically test these predictions later, we first illustrate the pattern of

survival for leaders in small W systems by examining the Mamluks who ruled Egypt between 1250 and 1517.

## Mamluk Egypt

The Mamluks, often referred to as slave soldiers, constituted a truly fascinating polity of former slaves. They disenfranchised their own offspring, perpetuating their ranks by importing new slaves. The Mamluks attained power in 1250 by deposing the Ayyubid dynasty of the Caliphate. They did so by exploiting the opportunity created by a succession crisis within the then-ruling dynasty and by capitalizing on their victory over French King Louis IX's Crusader armies at the battle of Mansura. Once in power, the Mamluks, who numbered only about 10,000, ruled through harsh means over the native Egyptian population until their defeat by the Ottoman, Selim I in 1517.

The Mamluks were not native to Africa, or even Muslim by birth. They were slave boys typically brought from the Kipchuk Steppe, and later from the Caucasus. They entered one of twelve special schools where, in addition to warfare, they learned how to read and write and were taught the Muslim religion. When these students graduated they were freed and entered the army (becoming Mamluks), but they kept a bond to their former owner who would typically be a senior Amir (Mamluk army officer). Fidelity between the Amir and his former slaves was extremely strong. The Mamluks disassociated themselves from the native Egyptians whom they ruled ruthlessly. They spoke Turkish rather than Arabic, dressed distinctly, typically married either slave girls from their own region or the daughters of other Mamluks, and lived apart from the population in a citadel in Cairo, the Qal'at al-Jabal. Perhaps most interestingly, the descendants of these former slaves typically were disenfranchised because they were born to freed men and not as slaves.

The approximately 10,000 Mamluks alone were responsible for choosing the ruling Sultan. There were no established or accepted rules of selection. Candidates for Sultan needed the support of the Amirs, each of whom had the personal loyalty of his former slaves. These ordinary soldiers worked to further the career of their benefactor, who, should he be made Sultan, would place them in positions of power. The bond of fealty between an Amir and his former slaves meant effectively that a system of bloc voting existed. Although voting per se did not actually occur, each Amir controlled numerous soldiers so that, although there were 10,000 Mamluks, there were effectively only several hundred selectors.<sup>7</sup> A successful Sultan needed to form a coalition of supporters from these Amirs.

This truly was an exceptionally small S and small W system. As predicted, the Mamluks ruthlessly extracted resources from the native population, providing no public goods in return except for defense. We might question even the value of such defense since many Egyptians initially welcomed Ottoman rule. The average Mamluk soldier received wages for service. In

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<sup>7</sup> Ayalon (1977) provides estimates of the number of office holders and Amirs of various ranks. Although the precise numbers vary, they were typically between 100-300, which fits with estimates of one officer per 50 men in the army. The arrangement between Amirs, soldiers, and the selection of the Sultan is reminiscent of the "election" process by which English kings were chosen. Recall that John Lackland needed support from a subset of 236 barons, each of whom controlled knights fees with which to hire and ensure fealty among knights.

addition, a senior officer would receive Iqta, or fief, a form of temporary land grant that entitled him to extract taxes. As an approximate gauge, Finer (1997) reports an estimate that in 1316 a private in the army received an annual salary of 24-52 dinars. In contrast, an Amir of a Hundred received 109,000-126,000 dinars. Kleptocracy also flourished.<sup>8</sup> The Sultan was entitled to 5/12ths of the income of Egypt. The Mamluks seem to fit our predictions for a small system. We now turn to the question of survival under Mamluk rule.

Competition to be Sultan was intense and few individuals managed to remain Sultan for long.<sup>9</sup> The modal category was less than a year and the normal pattern of successors was continual turnover of the Sultan, punctuated with the occasional long reign. Indeed, of the 24 Sultans who comprised the Bahri dynasty, only three survived more than five years (17, 14 and 41 years). Eleven Sultans were removed after a year or less and nineteen of the 24 Sultans were deposed by the end of three years. It appears that once a Sultan survived beyond five years his reign would be long, but few ever achieved such tenure. The problem, as described by Ayalon (1977, pp. 206-220), was that the incoming Sultan would inherit a coalition of officeholders and generals from his predecessor. Unfortunately, while the new Sultan needed these immediate supporters to maintain the continuance of government, he often had little connection with them and wanted to replace them with those who, in terms of our model, had a greater affinity for him. Maintaining the support of those officers who the Sultan intended to replace was a difficult balancing act as they surely were aware of the risks they faced and the benefits that could be gained by overturning him; if the Sultan succeeded in surviving early threats, his tenure was assured.

This pattern of rapid turnover of leaders punctuated by an occasional long reign is a pattern common in many other small coalition systems, such as Syria and most of the other republican states in the Middle East, at least from the 1950s through the 1970s (van Dam 1996). Mexico prior to Porfiro Diaz's dictatorship, which started in 1876, also experienced the rapid turnover of leaders typified by the experience in Mamluk Egypt (Donghi 1993).<sup>10</sup>

## Summary of Survival Predictions

The selectorate theory predicts leaders in small coalition systems have a greater incumbency advantage than their large coalition counterparts if they survive past the initial, transition period. As such, leaders dependent on small coalitions survive in office longer than leaders who depend upon large coalitions. The ability of small coalitions leaders to survive in office is further enhanced by a large selectorate. For leaders in large coalition systems, political survival depends upon the provision of public goods. Since a leader's incumbency advantage is

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<sup>8</sup> The Amirs were ranked as Amir of the Hundred, Forty, or Ten (and sometimes also Five) according to their wealth.

<sup>9</sup> Average tenure was 5.5 years compared with 17 year in the Caliphate and 12 in Byzantium. All figure taken from Finer 1997 p. 734-5.

<sup>10</sup> References: Ayalon, David. 1977. *Studies on the Mumlks of Egypt (1250-1517)*. London: Variorum Reprints. Nikalaos van Dam. 1996. *The Struggle for Power in Syria*. London: I.B.Paurous, Halperin. Donghi, Tulio 1993. *The Contemporary History of Latin America*. Edited and translated by John Charles Chasteen. Durham and London: Duke University Press.

derived from the ability to credibly promise future private goods, a large coalition leader is readily deposed by a challenger offering better public policies. It is always hard for large coalition leaders to survive and their survival depends upon the provision of effective public policy. For leaders in small coalition system survival depends upon their ability to credibly promise access to future private goods. This ability grows as a leader's tenure increases. Therefore, while it is initially difficult for small coalition leaders to survive, it becomes easier the longer they remain in office. We turn now to a systematic assessment of these predictions.

## Empirical Assessment of Political Survival

discuss data etc.... Describe the data. Where did it come from? Randy, I guess this is up to you. **[Is this not done adequately in chapter 4? The new data here are survival time data and leader data – that is what needs to be described by Randy]**

### Benchmarks

Of the 2694 leaders in our data, the mean survival time was 5.06 years, with a median survival time of 2.075 years. Approximately one third of leaders fail to survive their first year; 24 percent of leaders survive five or more years and only 11.5 percent of leaders survive ten or more years.

Coalition size influences survival. Although conceptually  $W$  is a continuous variable, for presentational purposes for much of this chapter we dichotomize the data into small and large coalition systems. We define the variable binary  $W$  to be 1 if  $W \geq 0.75$  and 0 otherwise.

