

Bankrupt Representation and Party System Collapse

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Chapter 1. Introduction: The Catastrophe of Collapse

“[P]olitical parties created democracy and...modern democracy is unthinkable save in terms of political parties. As a matter of fact, the condition of the parties is the best possible evidence of the nature of any regime” E.E. Schattschneider, 1942

In the 1970s, prospects for democracy in Venezuela seemed limitless. Competitive elections installed political leaders. Control of government peacefully changed hands from one established political party to another. These two parties, Acción Democrática (AD) and COPEI, and the institutionalized party system they formed were widely regarded as pivotal in the development of democracy. By 1973, the two parties consolidated their positions as the primary actors linking society and the state, and the militant left laid aside their weapons and entered electoral politics. In the 1970s and 1980s, over half the population identified with AD or COPEI, and nearly 85 percent of voters cast their ballots for them. At the same time, the Venezuelan economy prospered. Oil prices more than tripled in the 1970s, nearing \$10 per barrel (OPEC 1999), and government revenue and GDP per capita increased significantly (Karl 1997; Baptista 1997).

Today however, Venezuela’s political and economic landscape is almost unrecognizable. Virtually no traces of AD or COPEI remain; they do not hold a single seat in the National Assembly. In their place stands the personalistic, hegemonic government of Hugo Chávez, who has cultivated an impressive following, but increasingly disregards democratic norms and practices. Elections are held regularly, but Chávez’s opponents insist that fraud is rampant despite close international scrutiny. The control Chávez exercises over the National Assembly, Consejo Nacional Electoral, Tribunal Supremo de Justicia, and many other institutions raises concerns about horizontal accountability. The left has gained substantial influence, and some of Chávez’s most loyal supporters, including governors, National Assembly deputies, and Cabinet officials, were once members of the militant left that had supposedly been incorporated into the regime decades earlier. Rather than relying on support from unions and professional associations,

as AD and COPEI had done, Chávez has cultivated support among the historically marginalized.

The economic situation is also radically different than the 1970s boom. Although oil prices rose in the mid-2000s, they had hovered around \$5 per barrel for over a decade (adjusted for inflation, OPEC 2001), and GDP per capita is down over 40 percent from the '70s.¹ Inflation is in double digits, which is an improvement from its 1996 high of 100 percent.² Debt service is more than twice what it was 30 years ago.³ And, the portion of the population in poverty has nearly doubled since the 1970s, increasing from 33 to almost 60 percent (CISOR 1975; 2001).

What has happened in Venezuela since the 1970s? Given the institutionalization of the party system and the oil wealth the nation enjoyed, Venezuela seemed to be on route toward democratic consolidation. But as the economy deteriorated and the parties did little to respond, people began defecting from the party system. A strong signal of mounting frustration came in 1989 when violent protests erupted in response to President Carlos Andrés Pérez's neoliberal program. In 1992, members of the military attempted two unsuccessful coups, and Pérez was impeached in 1993. By the early 1990s, new parties had begun to appear, contesting the 1993 elections, which were won by former COPEI leader Rafael Caldera who ran as an independent with backing from a diverse set of parties including the left-leaning MAS and his own electoral vehicle Convergencia Nacional. During his presidency, Caldera found his strongest ally in AD – his longtime nemesis. As the traditional parties closed ranks, Venezuelans found no meaningful alternatives within the party system and turned elsewhere for representation. The prolonged crisis also provoked radical social change, which undermined the parties' bases of support and increased the numbers of poor and unemployed excluded from the party system. As a result, the parties lost ties to large swaths of society, encumbering stressed clientelist networks with greater

¹ Data are for 1974 and 2003, expressed in constant 1984 currency units. Source: Banco Central de Venezuela.

² 14.4% in 2005. Source: Banco Central de Venezuela.

³ 16% of exports in 2004. Source: World Development Indicators.

pressure to deliver votes. When financial scarcity and political reforms limited the parties' resources, clientelist capacities contracted, further weakening their draw.

By the end of the 1990s, the party system collapsed. First, a volatile multiparty system emerged. But Hugo Chávez has now solidified a near-hegemonic hold on power. Chávez's repeated reelection, and his efforts to restructure institutions and society suggest Venezuela has made a complete break with its history as an institutionalized party democracy.

