Dear CPW Participants,

This is a draft of a chapter in my dissertation where I propose a signaling model of authoritarian party creation. In an earlier chapter, I set up and justify the overarching question of the dissertation, which is why do (some) authoritarian leaders create their own parties? I have included a brief restatement of the question at the beginning of this document just to give you some sense of what this model is supposed to capture. In this chapter, however, I focus specifically on proposing and discussing this model.

I am particularly interested in getting help with the following:

1) Pointers on what the structure of a chapter with a formal model should be. I think it's important to justify why a game theoretic model in general and why a signaling model in particular are improvements over existing explanations but would like to know what else you think

2) Identifying all possible equilibria given the parameters I specify and the subset of all theoretically interesting ones. I think I have a good start on this but would appreciate help in case I have missed something important. With the second separating equilibrium I believe exists, I am having trouble thinking through what the elites action should be when a bloodthirsty leader doesn't create a party since they don't have an opportunity to act, or what elites do when a namby pamby leader creates a party since. What the elites do depends on the values of the different parameters but ultimately isn't that important because their strategy can't change the leader's strategy. Is it OK to specify the elites' strategy as irrelevant?

3) At what point in this chapter should I articulate my hypotheses? They should follow directly from the conditions that I impose to find the different equilibria. So should I list and discuss them after that section?

4) I am planning on testing the model with a series of historical case studies that follow the main equilibria I identify: one pooling equilibrium for party creation, one pooling equilibrium for not creating a party, and one pooling equilibrium where bloodthirsty leaders create a party and namby pamby ones do not. But I would also like to put together a cross-national test of authoritarian party creation since 1946. I am already working on the database of party creation but would love help brainstorming about sources for large-n data and what sort of model would be appropriate to test this question (TSCS for every year of the existence of each authoritarian regime? Would a more basic dataset that only includes measurements for the year of party creation be appropriate?

And finally, apologies for the abrupt finish to the chapter. I wanted to include some example analytic narratives to illustrate the form that the case studies will take but did not have time to include them.

Thanks so much for reading this! I look forward to discussing this on the 18th!
Eli
"Why Parties of Power" - Brief Statement of the Question

Traditionally "democratic" institutions such as political parties are understood to strengthen authoritarian regimes in the face of internal or external challenges (Brownlee 2007, Levitsky and Way 2010) and prolong the tenure of a given ruler or ruling coalition (Geddes 1999, Gandhi and Przeworski 2007, Svolik 2012). However, existing studies have failed to explain why some leaders choose certain institutions, and why other leaders eschew them altogether (Magaloni and Kricheli 2009). Operating under the assumption that authoritarian rulers institutions such as legislatures and parties deliver valuable benefits to authoritarian rulers, the variation in their emergence is accounted for in the literature most commonly by the level of demand for them within society (Gandhi 2008), the resource endowments of particular regimes (Wintrobe 1998, Smith 2005), and the balance of resources between rulers and elites (Reuter 2010). However, the theories articulated in existing literature do a poor job of explaining the variation in the creation of pro-regime parties even in regions where many should be expected to form, underscoring the need for more work on the topic.

This tension between theoretical assumptions about party creation and empirical outcomes presents a number of puzzles: if pro-regime parties strengthen and prolong the tenure of authoritarian leaders, why don't all leaders create them, or even attempt to create them? If parties are tools for resolving intra-elite conflict or for delivering concessions to regime opponents, why do some leaders create pro-regime parties at times when they face few if any challenges? And why is it that some rulers who appear to have the greatest need for such a party choose not to? If all parties were not created for the
same reason, do these differences have an impact on the efficacy and functions of these institutions?

Strategies of rule and the institutions that embody these strategies are the product of choice. Though historical, cultural, and structural factors affect the form that political institutions take as well as their efficacy, at the root of political institutions there are specific actions undertaken by actors in particular strategic contexts. I propose modeling these actions as a signaling game in which leaders choose strategies of rule based on elite beliefs about the leaders' capacity to exclude elites from future benefits that lead some authoritarian leaders to create their own political party and dissuade others from doing so.