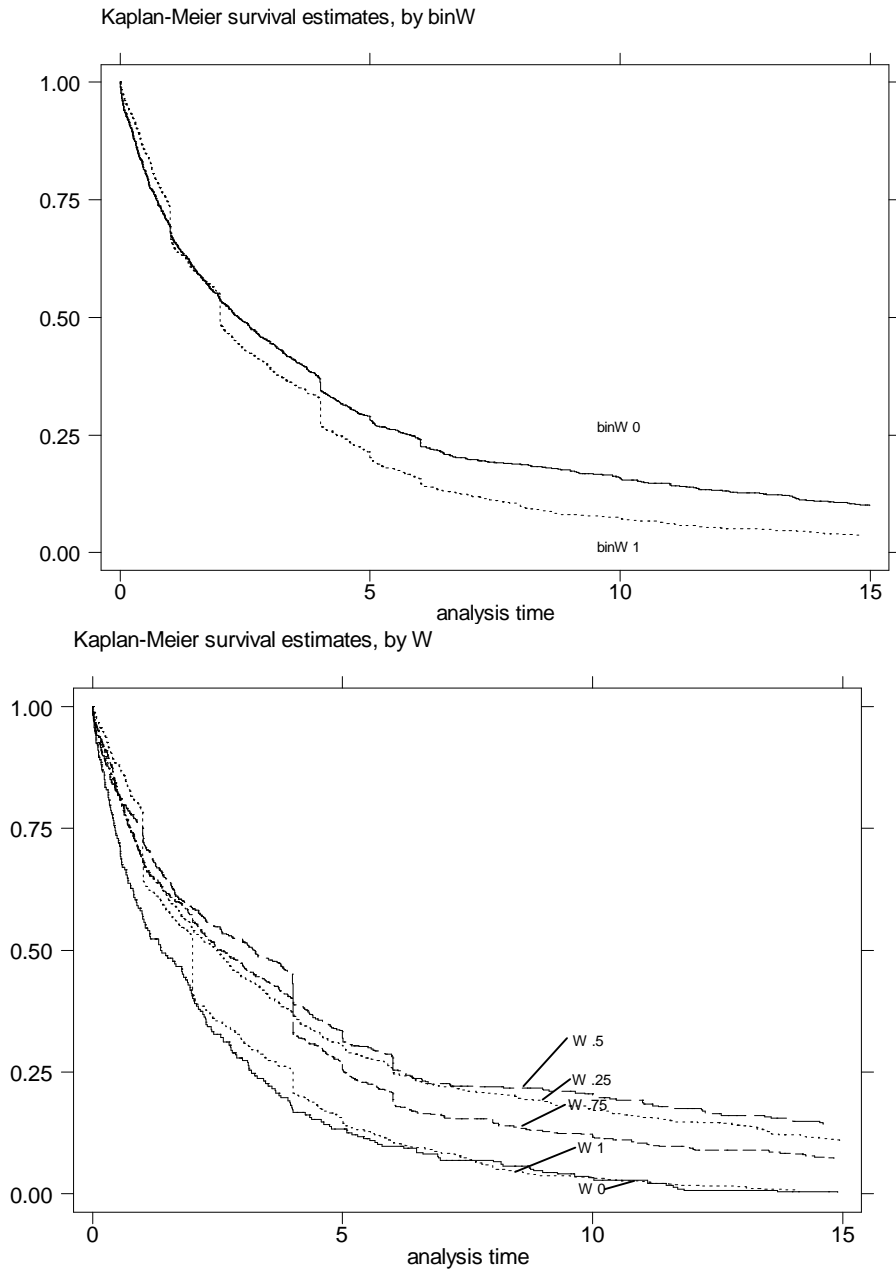
The survival of leaders differs drastically according to coalition size. The mean survival times for small coalition and large coalition system leaders are 5.3 years and 3.9 years respectively. In comparison, the median survival times are 2.35 years and 2.0 years, respectively. While in terms of mean and median survival time, small coalition leaders last longer, the proportionate difference is much greater in mean times. This suggests that while many leaders are removed early in office in both systems, as predicted, conditional on having survived a few years, small coalition leaders survive longer than larger coalition leaders. This is borne out by examining the mean survival times for leaders of small and large coalitions conditional upon surviving at least one year in office. Given this conditionality, the mean tenure in office in small coalition systems is 7.54 years (median of 4.02 years), while in large coalition systems the mean tenure in office conditional upon surviving at least one year is 4.53 years (median of 3.69 years).

Figure 6.1a, which compares the survival of leaders from small and large coalition systems, also supports this conclusion. The vertical axis shows the proportion of leaders who survive. The horizontal axis is time in office. The graphs show the proportion of leaders who survive for a particular length of time in office. For both kinds of systems, approximately 68 percent of leaders survive their first year. By the end of their second year, 54 percent of small coalition leaders are still in office while only 48 percent of leaders in large coalition systems remain. By the end of five years, 28 percent of leaders with small coalitions and 20 percent of leaders with large coalitions remain in office. At the ten year mark the comparative numbers are 16 percent and 7 percent. The differences between the survival curves for small and large coalition systems is statistically significant at the 0.000 level ( $N = 2,486$ ). It would appear that leaders in small coalition systems really do have an incumbency advantage over their large coalition counterparts, but that this advantage takes time to become established.

Figure 6.1b show the survival curves for different sized coalitions ( $W=0, 0.25, 0.5, 0.75,$

1). While more cluttered, this figure reveals the same general pattern. Leaders from small coalition systems find it hard to survive the first few years in office, but subsequently find it easier to survive than leaders from large coalition systems. This high risk during early years is particularly noticeable for the smallest coalitions ( $W=0$ ) which, by the definition of  $W$ , are military regimes. Figure 6.1b shows that the first year drop off in survival for leaders in this category is greater than for other categories. As we discussed with respect to the Mamluks, surviving the first year in such systems is extremely difficult. Indeed only 56 percent of such leaders manage to do so.

Figures 6.1a and 6.1b About Here



Direct comparison of the survival functions supports the conclusion that small coalition leader have an incumbency advantage, but that this advantage takes time to establish. We now provide evidence using the parametric survival analysis technique of Weibull regression (Flemming and Harrington, 1991; Greene 1993; Kalbfleisch and Prentice, 1980)<sup>11</sup>. The principle behind such methods is to estimate the probability of a leader being removed from office at time  $t$ , conditional upon having survived up to time  $t$ . This probability is called the hazard rate,  $h(t)$ .

We estimate how the hazard rate varies with selection institutions and over time. In Weibull regression the hazard rate is modeled as  $h(t) = pe^{X\beta}t^{(p-1)}$ , where  $t$  indicates time in office thus far,  $X$  is a vector of regressors,  $\beta$  is a vector of coefficients and  $p$  is an ancillary parameter which indicates the extent to which the hazard rate changes over time. We use maximum likelihood to estimate the parameters  $\beta$  and  $p$ .<sup>12</sup> If  $p$  is greater than one, then leaders are at greater risk of deposition as their term proceeds. In contrast, if  $p$  is less than one, then the risk of deposition declines over time. Our theory predicts leaders in small coalition systems find staying in office easier the longer they have been in office, which implies that  $p$  is less than one. In large coalition systems, where political competition is based upon the quality of public policy, the incumbency advantage derived from the ability to promise future private goods once affinity is learned is much smaller. Therefore, in large  $W$  systems the ancillary parameter  $p$  should be larger than in small  $W$  systems.<sup>13</sup>

Since the theory predicts that the ancillary parameter  $p$  differs according to the size of  $W$ , we extend the standard Weibull model and assume  $p$  depends upon the institutions, in particular upon  $W$  and  $S$ . Table 6.4 shows the results of these analyses. In Model 1  $W$  is included as both a standard regressor and as a determinant of the ancillary parameter,  $p$ . While the negative coefficient for  $W$  in the  $X\beta$  indicates that leaders from large coalition systems find it easier to survive, the effect is insignificant. The effect of  $W$  on the ancillary parameter however is large and significant. Model 1 indicates that the ancillary parameter for the smallest coalition systems ( $W=0$ ) is 0.603, indicating the hazard for leaders in such systems declines rapidly over time. In contrast, for the largest coalition systems ( $W=1$ ) the ancillary parameter is  $p=0.919$ . The hazard rate for leaders of large coalition systems declines only slightly. In Model 2, which includes  $S$  as a

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<sup>11</sup> Flemming, T. R. and D. P. Harrington. 1991. *Counting Processes and Survival Analysis*. New York: John Wiley and Sons.

Greene, William H. 1993. *Econometric Analysis* (2<sup>nd</sup> ed.). Englewood Cliffs, NJ: Prentice-Hall Inc.

Kalbfleisch, John D. and Ross Prentice. 1980. *The Statistical Analysis of Failure Time Data*. New York: John Wiley and Sons, Inc.

<sup>12</sup> We use the routines in STATA version 7 throughout.

<sup>13</sup> While we expect  $p$  to be larger in large  $W$  systems than in small  $W$  systems, we do not have a theoretical basis to predict whether it will be greater or less than one in large coalition systems. While small, the theory predicts there is some incumbency advantage in large  $W$  systems. This suggests that  $p$  should be less than one. The natural mortality of leaders, of course, rises as they age. This suggests  $p$  should be greater than one. These effects offset to a certain extent but we do not know which effect dominates. In a later section we explore the implications of the selectorate theory regarding political survival as leaders age.

regressor, the ancillary parameters for the smallest and largest systems are 0.611 and 0.974, respectively.

Table 6.4 About Here

Table 6.4: Weibull and Exponential Analysis of How Institutions Influence Leader Survival.