While particularly severe and surprising in Venezuela, the dynamics and traumatic consequences of party system collapse are not unique. In Italy, the Christian Democrats (DC) dominated post-WWII politics, controlling government with their frequent allies, the Socialists, for over four decades. Italy's post-war economic resurgence was touted as a miracle. But in the 1980s, public debt escalated, and unemployment rates reached double digits. International commitments limited the parties' ability to address these problems, and patterns of coalition government discredited all the viable system alternatives. Class and religious cleavages lost salience, and economic realities and political reforms strained clientelist resources. By the mid-1990s, the DC and the Socialists almost evaporated, and the permanent opposition party, the Communists, splintered. In the aftermath, uncharacteristic upheaval, even for Italy, plagued politics, and media baron Silvio Berlusconi monopolized power.

The Venezuelan and Italian systems faced challenges from economic crisis, social change and political reform, while constraints hindered adaptation, causing collapse. Alternatively, other party systems in countries like 1990s Argentina, which was beleaguered by severe crises, and 1970s Belgium, which faced intractable ethnic divisions, managed to adapt and survive. Why do some party systems collapse when faced with considerable pressures while similar systems confronting equally insurmountable obstacles endure? How do people reject not just the

incumbent but the entire menu of options in a party system? What are the implications of this rejection for democracy? This book answers these questions, explaining how breakdowns in party politics occur and examining ramifications of collapse.

Party System Collapse and Democracy

Political parties are pivotal players in contemporary democracies, serving as vehicles for representation, accountability, and governability, and the system of interactions they form (Sartori 2005 [1976]) shapes political contestation and government outcomes. A party system collapses when the structure of the system changes and the parties decay. As a result, patterns of representation, accountability, and governability are likely to change, while processes of contestation are prone to restructuring. The collapse of an entire party system, therefore, marks the complete reshuffling of the democratic order. Explaining this phenomenon, then, is crucial not only for illuminating party system dynamics but also for understanding democratic politics.

Parties are the primary agents of representation and virtually the only actors with access to elected positions in democratic systems (Hagopian 1998). By channeling the pursuit of interests into an institutional structure, parties peacefully frame competitive politics and allow divergent interests in society to participate through democratic means (Isidro Morales 1996; Przeworski et al. 1995). Parties also help voters hold elected officials accountable, providing heuristics at the polls and facilitating identification of those responsible for government outputs (Aldrich 1995). Significant changes in parties, especially the deterioration associated with collapse, may threaten the fulfillment of the crucial tasks parties perform in democracy.

Changes in party *systems* also have important implications. Party systems organize contestation, shape which interests are articulated and how, and direct government outputs. It follows that modifications in a party system's structure will have important ramifications,

reconfiguring contestation and reshaping policy outcomes. The volatility associated with change may also increase conflict and weaken accountability.

The potential impact of party system collapse is even more profound. The rupture in a party system's structure and disintegration of its component parties, which define collapse, imply substantial consequences. When collapse occurs, the tasks typically performed by parties, such as promoting accountability and governability, may go unfulfilled. Meanwhile as inter-party interactions undergo dramatic restructuring, the regime may be exposed to instability and conflict. Most ominously, collapse may make the democratic regime vulnerable. The instability of the collapse period makes democracy more tenuous, at least in the short run, as citizens are caught in uncertainty. Collapse also opens the door to new and at times unpredictable actors. Although new groups may address previously unanswered clamoring for access, their jockeying for position is also likely to elevate conflict. Some emergent actors may even undermine the regime by disrespecting democratic norms or threatening entrenched interests.

Given the significance of collapse for democracy, analyzing the factors that cause this outcome and examining its consequences provides important insight. Moreover, by understanding what causes party systems to be susceptible to collapse, policymakers and party leaders may be able to avoid some of the pitfalls that precipitate such catastrophe.

Theoretical Foundations

Given the importance of parties and party systems for democracy, many have explored the motivations behind and implications of changes in parties and party systems. Scholars have examined the emergence of new parties (Kitschelt 1995), adaptation efforts of existing parties (Kitschelt 1994; Levitsky 2003), electoral shifts between parties (Dalton, Flanagan and Beck 1984; Miller and Schofield 2003), and party failure (Lawson and Merkl 1988). Despite this

plethora of scholarship on party dynamics, it is not clear whether these arguments, which were largely developed to explain individual party performance, may be directly extended to explain party system collapse. While explanations of collapse may draw inspiration from studies of party dynamics, a successful theory must explain why all the system parties fail simultaneously and the system's structure transforms. Nevertheless, much of the existing research on party system collapse emphasizes the features and behavior of individual parties without considering how the entire party system is made vulnerable (Coppedge 2001; Seawright 2006, 2007), neglecting theoretical advancements that account for the system-level features of collapse.⁴

To understand the processes that produce disintegration in entire party systems, I develop a theory of collapse.⁵ Based on insights from research examining changes in individual parties and party systems and from studies that have theorized about party system structure, I argue that a system will collapse when it is unable to fulfill its primary role in democracy – linking society to the state. Linkage failure occurs when a party system faces challenges to its core representational strategies and when the specific institutional and environmental context limits the ability of the system and its component parties to respond appropriately to these challenges. Failure to perform the critical task of linkage causes party system collapse.