_I Incorporating Agency and Uncertainty into Explanations of Institutional Creation_

Existing scholarship has largely skirted the role of authoritarian leaders in choosing some institutions over others. Though Gandhi (2008) offers a compelling theory for why authoritarian leaders maintain legislatures and tolerate the participation of multiple parties in general, she assumes that the level of institutionalization that leaders maintain is a direct function of opposition demands and does not address the choice of some institutions over others. Brownlee (2007) notes that parties were crucial factors in maintaining the durability of authoritarian rulers in Malaysia and Egypt (at least at the time of publication), but that Mubarak and Mahathir would not likely have created the parties that so benefitted them (56, 59). However, the decision to establish the predecessor to Egypt's National Democratic Party in 1954 is not analyzed, nor are the institutional origins of the ruling parties at the core of his case studies theorized in any substantial way. Svolik's (2012) analysis of the incentives to cooperate created by ruling
parties in authoritarian regimes is among the most compelling to date, yet he addresses the variation in the emergence and existence of authoritarian ruling parties only briefly, and does not present data or propose any theoretical framework for understanding this variation (194-5).

Where the origins of pro-regime parties are addressed directly, analyses have focused largely on the institutional origins of the authoritarian leader or the structural factors that make party emergence more or less likely. Geddes (2005, 2008) argues that leaders create parties to resolve intra-elite conflicts, to defend themselves against potential coups, and in the special case of military dictators to create an alternate base of power outside the armed forces. These are all well-documented and sensible explanations of party creation by leaders who did not gain power already in control of an existing party. However, Geddes does not account for the factors that lead some leaders to create parties and others not to do so.

Gandhi (2008) points to the polarization of preferences of authoritarian rulers and the opposition to explain the degree of institutionalization of authoritarian regimes, but this theory cannot account for the creation of parties by the rulers themselves. Reuter (2010) models the creation of dominant parties as a commitment problem between leaders and elites and argues that parties emerge only when the balance of "political, personal, and economic" resources between players is relatively equal (19). His analysis improves on other existing explanations in that it takes strategic concerns into account, but does not adequately emphasize the role that individual leaders have in leading the process of pro-regime party creation. Moreover, it focuses on measuring the balance of resources between players much more than the strategic concerns of the different actors,
and in particular underemphasizes the necessary but not sufficient factor of authoritarian leaders' initiative in creating pro-regime parties.

Finally, I believe it is crucial to introduce uncertainty into models of the strategic environment in which leaders and elites found themselves. This departure from existing models helps account for the wide empirical variation in initial conditions where the same outcome of party creation occurred. Whereas earlier models might explain the early emergence of dominant party systems in widely disparate contexts such as Russia, Mexico, Egypt, and Malaysia by arguing that comparable conditions of political polarization or resource parity between rulers and elites existed, I contend that different types\(^1\) of leaders created parties of power in contexts where elite beliefs can be wrong about leader type. The actual balance of resources between leaders and elites, especially outside of legislatures, was nearly impossible to determine during the political chaos and economic upheaval of the early years of independence in post-Soviet states. Thus, a satisfactory model must somehow capture the role of beliefs about power and assumptions about the consequences of future actions rather than predicting the behavior of political actors under the assumption of complete and perfect information.

*Why a signaling model?*

Basic models of rational and strategic behavior fail to capture essential features of conditions under which rulers create parties and do not generate the different party-creation equilibria observed around the world. A single player decision theoretic model

\(^1\) By "types," I refer primarily to types as defined in games of complete information. But the empirical "types" of leaders who chose to create parties in the post-Soviet space is also diverse: Communist Party hardliners, Communist Party moderates, leaders of nationalist movements, academics, kolkhoz directors, and more. There appears to be no direct correlation between professional or personal backgrounds and subsequent institutional choice.
that states that rulers create parties when the benefits outweigh the costs is so simple that it borders on tautology. A more complex specification of this model that named the kinds of resources needed to create a party or their necessary amounts fails to account for the wide range of contexts in which leaders choose to create parties of power. A simple model of a single-shot game fails to capture the fundamentally sequential nature of institutional formation; in the case of creating a party of their own, leaders must make the first move but will do so based on their understanding of elite beliefs.