		Model 1	Model 2	Model 3
XB	W	-0.208 (0.228)	-0.149 (0.268)	-.234* (.105)
	S		0.323** (0.113)	
	ln(years+1)			-0.672** (.0467)
	W*ln(years+1)			0.448** (0.076)
	constant	-.895 (.123)	-1.125** (0.163)	-0.754** (0.069)
Ancillary parameter, ln(p)	W	0.421** (0.127)	0.467** (0.169)	exponential regression: p fixed at p=1.
	S			
	constant	-.506 (.402)	-0.493** (0.078)	
	Observations	N=13623	N=8250	N=13623
	log likelihood	-4617.07	-3142.38	-4618.59

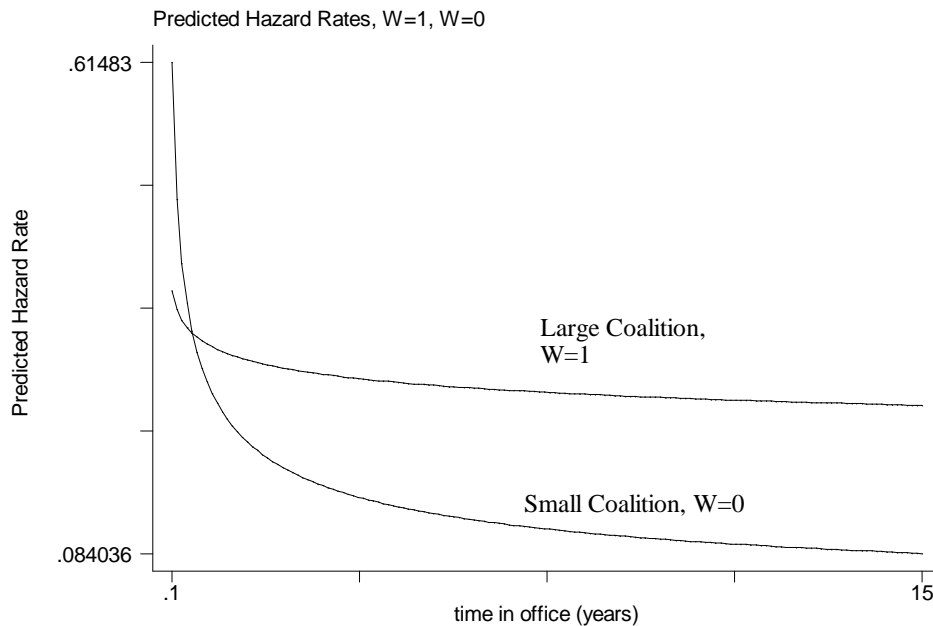
\*\* 1 percent significance, \* 5 percent significance (Standard errors in parentheses)

Figure 6.2 plots the predicted hazard rates generated from Model 1 for  $W=1$  and  $W=0$ . For the first six months of office, leaders from small coalition systems are at greater risk of deposition than leaders from large coalition systems. Beyond this first half year, leaders from small coalition systems find it much easier to survive. That is, the early transition period is especially risky for small coalition leaders whose survival depends on their reliable commitment to provide coalition members with private goods, a commitment they cannot make before learning more about affinities. As private goods are less important to the survival of large coalition leaders, these results are precisely what the selectorate theory leads us to expect.

Figure 6.2: Predicted Hazard Rates, Large and Small Coalitions

Since modeling the ancillary parameter as linearly dependent upon regressors is relatively uncommon, we use a more conventional approach in Model 3 to demonstrate how time in office radically reduces the risk of removal in small coalition systems but not in large ones. Model 3 is the exponential model, which fixes the ancillary parameter at  $p=1$ . Two additional regressors,  $\ln(\text{years}+1)$  and its interaction with  $W$ , are added. The variable  $\ln(\text{years}+1)$  is the logarithm of the number of years that a leader has been in office plus one. The addition of one is to ensure that the logarithmic operation is possible. The negative coefficient on the  $\ln(\text{years}+1)$  variable indicates that the risk of deposition declines over time. While the effect is strong and significant, the positive coefficient on  $W*\ln(\text{years}+1)$  mitigates the effect for large coalition systems.

The growing incumbency advantage enjoyed by small coalition leaders means that they can assure their supporters of access to future private goods. Consequently, they can reduce their expenditures and still match the best credible offers of challengers. In Table 6.5 we provide a



direct assessment of this claim by analyzing how coalition size and length of tenure influence government expenditure. The dependent variable is the logarithm of government expenditure per capita. It is created using data on government expenditure, the value of domestic currency in dollars and population size taken from the Correlates of War, all as explained in chapter 4. The variable is constructed by dividing government expenditure by the domestic value of the currency and population size. The variable is then logged. The lagged logarithm of government expenditure per capita is included in the analysis. Hence the effects of coalition size, and length of tenure can be interpreted as proportional changes in expenditures. The analysis includes the region-year fixed effects.

Table 6.5 About Here

Table 6.5: The Effect of Coalition Size and Tenure on Government Expenditure.

	Model 4: Ln(Per Capita Government Expenditure)
<b>Lagged</b> Ln(Per Capita Government Expenditure)	.861** (.009)
ln(years+1)	-.065** (.014)
ln(years+1)*W	.133** (.024)
constant	-.511** (.041)
	N=3315 fixed effects=556. F(3,2756)=3218.78

\*\* 1 percent significance. Standard error in parentheses.

The negative coefficient on the ln(years+1) variable indicates that as a leader’s tenure increases, she decreases expenditures. This reduction of spending is offset in large coalition systems. The positive coefficient on the ln(years+1)\*W term indicates an increase in expenditures as tenure increases for those who rule with the support of a large coalition. It appears that leaders in small coalitions reduce their expenditures once they have established themselves in office, while large coalition leaders maintain or increase their expenditures. These results are also consistent with expectations from the selectorate theory.

All of the analyses above support the same conclusion: Leaders in small coalition systems gain an incumbency advantage the longer they remain in office. While for these leaders surviving the initial few years in office is difficult, should they do so the risk of deposition declines sharply. In contrast, leaders in large coalition systems always find surviving in office difficult.

### How Performance and Policy Provisions Effect Survival

In this section we ask how policy performance influences survival in office. The theory suggests that the basis of political competition in small W systems is the provision of private goods, while in large W systems political competition is based on the quality of public policy. This suggests that the political survival of leaders in small W systems should be relatively more sensitive to the provision of private rather than public goods as compared to leaders in large W systems whose survival is judged upon public goods dimensions. We now assess these expectations.

While the theory predicts a public goods focus in large W systems, the theory does not specify which bundle of policies are emphasized in particular societies. With this in mind, we examine a single core public good, namely economic growth. This good is always difficult to attain, its provision represents a serious and successful commitment to public policy. We use exchange rate premiums as the measure of private goods provision.

Table 6.6 examines the effect of economic growth on the survival of leaders in different institutional settings. The results strongly support the earlier analyses with respect to the growing incumbency advantage for leaders from small coalition systems. As coalition size shrinks and the

selectorate size grows (approaching the form of a rigged-election autocracy), the ancillary parameter  $p$  declines, meaning leaders in such systems find it increasingly easy to survive. The negative coefficient on the growth variable indicates that the higher the growth rate a leader achieves, the lower her risk of deposition. The positive effect of growth on tenure is common to all systems. Although the effect is statistically insignificant, the positive coefficient on the  $W \cdot \text{growth}$  variable suggests that in terms of the  $X\beta$  term the beneficial effects of growth on tenure are less for leaders in large coalition systems. Notwithstanding this larger net coefficient on growth, beyond the initial years in office, the marginal effect of economic growth on survival is much higher for large coalition leaders than for small coalition leaders, the probability of deposition for small coalition leaders already being small.

Table 6.6 About Here

Table 6.6: The Effect of Economic Growth on Survival in Different Institutional Settings (Weibull Analysis).

		Model 5	Model 6
X $\beta$	W	-.558** (0.164)	0.264 (0.249)
	S		-0.823** (0.189)
	growth	-3.227** (1.094)	-2.592* (1.060)
	W*growth	1.228 (1.796)	0.947 (1.769)
	constant	-0.809** (0.111)	-.715** (0.109)
Ancillary parameter, ln(p)	W	0.525** (0.086)	0.527** (0.115)
	S		-0.160 0.0843
	constant	-.470** (.061)	-0.332** (0.061)
Observations		N=4439	N=4263
loglikelihood		-1396.88	-1329.71

\*\* 1 percent significance, \* 5 percent significance (Standard errors in parentheses)

From the theoretical perspective we expect large coalition leaders to be more sensitive to growth (i.e. a negative coefficient on the  $W \cdot \text{grow}$  variable) than we observe. Overall, however,

the results are generally consistent with expectations. While the theory is clear in its predictions, from a statistical perspective it is not surprising that it is difficult to differentiate how the marginal effect of policy varies across institutions for selecting leaders. The inability of statistical methods to determine how the marginal effects of the hazard rate varies in response to policy change across systems stems from measurement error problems and the non-random selection of policy implied by the selectorate theory.

Given that attempts to measure what we mean by coalition size are only just beginning, our measure of *W* is a crude five point scale. Yet both conceptually and in reality, coalition size is on a continuum. Since we assign all coalitions to some place on a five point scale we *must* overestimate the size of some coalitions and underestimate others. This creates measurement error.

Leaders do not choose policy randomly. Rather they select those policies they believe will enhance their survival in office. This strategic choice of policy makes it difficult to estimate how policy choices influence survival. According to the theory we should be able to tell which policies best enhance a leader's survival by simply observing which policies she chooses. The strategic selection of policy and the problem of measurement error in the assessment of coalition size diminishes our ability to tell how policy choices affect survival across different regimes.<sup>14</sup>

Suppose for a moment that the theory is true and that the larger the coalition, the harder it is for a leader to survive in office and the more such a leader's survival depends upon the provision of public goods. If we could do an experiment and randomly adjust the provision of public goods under different institutional circumstances then we could easily assess how institutions influence the extent to which the provision of public goods determines survival. Unfortunately, we can not do such an experiment. Suppose we look at coalitions of a specific size, as measured by our crude indicator, and in the data we observe a large coalition leader who produces fewer public goods and more private goods than expected given her coalition size. The theory suggests a leader who fails to produce the optimal mix of public and private goods jeopardizes her tenure and should be expected to survive for less time than her same-sized coalition counterparts who produce the optimal mix of goods. Unfortunately, measurement error in the assessment of coalition size suggests an alternative interpretation for these observations. Assuming leaders want to survive, they produce the optimal mix of goods. Upon seeing a leader who systematically under-produces public goods we should infer that we have overestimated her coalition size and that her true coalition size is less than the crude score we assigned it. Given the incumbency advantage for small coalition system leaders, we should expect her survival to be greater than for those leaders we categorized as her contemporaries. Unfortunately, from a statistical viewpoint, we observe a leader from a large coalition who provides too few public goods and yet survives longer.

While the theory provides a clear prediction, measurement error in the size of the coalition and the strategic selection of policy provisions undermines our ability to estimate how policy provisions influence survival for different sized coalitions. The effects of policy provisions on the survival of leaders should be substantially greater than those estimated. Given this proviso we now examine the effect of the public good – growth – and the private good – black market

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<sup>14</sup> See Achen (1986) for a serious discussion of these issues.

Achen, Christopher H. 1986. *The statistical analysis of quasi-experiments*. Berkeley, CA: University of California Press.

exchange rate premiums– on the survival of leaders, recognizing that we are probably *underestimating* the actual effects.

In the analyses in Table 6.7 we examine how the provision of private and public goods influences survival in small (binaryW=0) and large (binaryW=1) coalition systems. Unfortunately the inclusion of both these private and public measures of performance reduces the number of observations. Small W systems, as we know from chapter 4, discourage growth and transparency. Consequently, they often fail to report GDP figures. Researchers who collect data on black market exchange rate premiums typically only investigate those systems where they suspect disparity between the official and unofficial exchange rates. Consequently, these data tend not to be reported for large coalition systems. These combined effects reduces the number of observations to 1,884, with missing data on S reducing the sample further to 1,861. Despite these missing data problems and measurement problems, the analysis supports the theory’s predictions. In large coalition systems survival is best enhanced by high growth. In small coalition systems, although growth improves survival prospects, it does not do so to the same extent as it does in large W systems. Black market premiums enhance survival in small coalition systems but in large coalitions systems it has a detrimental effect on leader survival. Rather than explain these effects in terms of the estimates reported in Table 6.7, we use the estimates in Model 7 to examine how growth and black markets influence survival time in both large and small coalition systems.

Table 6.7 About Here

Table 6.7: The Effect of Economic Growth and Black Market Exchange Rate Premiums on Survival in Different Institutional Settings (Weibull Analysis).

		Model 7	Model 8	Model 9
XB	binaryW	-.565** .195	0.035 (.229)	-.154 (0.258)
	S		-.863 (0.154)	-.595* 0.237
	growth	-2.085* 1.007	-1.792 (0.971)	-1.866 (0.981)
	binaryW* growth	-.832 1.578	-.735 (1.612)	-.673 (1.617)
	Black Market	-.138 (0.136)	-.112 (0.137)	-.118 (0.137)
	binaryW*B lack Market	0.150 (0.296)	.090 (0.294)	0.085 (0.294)
	constant	-.869** .115	-.616** (0.119)	-0.687** (0.132)

Ancillary parameter, ln(p)	binaryW	.404** (.082)	.314** (0.083)	0.412** (0.109)
	S			-0163 (0.112)
	constant	-.353** (.055)	-.262 (0.055)	-0.203** (0.068)
Observations	1884	1861	1861	
loglikelihood	-584.71	-564.12	-563.07	

\*\* 1 percent significance, \* 5 percent significance (Standard errors in parentheses)

Economic growth improves the survival prospects of all leaders. However, good economic performance is particularly important for the survival of leaders who depend upon large winning coalitions. Table 6.8 compares the survival of leaders in large and small winning coalitions at a high growth rate (6 percent annual increase in GDP) and a low growth rate (-2 percent annual change in GDP) when there is no black market exchange rate premium. These growth rates represent unusually but not unrealistically high and low rates among common growth rates. For instance, since 1950 US economic (annual) growth has only fallen to -2 percent or lower five times (1954, 1958, 1974, 1980, and 1982). A two percent contraction of the economy was approximately the size experienced during the 1974 oil crisis. At the other extreme, US annual growth twice reached 6 percent between 1950 and 1992, in 1955 and 1984.

The table shows the elapsed time in office at which 50 percent, 25 percent and 10 percent of leaders, given their coalition size, are expected to remain in office. The first row shows that if leaders in large coalition systems maintain a 6 percent growth rate then after 3.2 years 50 percent of the leaders are expected to still be in office. After 6.3 years 25 percent of leaders are anticipated to still be in office and it takes until 10.1 years for only 10 percent of such leaders to remain in office. In comparison, 50 percent of large coalition leaders who experience recession (-2 percent growth) are removed within 2.6 years so that moving from a low growth rate to a high one adds over half a year (i.e., more than twenty percent) to the median survival time for a leader in a large coalition system.

Likewise economic performance improves survival prospects for small coalition leaders. Moving from low (-2 percent) to high growth (6 percent) increases the median survival time for small coalition leaders by 0.4 years (i.e., twenty percent). While good economic performance clearly helps small coalition leaders survive their difficult first few years, once established in office they survive much better than their large coalition counterparts. Indeed, the results in Table 6.8 suggest that 10 percent survival time for small coalition leaders who inflict a sustained recession (-2 percent annual growth) on their nation for a decade is still greater than the 10 percent survival time of a large coalition leader who produces exceptional growth (6 percent) throughout her term in office. This striking difference supports the idea that doing a bad job is beneficial for those who run a state with the backing of a small coalition.

Table 6.8 About Here

Table 6.8: Survival Time for Large and Small Coalitions at Different Growth Rates (With No Black Market Exchange Rate Premium).

Survival Probability	50 percent	25 percent	10 percent
Large Coalition with 6 percent Growth	3.2 Years	6.3 Years	10.1 Years
Large Coalition with -2 percent Growth	2.6 Years	5.0 Years	8 Years
Small Coalition with 6 percent Growth	2.4 Years	6.5 Years	13.5 Years
Small Coalition with -2 percent Growth	2.0 Years	5.1 Years	10.6 Years

Economic performance matters for leaders in both types of systems, but its effect is different. In large W systems, achieving growth is always important to leader survival. In small W systems, growth retards the rise of deposition, but once established in office and having survived the initial years, small coalition leaders' risks of deposition are relatively low whatever their economic performance. Apparently, they can get away with economic disaster as long as the disaster does not preclude their making the requisite private goods payments to their coalition members.

Private goods provisions also influence survival, helping to reinforce the unhappy story suggested by the analysis of growth rates and survival. Table 6.9 fixes the growth rate at 2 percent, close to the sample average, and examines the impact of black market exchange rate premiums in large and small coalition systems. In large coalition systems the introduction of a black market reduces survival times. For example the 25 percent survival time is *reduced* from 5.6 years to 5.4 years when there is a four fold difference between official and black market exchange rates. In contrast in small coalition systems the corresponding change in black market premium *extends* the 25 percent survival time from 5.8 to 8.6 years. A vibrant black market is dramatically beneficial for small coalition leaders.

Table 6.9 About Here

Table 6.9: Survival Time for Large and Small Coalitions at Different Black Market Exchange Rate Premiums (With Growth Fixed at 2 percent)

Survival Probability	50 percent	25 percent	10 percent
Large Coalition with No Black Market Exchange Rate Premium	2.9 Years	5.6 Years	9.1 Years
Large Coalition with Black Market Exchange Rate Premium=4	2.8 Years	5.4 Years	8.8 Years
Small Coalition with No Black Market Exchange Rate Premium	2.1 Years	5.8 Years	11.9 Years
Small Coalition with Black Market Exchange Rate Premium=4	3.2 Years	8.6 Years	17.7 Years

A four-fold black market exchange rate premium is large in any setting. This magnitude of premium, which was seen in Nicaragua during the late 1980s, represents the 99<sup>th</sup> percentile for small coalition systems. The evidence in Table 6.9 is striking. For those at the helm of a small coalition government, bad policy clearly is good politics. An exceptional black market gives such leaders a ten percent survival time that is more than 25 percent higher than had they produced extraordinary economic growth instead. It is 75 percent higher than the tenure time at which a large coalition leader has a ten percent chance of still being in office if she consistently produces 6 percent per annum economic growth. And, for those who head a large coalition, pursuing policies that stimulate the black market leads to a large curtailment of tenure. For them, good policy is good politics and bad policy is disastrous.