Modeling authoritarian party creation as a signaling game incorporates uncertainty into models of the strategic environment in which leaders and elites find themselves. This departure from existing models helps account for the wide empirical variation in initial conditions where the same outcome of party creation occurred. Whereas earlier models would explain the emergence of parties of power in Uzbekistan, Kazakhstan, Armenia, Azerbaijan, and Georgia by arguing that comparable conditions of political polarization, or resource scarcity, or resource parity between rulers and elites existed, this model suggests that different types of leaders created parties of power in contexts where elites believed that rulers were strong. The actual balance of resources between leaders and elites, especially outside of legislatures, was nearly impossible to determine during the political chaos and economic upheaval of the early years after the break-up of the Soviet Union. A satisfactory model must somehow capture the role of uncertainty and beliefs about power rather than assume political actors have complete and perfect information, especially during times of institutional flux.
How to Evaluate the Game?

The signaling model in the next section depicts the actors and actions that lead to a two pooling equilibria and one separating equilibrium. In this game, elites are uncertain about leaders' types which determine various payoffs and costs associated with party creation. Elites will join parties initiated by leaders whom they believe to be bloodthirsty because such a leader will punish elites in the future for opposing them, or at the very least will exclude them from the regime spoils. However, elites prefer not to join parties created by namby pamby leaders because those leaders cannot credibly exclude uncooperative elites from party-based spoils if elites refuse to join. In these cases, elites will prefer to remain independent because they win some spoils and maintain their independent reputation. Meanwhile, namby pamby leaders, choose not to create parties with elites rather than risk a failed party project, while bloodthirsty leaders may be indifferent between a failed party project and not creating a party at all.

The types of leaders in this model vary based on their capacity to use coercion to punish uncooperative elites. However, this capacity does not necessarily depend on the military, monarchical, personalistic, or partisan origins of a leader's power. A military commander who seizes power may be either bloodthirsty or a namby pamby depending on their degree of control of the armed forces and their willingness to use coercion to achieve their goals. Similarly, a civilian leader or monarch can be of either type. Leaders are believed to be strong when they have sufficient capacity coercive or otherwise to exclude uncooperative elites from regime spoils and namby pamby when they cannot.
**Sequence of Actions in the Signaling Game**

In the first move of the game, leaders decide whether or not to create their own party or whether they can achieve their political objectives without one. I assume that bloodthirsty leaders' top preference is to create a party that elites join, and that bloodthirsty leaders weakly prefer creating parties that elites do not join\(^2\) to not creating a party at all. Even if they face no immediate threat, having such a party provides strong rulers with an insurance policy against future opponents; given the low cost that bloodthirsty leaders pay to maintain a pro-regime party, I believe leaders would ultimately pay this premium in order to hedge against the potential for rebellion later on. Furthermore, after an initial investment in party infrastructure, maintaining a stable pro-regime coalition through a party is cheaper in the long-run than buying support through ad-hoc sidepayments. In the second move of the game, elites act based on their beliefs about the leader's type. When they believe that leader is bloodthirsty, they join the party reasoning that only a leader capable of committing to a party of their own and enforcing the exclusivity of the goods of pro-regime affiliation would initiate one. If leaders do not create a party, the game ends. This may or may not be a stable equilibrium as the discussion of potential equilibria makes clear.

Namby pamby rulers have the greatest need for a party but face the greatest challenges in creating one. They lack influence in legislatures and in the bureaucracy and are less able to make credible promises of rewards to potential partisan recruits. These leaders create parties only when they expect that elites will join their party, which is

\(^2\) There are conditions under which rulers create their own parties even if they do not expect elites to join but they are rare.
possible only when elites believe with a high enough probability that the leader is bloodthirsty. When namby pamby leaders know that elites know their true type, they do not create parties because the costs of failure are likely to be higher than coopting elites with ad-hoc sidepayments.