In Table 6.10 we examine the effect of growth and black markets on survival evaluated at the mean values for each system. In our sample, large coalition systems experience an average (mean) growth rate of 2.49 percent and the mean exchange rate premium is 0.218. The median exchange rate premium is zero. In small coalition systems the corresponding mean performances are 1.65 percent and 0.416, respectively. Leaders choose those policies that enhance their survival. The first two rows of Table 6.10 enables us to compare how the survival of an average-performing large coalition leader would change if she adopted the policies of an average small coalition leader. The latter two rows make the opposite comparison, showing how long a small coalition leader survives if she behaves as an average small coalition leader or as an average large coalition leader.

Table 6.10

Table 6.10: Survival Time for Large and Small Coalitions Leaders Evaluated at the Average Behavior in Large and Small Coalition Systems.

Survival Probability	50 percent	25 percent	10 percent
Large Coalition with Growth and Black Market indicative of a <i>Large</i> Coalition	2.9 Years	5.7 Years	9.2Years
Large Coalition with Growth and Black Market indicative of a <i>Small</i> Coalition	2.8 Years	5.4 Years	8.8 Years
Small Coalition with Growth and Black Market indicative of a <i>Large</i> Coalition	2.3 Years	6.1 Years	12.6 Years
Small Coalition with Growth and Black Market indicative of a <i>Small</i> Coalition	2.3 Years	6.2Years	12.9Years

Large coalition leaders enhance their survival by behaving as large coalition leaders while small coalition leaders enhance their survival by behaving as small coalition leaders. The effects shown in Table 6.10 that are of greatest interest compare how a typical large coalition leader does and how a typical small coalition leader does; that is, the first and last rows. A typical small coalition leader does a relatively a poor job on growth and a “good” job in fostering a black market. Such a leader has a ten percent survival time that is 40 percent higher than that expected by a large coalition leader. Yet the large coalition leader does a better job, on average, in promoting economic growth and in avoiding black marketeering in her society. Differences in survival prospects earlier on in each type’s term are less striking. Given the statistical problems

associated with constructing these counterfactuals we have explained that strategic selection of policy and measure error in our crude assessments of  $W$  suppress the magnitude of coefficient estimates. The true effects of changes in policy provision are likely to be much higher. Therefore, we should not interpret the estimates in Tables 6.6-6.10 too literally. We present these tables to illustrate the substantive point and not to provide accurate estimates. Accurate estimates would almost certainly reveal that the true story is even more depressing for those prospective leaders who come to office in small coalition systems aspiring to achieve good governance.

The picture portrayed through Tables 6.6-6.10 is a depressing one. Bad policy turns out to be good politics for autocrats, monarchs and junta leaders. Just as surely, good policy is bad politics for these leaders. Government leaders and their economic advisors engaged in trying to help economically depressed states seem to conclude that the problem is that the leaders among these depressed states foolishly fail to implement what are patently good economic recommendations (Krugman - check Web site; North, personal conversation regarding a South American country; Stiglitz xxx). They urge sensible changes in borrowing, taxing, and spending policies; shifts to a market economy; free trade; autonomous national banks; and so forth. All of these are patently good economic suggestions. They then watch in despair as money used to bail a country out of a financial crisis fails to be followed by the prescribed policy changes. Perhaps if more economists and government leaders thought more carefully about the political incentives of political leaders, rather than thinking that they are benign agents of the public's well-being, more energy would be put into thinking about how to change the political incentives that make bad policy good politics. This is a topic we return to in later chapters.

### Extra-Political Risks of Deposition

The theory provides clear predictions. For leaders in large  $W$  systems survival in office is always difficult and depends upon a leader's ability to produce good public policy. In contrast, in small  $W$  systems, although survival is initially difficult, once established, leaders find it easy to remain in office. The theory, however, considers loss of power only as a result of direct political removal from office. In reality, leaders face other risks of deposition, not least of which is their own mortality. Term limits are also an increasingly common constraint on the survival of leaders. In this section we consider these extra-political risks and examine their consequences. We predict that these consequences differ radically by political system. We start by considering mortality and actuarial risk.

### Mortality and Actuarial Risk

All leaders are mortal, so above and beyond political risks, they risk losing office through death or infirmity. On a simple actuarial basis the risk of losing office increases for aging leaders. While in chapter 4 we demonstrated a direct link between personal longevity and selection institutions for the population as a whole, we believe all leader have access to quality health care, which should mitigate their personal actuarial risk. There is also a literature on the fate of leaders. For example Goemans (2000) shows that autocrats are more likely to be killed when they lose office than are democrats. Here we examine the causality in the opposite direction. Ill health and infirmity increase the likelihood of political deposition, particularly in small  $W$  systems.

Once leaders in small coalition systems have survived sufficiently long to learn affinities they have an incumbency advantage over their challengers in that they can credibly guarantee future private goods, while challengers can only offer such goods probabilistically. This enables

them to survive in office from a political standpoint. Leaders, however, can not promise to continue the flow of private goods to their supporters beyond their own death. Once it is known that a leader is terminally ill, supporters know that their access to private goods is about to dry up. This breaks the loyalty norm and ends the incumbency advantage. This means that political deposition is likely to precede anticipated death or infirmity, particularly in small W systems because the supply of future private goods determines survival. For example, the kleptocrats Ferdinand Marcos of the Philippines and Mobutu Sese Seko of Zaire were both deposed only when it was known that they were seriously ill. Since the ability of these large S, small W leaders to survive and steal stems from their capacity to promise future private goods, ill health implies their political demise.

Given this prediction, it is not surprising that the health of small coalition system leaders is often kept secret. For example, China's Mao Zedong and Deng Xiao Ping each had prolonged illnesses and probable incapacitation before their deaths, yet the details were carefully kept from public or international scrutiny. Mao was not seen in public for nearly four months before his death was announced. Stalin's final illness and death, likewise, were leaked gradually, giving his inner circle time to maneuver for control over the succession. The same pattern obtained in North Korea during the period leading up to the announcement of the death of Kim Il Sung and succession by his son.

In contrast, when leaders depend upon large coalitions, a terminal health diagnosis, while still politically serious, does not result in the rapid political deposition of the leader. In large W systems political survival depends upon effective public policy, not the ability to promise future private goods. Further, supporters in large coalition systems have shorter horizons with respect to receiving private goods; they anticipate their leader is unlikely to last long anyway. Of course infirmity does reduce what little incumbency advantage large coalition leaders have and so poor health is sometimes hidden. For example, at the time of his presidency few people realized Franklin Delano Roosevelt was wheelchair bound. Today, few people still realize that John Kennedy was in perpetual pain and was treated with steroids that can make individual's tense and irritable. It is often rumored that Woodrow Wilson was incapacitated by a stroke and that his wife, keeping virtually everyone away from the President, actually made policy in his stead. Despite these and other examples, the health of the US President, British Prime Minister, and other democratic leaders is generally common knowledge. The results of the American President's annual medical exam typically is made public. This is a far cry from the speculation in China as to whether Deng was actually functional or not in the last few years of his life.

## Term Limits

Many democracies have implemented term limits. Autocracies almost never do, though we note that China under Jiang Zemin has made retirement mandatory at a stipulated age. It is too soon to know whether that policy will be breached or softened when the prospective retirees are essential for maintaining the leader and his cronies. We do know that many rigged-election systems impose term limits, but that these are routinely overturned when a leader's "legal" term is drawing to a close. We return to "term limits" in autocracies later.

Here we explore the relationship between the selectorate theory and restrictions on office holding in the context of large coalition democratic systems. Term limits prevent leaders from serving in office for more than some specified time. In the selectorate theory, leaders promote those policies that enable them to persist in office. Unfortunately, as the end of their legal term

approaches, leaders know they will be removed whatever their policy performance. This undermines their incentive to generate effective policy.

In the context of the selectorate theory, term limits create cyclical incentives for leaders. Prior to the end of their term, term limits encourage leaders to work hard to provide benefits for their supporters. As the end of the term approaches, leaders – facing removal whatever their performance – have little incentive to provide benefits for their backers. From the perspective of the selectorate theory, the presence of term limits means that for the majority of their term leaders work harder to provide benefits for supporters than they otherwise would, but in the final moments of their term leaders engage in kleptocratic behavior.

Term limits undermine the incumbency advantage by restricting the length of time for which leaders can credibly promise private benefits to their coalition. As the end of the term approaches, leaders must produce increasingly high levels of benefits for their coalition in order to maintain its support. Of course, the issue of term limits is only relevant when they are enforceable, which in practice means large W systems. Since in these systems the focus of political competition is the provision of public goods, the loyalty norm is already weak and so the impact of adding term limits to further diminish the loyalty norm has only a small marginal effect.

As the end of a leader's term approaches, the survival incentive that drove her policy provision is lifted. Whether she performs well, producing high levels of benefits for her supporters, or engages in kleptocratic behavior, her political fate is the same: Removal. With the incentives to behave well in office removed we should expect leaders in the last moments of their term in office to shift their policy provisions away from effective public policy and toward a policy of skimming off resources for themselves.

We proceed by examining the effects of term limits in the United States and in the Roman Republic. Term limits are an example of institutional arrangements which decouple the selection and retention of leaders from their policy performance. To explore the safeguards required for the efficient functioning of such institutions we examine the safeguard incorporated into the Athenian polity after 508 B.C., when Cleisthenes' democratic reforms strongly decoupled leader selection from policy performance by not only introducing one year term limits but by also creating selection by lot. Having done so, we review the overall effect of term limits and discuss why term limits are only enforceable in large W systems.

Following his departure from office in January 2001, former US President Bill Clinton has been plagued by scandal. For example, it has been alleged that he removed hundreds of thousands of dollars worth of furniture from the White House and that he traded Presidential pardons for contributions to his Presidential library. Whether or not these allegations are true we cannot say. Such behavior, if it occurred, is entirely consistent with predictions from the selectorate theory. President Clinton knew that in January 2001 he would be removed from office whether his policies in that month enriched the American people or himself. This created incentives for him to skim off resources, either directly, such as taking furniture, or indirectly by exchanging private goods, such as Presidential pardons. The excessive use of pardons and appointments in the closing moments of a Presidency is a systematic feature of American politics and is not idiosyncratic to President Clinton. All presidents, of course, know when their term is over either because of term limits (since Dwight Eisenhower) or because they failed to win re-election.

The Roman Republic provides another illustration of how term limits shift the policy focus at the end of a term (Livy [1965]). As discussed in chapter xzx, Consuls were appointed to a single year term. In 218B.C. during the second Punic war, Hannibal led Carthaginian forces

across the Alps and into Italy. For the following 12 years he wreaked devastation on Roman armies, but eventually he was defeated by his inability to capture fortified cities. Fabius recognized that while Hannibal's genius made him a formidable enemy on the battlefield, his lack of support from Carthage made him vulnerable to a war of attrition. Hence, rather than fight Hannibal in pitched battle, Fabius proposed containing Hannibal, whose lack of supplies and inability to recruit manpower meant his strength waned with inaction. During his Dictatorship of 217 B.C. Fabius effectively implemented these policies.

While such a policy made good military sense, it deprived Consuls of the personal glories that would accrue to the leader who defeated Hannibal. While Fabius's policies exhibited public spiritedness, those of his contemporaries did not. In particular, while they were happy to tie Hannibal's forces down for most of the year, Consuls often could not resist the opportunity for personal glory and would fling their armies against Hannibal as their term was about to expire (Livy xxx). Unfortunately for the Romans, Hannibal became good at anticipating and exploiting these rash military moves. Approaching term limits drove some Consuls to place their opportunity for personal glory over good military policy.

Term limits decouple policy performance and leader survival. They are not the only institutional innovation to do so. In Athens in 508 B.C. Isagoras became chief Archon despite the greater popularity of Cleisthenes. Cleisthenes revived his political fortunes by proposing popular democratic reforms. Although Isagoras tried to strengthen his position by inviting Spartan troops into Athens, the citizens rose up and deposed him. Upon his recall, Cleisthenes implemented his proposed democratic reforms which increased the size of the winning coalition. In this regard, perhaps his most important contribution was to reorganize the Athenian polity into a series of 10 tribes, replacing the prior clan-like system through which chiefs gained enormous political influence by controlling the right to citizenship (Buckley 1996, Hignett 1962, Jones 1986, Rhodes 1986).

Cleisthenes also reformed the institutions of government. Most government positions had a one year term limit and most appointments were by lot. While a fascinating topic, we do not focus on the motives for reforms. Instead we examine the extensive series of checks developed to restrain the kleptocratic tendencies created by decoupling office holding and policy performance. We start with a brief overview of Athenian institutions after Cleisthenes' reforms.

The heart of political power in Athens was the assembly, or Ecclesia, which all citizens over 18 years old had the right to attend. There was an advisory council called the Boule of 500 to which election was by lot and which took the lead in preparing the agenda and motions for the Assembly. Cleisthenes' reforms also set up the Heliaea, or People's Court, which elected 6000 jurors by lot.

Election to the Boule, as a juror to the people's court, or to most of the other numerous government posts was by lot and there were strict term limits. For example, no one could serve on the Boule more than twice and not in successive years. These term limits and selection by lot meant that an individual's access to office was unrelated to performance. Although there were inevitably some rigged lotteries, in general everyone had equal opportunity to get a position (Staveley 1972, pp. 101-17).<sup>15</sup> Under such a random selection process, policy failure in the past

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<sup>15</sup> Although in principle open to all, prior to the reforms of Ephialtes and Pericles (from 462 B.C. onwards) access to government was effectively restricted to the wealthy. Their reforms made government positions salaried so that those without personal means could still afford to

was not an obstacle to holding office in the future. Combined with strict term limits, the selectorate theory suggests that the leaders chosen in this manner should be expected to engage in kleptocratic behavior. The Athenian constitution recognized this risk and did much to mitigate it. In particular, we examine four aspects by which Athens addressed the kleptocratic incentives created by term limits: (1) complex government structures that necessitated cooperation between leaders to implement policy; (2) Legislative review of officials; (3) Legal review of officials departing from office; and (4) Growth in the importance of ranks, such as Generals, which, though elected, had no term limits.

Athenian government was complex. Rather than a hierarchical structure with a strong leader at the top, Athenian administration was devolved through many boards and committees whose members were chosen by lot. Since no one person could implement policy alone, the numerous boards served to monitor each other's conduct (Buckley 1996. p. 254-5.). While redundancy and inter-board competition might reduce efficiency, this structure avoided putting too much policy power in any one set of hands. As such it was difficult for any individual to steal from the state. Control of the Assembly also shows this decentralized theme.

Modern political science has recognized the importance of agenda control (see for instance, Romer and Rosenthal 1978). However, in Athens control over the agenda was difficult to maintain. Each year was divided into 10 prytany, one for each tribe. During each prytany there were typically four meetings of the assembly. Prior to the start of each, a chair for the meeting was elected by lot. The Boule took responsibility for preparing the agenda for the assembly. The assembly would vote on each issue as it was read, with those issues receiving unanimous support being immediately passed. Once the non-contentious and routine issues were dispensed with, the assembly would return to debate the more controversial issues. Each Athenian citizen had the right to speak and, once recognized by the chair, any amendments or proposal made would be voted on. Since the identity of the chair was not known in advance of any meeting, leaders could not maintain control of the agenda and had to rely upon their oratory skill instead.

At the first meeting of each prytany, the assembly would vote on the performance of officials. Hence, although selected by lot, officials effectively received 10 confidence votes during their term. In this context officials had but their last 36 or so days free of reselection incentives. Further, officials were constrained by the threat of prosecution in the courts. The Areopagus, an aristocratic body comprised solely of former Archons (senior officials) and the people's court monitored the performance of officials. In particular the Areopagus monitored officials in three ways. First, it examined whether individuals were eligible to hold the office. Second, it monitored their performance during office. Third, it performed the ethuna, a post-office-holding review. This final review was particularly important for senior officials since it determined their admission to the Areopagus, a great honor. After (probably) 462 B.C. the Areopagus was dissolved and its responsibilities split between the Boule and the people's court. In much the same manner that President Clinton has been investigated following his departure from office, Athenian officials risked investigation and prosecution if they were suspected of private-goods oriented or kleptocratic policies.

Not all Athenian offices were allocated by lot or subject to term limits. Some, particularly those requiring specialized skills, were directly elected. Generals constitute one particularly

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serve.

important example. These ranks grew in importance during the fifth century when Athens was almost continually involved in conflict (Rhodes 1986 p.115).<sup>16</sup> This shift away from term limits helped mitigate the perverse incentives that term limits create at the end of a term.