Prior beliefs about leader type form in the period of time before a leader considers creating a party. These beliefs can form over a years and even decades if the leader is an incumbent or a well-known figure in society, or in a relatively short period of time if the leader has recently been come to power. Elite beliefs about leader type often become apparent to leaders during stand-offs in the first years of an authoritarian spell when executives reach the limits of power that existing elites are willing to cede and vice versa. Such showdowns may occur during the process of drafting constitutions, when authoritarian rulers appoint cabinets, when existing elites mobilize demonstrations against the executive, and so on. Presidents' and parliamentarians' limits of tolerance of the others' demands varied from case to case based on a wide range of factors. But one crucial common thread in the authoritarian regimes is that across time and space, new authoritarian leaders take measures to secure their power. This process often entails creating new institutions or reconfiguring existing ones to their liking, which takes place either in cooperation or opposition to existing elites.
Discussion of Parameters

Authoritarian rulers draw a wide range of benefits from maintaining a pro-regime party, some of which are palpable as soon as the parties are created and others that become evident over time. Because this paper focuses on authoritarian party creation as opposed to maintenance, I conceptualize the benefits that leaders receive from parties as those that arrive early on. Parties are instrumental for identifying pro-regime elites where allegiances may not be clear, which clarifies the boundaries of the selectorate (Bueno de Mesquita et al 2003, Haber 2008). Where authoritarian leaders must grapple with legislatures, pro-regime parties secure support for the ruler's agenda, and provide a bloc of centrist support that marginalizes potential regime challengers (Magaloni 2006, Greene 2007).

A portion of the benefits of creating a party depend on elites joining it, while leaders receive some of the benefits irrespective of elite cooperation. Benefits conditional on elites joining the party include those related to securing support for the leader's agenda.
in parliament and defining the boundaries of the selectorate. Yet some leaders also benefit by creating a party that existing elites refuse to join. In these cases, leaders can essentially create placeholder elites at a low cost who occupy positions in legislatures and bureaucracy and effectively keep challengers from gaining a foothold in government.

It is likely that the benefits that leaders enjoy from creating a party vary based on the type of leader and almost certainly depend on the utility functions of individual leaders. However, for the purposes of clarity, I model the benefit of creating a party as a constant, especially as the benefit term always appears in conjunction with the cost term \( c \), which does vary based on leader type.

\[ c - \text{cost of creating a party} \]

The costs of creating a party are made up of fixed costs which are invested in party infrastructure as well as variable costs that take the form of side payments to party-affiliated elites. While the fixed costs of party creation should not vary depending on type, the variable ones do. Compared to namby-pamby leaders, bloodthirsty leaders pay lower side payments to elites since they are comfortable using coercion to limit elites' demands. Namby-pamby leaders are less able to bargain with elites and so they must offer higher side payments in order to secure elite cooperation. Therefore, I derive the assumption regarding costs: \( 0 < C_B < C_N \).

\[ x - \text{punishment for elites who refuse to join the party} \]

Both bloodthirsty and namby-pamby leaders punish elites who refuse to join their party. At the very least, elites who do not join bloodthirsty leaders' parties face complete exclusion them from the side payments that derive from party affiliation. Leaders also
may apply harsher coercive measures to uncooperative elites including threatening their livelihood or property, imprisonment, or death. However, elites who do not join the party of namby-pamby leader face negligible punishments since weak leaders do not have the capacity exclude uncooperative elites from the spoils of office or ability to sanction uncooperative elites coercively. Thus, I derive the assumption regarding punishments:

\[ X_B > X_N \geq 0 \]

*s - side payments*

When an authoritarian ruler creates a party, elites affiliated with the party receive side payments of various forms. These range from the relatively low-value reward of state employment to control over large swaths of the economy. When a party of power exists, these side payments are distributed to party-affiliated elites whose access to spoils and rents depends on their continued cooperation with the leader. Under various forms of coercive threats, bloodthirsty leaders are able to enforce the exclusivity of party benefits for party-affiliates while namby-pamby leaders cannot.