The selectorate theory suggests term limits have two opposing effects. Knowing that a leader will be removed in the future reduces her incumbency advantage because she can not guarantee private goods beyond her term in office. This makes leaders work harder on behalf of their supporters. In contrast, at the very end of her term all reselection incentives are removed since policy performance and survival are decoupled. Figure 6.3 shows how term limits influence how hard a leader works on behalf of her supporters. Initially a leader works hard. However, as affinity is learned her incumbency advantage grows since she can promise private goods to her coalition. As her terms progresses, the length of time for which a leader can promise access to future private goods decreases and with it her incumbency advantage declines. This induces her to start working harder again for her supporters. At the very end of her term, performance and survival are decoupled which makes leaders kleptocratic. Fortunately, as the Athenian example shows, there are several ways, such as post-office judicial review, to keep leaders working hard and to prevent them from stealing from the state during their final moments in office.<sup>17</sup>

Figure 6.3 About Here

Figure 6.3: The Effect of Term Limits on Expenditures By Incumbents

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<sup>16</sup> Interestingly much of this conflict involved Athens's attempt to dominate smaller Greek states, for example its Delian League allies. While such behavior is consistent with the selectorate theory, it is inconsistent with normative explanations for the democratic peace.

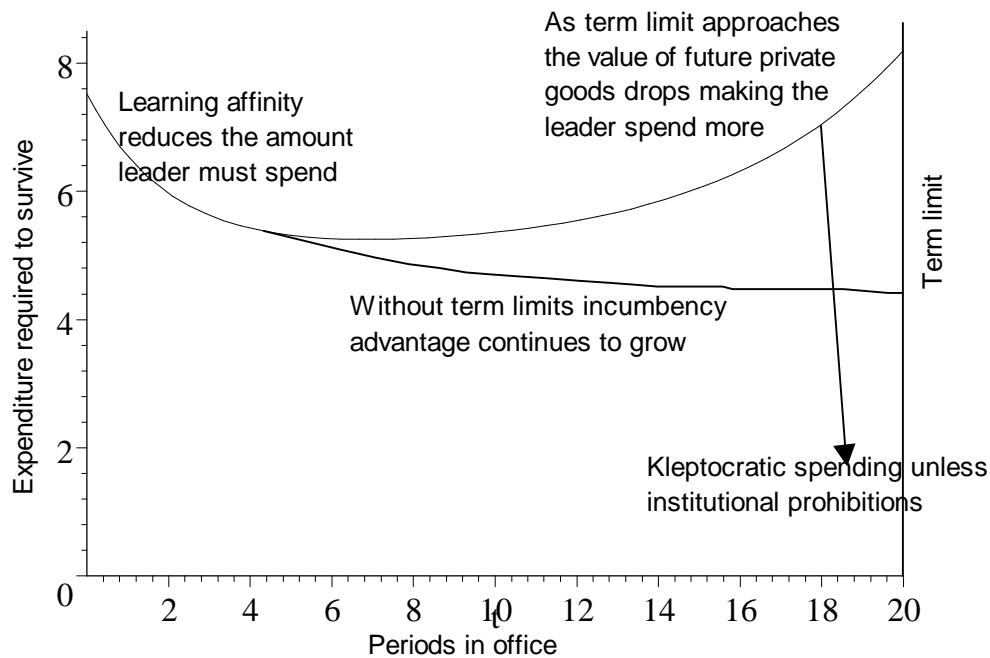
<sup>17</sup>CITES: Buckley, Terry. 1996. *Aspects of Greek History 750-323B.C.: A Source-Based Approach*. New York: Routledge

Hignett, C. 1962. *A History of the Athenian Constitution*. Oxford: Clarendon Press.

Jones, A. H. M. 1957. *Athenian Democracy*. Oxford: Basil Blackwell.

Livy. 1965. *The War with Hannibal* Translated by Aubrey de Selincourt. London: Penguin Books.

Rhodes. P. J. 1986. *The Greek City States: A Source Book*. Norman and London: University of Oklahoma Press.



Term limits are only enforceable in large coalition systems. It was only with the contraction of coalition size in Rome, for instance, that Consuls overcame the norm of term limits and served in successive years. The enforcement of term limits requires the active support of the winning coalition to remove the incumbent. In large *W* systems private goods account for only a small proportion of the rewards. Coalition members are willing to risk exclusion from future coalitions in order to force the incumbent to work slightly harder. In contrast, when the coalition is small, the relative value of continued coalition membership is much higher and so coalition members do not want to enforce term limits and risk exclusion from future coalitions. Indeed, as we will see in chapter 7, they are willing to support and take part in oppression of their fellow citizens to ensure their continued receipt of private benefits.

### A Tale of Two Countries

The central finding in this chapter is easily summarized and has already been oft repeated: For those who depend on a small coalition, good policy is bad politics and bad policy is good politics. Having shown that this is a depressingly reliable statistical generalization, we illustrate this result by comparing policy performance and political longevity in two countries, Thailand and Cameroon. Each relied on small coalitions between 1960 and 1998, xxx when Thailand seemed to move to a more genuinely democratic form of government, perhaps in consequence of a severe financial crisis. We discuss developments across these years, though our main emphasis is on 1970-1998 for which we have comparable data for the two countries.

Governance in Thailand and Cameroon between 1960 and 2000 had elements in common

and elements that distinguish each from the other. In 1960, at the inception of independence from France, Cameroon institutionally required a fairly large sized coalition drawn from a large electorate, but moved quickly, as we discuss below, to a small coalition government, still drawn from a nominally large electorate. That is, Cameroon switched quickly from a fairly democratic polity to a rigged-election autocracy, where it has remained institutionally. Thailand began the same period with a very small coalition government drawn primarily from a electorate made up of the military and remained that way throughout the 1960s. Thus, both Cameroon and Thailand had small coalition governments for most of the 1960s. The 1970s saw substantial vacillation in Thailand's institutional format, with the government sometimes being a military junta (small coalition and small electorate), sometimes being dominated by the monarchy (again small coalition, small electorate), and occasionally experimenting with a large coalition, large electorate, fairly democratic form of government. The experimentation with more democratic forms, however, was frequently interrupted by intervention by the Thai military, a pattern that is itself predicted by the electorate theory as explained in chapter 7. Military intervention in governance has continued in Thailand, though with decreasing frequency in the 1990s.

Cameroon was led by its first president, Ahmadou Ahidjo, from 1960 until 1982 when he voluntarily stepping down, citing exhaustion and ill health. He was replaced by his prime minister, Paul Biya, who continues in office as of this writing (2001). Ahidjo first won office in 1960 with a small majority in a closely contested election. However, using opposition violence as a justification, Ahidjo suspended the constitution in 1962, dispensed with competitive elections, and presided over a one-party state, ruling through presidential emergency powers. He stood for re-election several times, but without any opportunity for meaningful electoral opposition. Paul Biya, himself inclined toward dictatorship, later indicted and tried Ahidjo in absentia for allegedly plotting a coup d'état for which Ahidjo was sentenced to death. Ahidjo, exiled in France, died peacefully. Biya continues to rule over Cameroon, having been "re-elected" several times by nearly 100 percent of the vote. Of course, it helps with re-election that the Cameroon government permits no opposition.

While Cameroon has only had two governments between 1960 and 2000, Thailand has been ruled by about twenty governments during the same period. Over this same span, the Thai government experienced at least twelve attempted (and many successful) coups d'état. Six governments were led by the military. The longest term in office for a prime minister – the military leader Thanom Kittikachorn – equaled nearly a decade. The shortest – the February 1975 government of Seni Pramoj – less than two weeks. Although the Thai monarchy remains a bastion of stability, Thai administrations seem to come and go with alacrity, often deposed by coups reflecting significant military defections within the ruling circle. Some deposed leaders succeed in returning to office later so that they at least live to fight another day. Between the many coups d'état, Thailand has also held numerous competitive elections and, more recently, gives the impression of reigning in the military's inclination to intervene in civil government. That is, Thailand appears on the path to democratic rule. Cameroon, thus far, does not.

During the years 1960-1998, Thailand enjoyed solid economic growth, generally running about fifty percent ahead of the global average. That rosy description, however, masks two rather distinct periods. Until about 1988, when Thailand's generally low Democracy score increased to 0.75, annual growth averaged around four percent. From 1988 onward, until the financial crisis of 1998, growth ran at about double that rate. For Cameroon, however, the picture is rather different. Although outperforming many African governments, its economic growth rate

was about fifty percent below the global average. Cameroon's true growth may be even lower as the country has the good fortune of having oil deposits which helped ease its way through the oil shocks of the 1970s.

The comparison between Thailand and Cameroon is bleak for Cameroon. Figures 6.4a and 6.4b show the annual per capita GDP, based on World Bank data, and tenure in office for Cameroon and Thailand from 1970-1998. The comparison is revealing. Thailand and Cameroon performed comparably well at increasing per capita income during the early years for which we have data, but then draw sharply apart around 1988 when per capita prosperity shot up in Thailand and turned down in Cameroon. This coincides precisely with the time that Thailand shifted markedly – though not completely or finally – to a more democratic government with a significantly increased selectorate and coalition. Biya in Cameroon, in the meantime, was consolidating his one-party, small coalition, autocratic rule.