While I include \( S_P \) and \( S_{NP} \) as terms that represent the different levels of side payments that elites receive from within a party and when no party exists, a third value, \( S_O \) also exists. Representing the side payments that elites potentially receive when they refuse to join a party, \( S_O = 0 \) when the leader is bloodthirsty as such leaders are able to exclude uncooperative elites from side payments completely. Under namby-pamby leaders, sidepayments for elites outside the party are greater than or equal to zero, but less than or equal to the side payments that elites receive when no party at all exists:

\[ S_{NP} \geq S_P \geq S_O \geq 0 \]
However, for the purposes of the model, $S_\sigma$ collapses into the punishment term that comprises part of elites' payoffs when they do not join pro-regime parties. Thus out of the three levels of side payments that exist, only two appear as separate terms.

$r$ - independent reputation of elites

Some elites have independent popular appeal that raises their leverage in bargaining with leaders over side payments. The value that elites place on their independent reputation is captured in the term $r$, which elites retain only when they are unaffiliated with a party of power. When they join a party of power, elites forfeit their independent appeal and effectively tie their future political fortunes to that of the leader and the rest of the ruling clique. Therefore, the reputation term $r$ is replaced and in some cases enhanced by the side payments that elites receive when they join the leader's party. When leaders do not create parties at all, elites retain their independent reputations and also bargain for side payments with leaders. When elites refuse to join parties, they retain their independent reputations and also face varying levels of punishment, depending on the leader's type.

The reputation of elites is a measure of their political prominence independent of affiliation with the leader. Electoral victories, personal popularity, and independent patronage all contribute positively to the reputation of elites.
Discussion of Pooling Equilibria:

**EQ1:** Both types of leaders create a party when the following conditions hold:

<table>
<thead>
<tr>
<th>Conditions</th>
<th>( \sigma_L = )</th>
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</thead>
<tbody>
<tr>
<td>1a. ( C_B \leq B + S_{NP} )</td>
<td>( \begin{cases} P &amp; \text{if } \theta = B \ P &amp; \text{if } \theta = N \end{cases} )</td>
</tr>
<tr>
<td>1b. ( C_N &lt; B + S_{NP} )</td>
<td>( \sigma_E = j )</td>
</tr>
<tr>
<td>2a. ( S_P &gt; R + p(X_N - X_B) - X_N )</td>
<td>( b = p(B</td>
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When conditions 1a and 1b hold, the benefit of creating a party plus the value of side payments that leaders would have to spend to buy support without a party exceed the cost of creating a party, which gives both types of leaders the incentive to create a party of their own. However, elites will only join the party when condition 2 holds, which indicates their belief that the leader is bloodthirsty and therefore capable of punishing them for not joining the party. Under both of these conditions, neither actor has an incentive to defect and so a perfect bayesian equilibrium emerges.

**EQ2:** Both types of leaders do not create a party when the following conditions hold:

<table>
<thead>
<tr>
<th>Conditions</th>
<th>( \sigma_L = )</th>
</tr>
</thead>
<tbody>
<tr>
<td>3a. ( C_B &gt; S_{NP} )</td>
<td>( \begin{cases} \sim P &amp; \text{if } \theta = B \ \sim P &amp; \text{if } \theta = N \end{cases} )</td>
</tr>
<tr>
<td>3b. ( C_N &gt; S_{NP} )</td>
<td>( \sigma_E = (\sim j) )</td>
</tr>
<tr>
<td>4. ( S_{NP} + R \geq S_P )</td>
<td>( b = p(B</td>
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When conditions 3a and 3b hold, the costs of creating a party exceed the benefit of creating a party plus the value of side payments that leaders would have to spend to buy support without a party exceed the cost of creating a party, which gives both types of leaders the incentive to not to create a party of their own. For elites, the payoff they receive when leaders do not create a party is higher than they payoff they would expect from joining a party of power, as condition 4 states. Therefore, when condition 2b holds, which makes explicit when elites believe that the leader is weak, neither player has an incentive to defect from their initial strategy and a second pooling equilibrium emerges.

**EQ3: Both types of leaders have a dominant strategy to create a party**

**Conditions**

\[ \sigma_L = \begin{cases} \neg P & \text{if } \theta = B \\ P & \text{if } \theta = N \end{cases} \]

\[ \sigma_E = (\neg j \text{ or } j) \]

\[ b = \text{don’t really matter (?)} \]

Under conditions 5a and 5b, both types of leaders have a dominant strategy to create a party at all times, even without elite cooperation. I include this equilibrium because it is a logical possibility, but it is not sustained empirically as many leaders of both types choose not to create parties. Furthermore, condition 5b is especially difficult to sustain given assumptions about the high costs that namby-pamby leaders pay when their parties fail to attract elites.
EQ4: Both types of leaders have a dominant strategy not to create a party

**Conditions**

\[ \sigma_L = \begin{cases} 
  \lnot P & \text{if } \theta = B \\
  P & \text{if } \theta = N 
\end{cases} \]

6a. \( C_B < B + S_{NP} \)

6b. \( C_N > B + S_{NP} \)

\[ \sigma_E = (j \text{ or } \lnot j) \]

\[ b = \text{don't really matter (?)} \]

Under conditions 6a and 6b, both types of leaders have a dominant strategy not to create a party, even if they expect elites to join a potential party. I include this equilibrium because it is a logical possibility, but it is not sustained empirically as party creation is a widely noted stable institutional equilibrium. Furthermore, condition 6a is especially difficult to sustain given assumptions about the low costs that bloodthirsty leaders pay to create a party.

**Discussion of Potential Separating Equilibria:**

EQ5: Bloodthirsty leaders always create parties; Namby-pamby ones never create them

**Conditions**

\[ \sigma_L = \begin{cases} 
  P & \text{if } \theta = B \\
  \lnot P & \text{if } \theta = N 
\end{cases} \]

3a. \( C_B > S_{NP} \)

5b. \( C_N < S_{NP} \)

\[ \sigma_E = \begin{cases} 
  j[p, \lnot j] & \text{if } \theta = P \\
  \lnot j[p, \lnot j] & \text{if } \theta = \lnot P 
\end{cases} \]

\[ b = p(B|P) = 1 \]

Under condition 5a, bloodthirsty leaders have a dominant strategy to create a party even if elites refuse to join, while if conditions 3b holds concurrently, namby-pamby leaders have a dominant strategy not to create a party. In order for this separating equilibrium to emerge, condition 7 must hold. This implies under certain circumstances, elites refuse to
join a party even if created by a bloodthirsty leader. This condition guarantees that it is impossible for namby-pamby leaders to defect to creating a party should they expect elites to join.

EQ6: Namby-pamby leaders always create parties; Bloodthirsty ones never create them

Conditions

\[ \sigma_L = \begin{cases} P & \text{if } \theta = N \\ \sim P & \text{if } \theta = P \end{cases} \]

\[ \sigma_E = \text{irrelevant (?)} \]

\[ b = p(B|P) = 0 \]

By complementary logic to the first separating equilibrium, a second separating equilibrium is possible if the costs of creating a party exceed the costs of non-party side payments for bloodthirsty rulers and if the costs of party creation for namby pamby rulers are less than those of ad-hoc sidepayments to without a party. These conditions yield stable equilibria regardless of elite actions because leaders cannot improve their payoffs by changing their strategy.

Preview of What is to Come...

At this point, I believe I have specified all of the possible pooling and separating equilibrium. At this point, I plan to list the main working hypotheses of the dissertation which follow directly out of the conditions that I impose to find the different equilibria. I plan to discuss EQ1, EQ2, and EQ5 in case study chapters because I believe they make the most sense theoretically and because they capture important and different scenarios under which authoritarian rulers create their own parties.
Works Cited