Figures 6.4a and 6.4b About Here

Figure 6.4a: Short-Term Growth and Leadership Tenure: Thailand

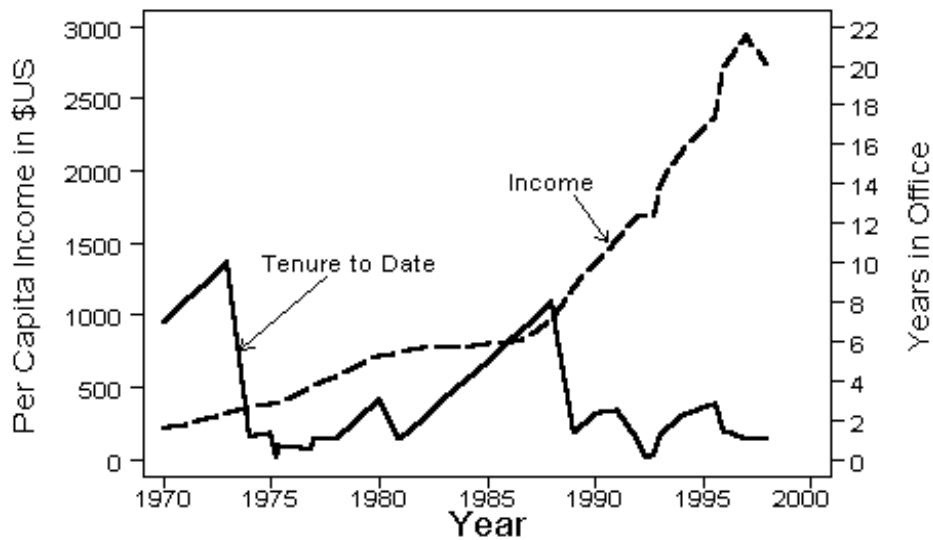
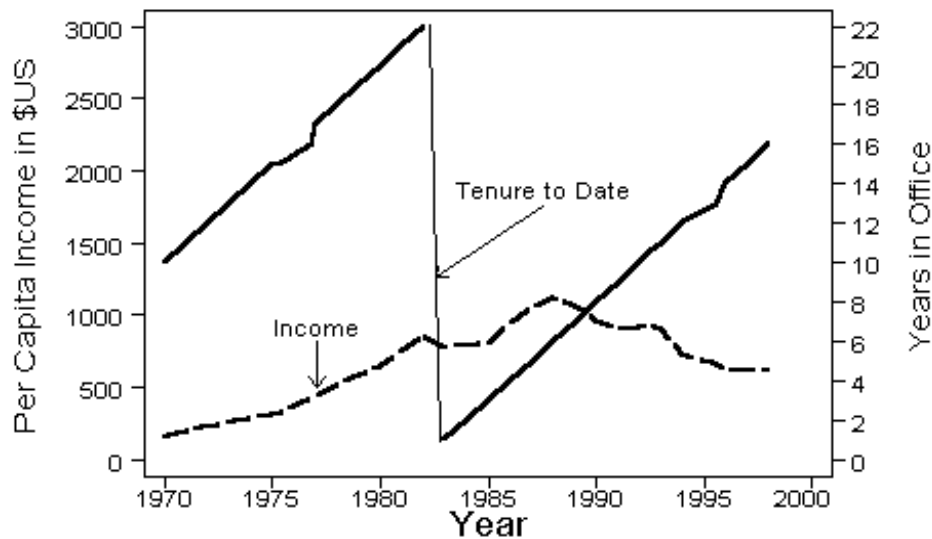


Figure 6.4b: Short-Term Growth and Leadership Tenure: Cameroon



Clearly, despite its impressive economic performance, Thai leaders had poor prospects of surviving in office while, with less impressive economic credentials, Ahmadou Ahidjo and Paul Biya proved remarkably adept at holding on to power. The selectorate theory suggests an explanation for the discrepancy between tenure in office and public policy performance.

Thailand and Cameroon have been among the most corrupt states in the world. The 1999 Transparency International Corruption Index places Cameroon dead last among the 99 countries evaluated in terms of curbing corruption. Thailand, still a very corrupt society, ranks 68<sup>th</sup>, a substantially better performance than Cameroon. The same relationship has held in the Transparency International ratings since 1996. Unfortunately, there are not comparable data for earlier years, although Transparency International has created retrospective estimates for the block of years from 1980-1985 and 1988-1992. In those periods, Cameroon was less corrupt than Thailand, though still one of the more corrupt polities in the world. Perhaps it is coincidence, perhaps not, but the great expansion in Thai prosperity substantially overlaps with its shift to a larger coalition system and with its shift to a relatively less corrupt system. Cameroon's decline in per capita GDP, as seen in Figure 6.4b, coincides substantially with Biya's consolidation of power and the country's apparent increase in corruption. These are the patterns the selectorate theory suggests.

Good economic performance has failed to bolster survival time for Thai leaders while relatively less good performance is strongly associated with longer terms of office in Cameroon. An institutional difference between the two may help account for this fact. As mentioned earlier, once Ahmadou Ahidjo abandoned competitive elections (in 1962), Cameroon has and continues to operate as a small coalition, large selectorate, rigged election system. That is, in our terms, the loyalty norm for members of the winning coalition is strong in Cameroon as  $W/S$  is small. Because the coalition members enjoy the private benefits their support entails and because defection from the coalition is very risky, they are content to stay with the incumbent through thick and thin. Thus, Ahidjo enjoyed and Biya is enjoying political longevity with growing

corruption and declining prosperity.

Thai leaders have experienced much greater volatility in the loyalty norm. When Thailand has been more democratic, it has also had a weaker loyalty norm (i.e., relatively large W/S); when Thailand has been less democratic its loyalty norm, as an empirical matter, has been stronger (i.e., smaller W/S). In fact, there is a significant correlation between the strength of Thailand's loyalty norm and its growth in per capita GDP – weak loyalty is associated with strong growth – and there is a significant negative correlation between Thailand's loyalty norm, measured of course as W/S, and the political survival of leaders. That is, the ratio W/S accurately tracks the consequences of weak or strong loyalty. This is precisely what the evidence presented in this chapter has shown for leaders in general. It appears that the differences between Cameroonian and Thai economic performance, shifting corruption, and incumbency tenure all fall into place if we follow the logic of the selectorate theory.

We close this comparison with a final observation. For some of the period of high growth in Thailand it experienced repeated military coups. Cameroon did not “suffer” from such events. Coups, as we note in the next chapter, are associated with regimes that have a small coalition and a small selectorate and, as we will show, they tend logically and empirically to be precursors to greater democratization. The same is true of monarchy, another institutional arrangement found in Thailand but not in Cameroon. In Cameroon, W/S has almost always been small, indicating a strong loyalty norm. In Thailand, even in its less democratic periods, W/S often was large, with both coalition and selectorate size being small. Weak loyalty forces leaders to spend more and, thereby, may help contribute to economic growth through fiscal stimulus even when that stimulus is somewhat inefficient. That is, coup-ridden juntas appear preferable to rigged election systems (Feng 2001; Jean Kirkpatrick xxx; Londregan and Poole; Jackman xxx).

## Conclusions

Political leaders respond to the incentives created by their institutional setting. Those who must find broad support spend more, even correcting for national income, and focus their spending disproportionately on producing public goods. Those who lead a small coalition spend less and focus on providing private goods to their backers. Each type of leader improves the prospects of surviving in office by responding to the specific incentives identified through the selectorate theory. Good policy performance in the sense of enhancing national prosperity improves survivability for those who rely on a large coalition and who live with a weak loyalty norm. Poor policy in the sense of not enhancing citizen welfare through prosperity, but rather promoting corruption and black markets, most improves the survivability of those who rule with a small coalition. For them, it would be a strategic error to promote citizen welfare if they desire to stay in office as long as they can. In contrast, following the strategy of a small coalition government has disastrous consequences for political survival if one heads a large coalition.

One of the primary puzzles that motivates this study is to explain why those who enjoy good governance turn their leaders out with alacrity and those who suffer under the misery of poverty, poor health, and poor opportunity in general do not. We now have provided a theoretical solution to this puzzle and have shown, albeit with crude and therefore preliminary indicators, that the record of history bears out our explanation. It is worth repeating the “mantra” of this chapter: Good policy is bad politics and bad policy is good politics for small coalition leaders. Good policy is good politics and bad policy is bad politics for those who head a large coalition government but even then, those at the helm of a large coalition system suffer from an

inherent institutional incumbency disadvantage. Small coalitions and large selectorates when combined promote incumbency just as they promote misery. The evidence from thousands of leaders and decades of data, as well as the illustrative case analysis of Cameroon and Thailand, unmistakably point to these distressing conclusions. With this evidence in mind, we now turn our attention in Part II to an examination of the selection of and changes in institutions of governance.