Studies on individual party change demonstrate that for parties to survive, they must fulfill their role of channeling public concerns (Levitsky 2001; Panebianco 1988). Likewise, other research analyzing electoral shifts within stable system structures argues that failed responsiveness leads voters to abandon one party and embrace another (Dalton, Flanagan and Beck 1984). Likewise, studies explaining continuity and change in system structures suggest that

⁴ Work by Dietz and Myers (2007) provides an exception. Coppedge (2005) and Roberts (nd) take a system-level approach in examining the related issue of democratic decay in Venezuela and Peru, But their work does not seek to explain party system collapse, but rather to examine regime-level processes.

⁵ I develop the theory much further in Chapter 3.

for a system to be effective, it should mirror the demands and configuration of society. In a successful system, major interests must be articulated by the system of mediation the parties form (Cox 1997; Lipset and Rokkan 1967; Ordeshook and Shvetsova 1994). Jointly the literature on party dynamics and party system structure suggest that the extent to which a party system fulfills its linkage task affects its ability to survive.

Building on these literatures, I argue that for party systems to survive, they must channel and respond to societal interests. Without linkage, the system will collapse. To explain why party systems cease providing adequate linkage, I argue that a system is at risk when structural changes challenge its core linkage profile, demanding a response. If the challenges emerge in a context that limits the parties' ability to maneuver and address these challenges, linkage deteriorates. The theory synthesizes socio-structural and institutional approaches, delineating how conflicting pressures generated by structural changes and contextual constraints undermine ties between parties and voters. Unlike more deterministic explanations that view collapse as a natural outcome of threats like economic crisis or corruption (Hillman 1994; Molina and Pérez 1998), my focus on decaying linkage acknowledges the pressures that such challenges present, but also explores the party system's response to them. By examining exactly how the ties between voters and politicians deteriorate in the period leading up to collapse, I illuminate the process through which threatening structural changes generate mounting demands for linkage and how specific constraints restrict the system's ability to respond to these pressures.

As countries change and evolve, party systems face countless challenges to their ability to provide linkage. Economic crisis, social change, and political reform may complicate a party system's job. But according to their specific linkage portfolios, different party systems are threatened by distinct challenges and find specific constraints especially difficult to overcome.

To explore how particular challenges and constraints make different linkage strategies vulnerable to decay, I consider three main avenues through which party systems respond to demands for linkage: programmatic representation, incorporation of major social interests, and clientelism. In Chapter 3, I outline the specific challenges and constraints that undermine each type.

Explaining Collapse: Research Design

I trace how structural changes amidst contextual constraints led to severe linkage decay and produced party system failure across a diverse group of collapse cases, employing a two-pronged approach to the analysis. First, I carry out a detailed examination of Venezuela as a least-likely case. Then, I conduct cross-national analysis comparing Venezuela and three other instances of collapse with four cases where party systems survived despite serious threats. Throughout, I employ large-N statistical analysis, quantitative content analysis, qualitative analysis of interviews and documents as well as comparative historical analysis. The data include public opinion surveys, legislative archives, news reports, interviews with party elites, election returns, government and party documents as well as secondary sources.

I analyze the Venezuelan collapse in greatest depth because the institutionalized nature of its party system made collapse due to failed representation improbable and surprising. Although Venezuela is not the only long-standing party system that has encountered the trial of collapse, the quality and complexity of the linkage mechanisms in Venezuela rendered complete failure more unlikely there than in other countries that experienced collapse.⁶ Furthermore, collapse has been particularly challenging for the stability and quality of Venezuelan democracy, making it an excellent case for understanding the ramifications of party system failure.

Explaining complex processes like party system collapse requires detailed analysis, and my treatment of Venezuela constitutes such an approach. But collapse is not distinctively

⁶ See Chapter 2 for more details concerning the selection of Venezuela.

Venezuelan. Therefore, I expand the analysis to consider a broader set of cases that includes instances of both collapse and survival, intentionally selected to provide variation on the dependent variable while also ruling out potential alternative explanations. I conduct comparative analysis of other instances of collapse, demonstrating how the patterns present in Venezuela are replicated in other cases. Linkage failure, caused by structural challenges in a context of specific constraints, led to collapse in cases as diverse as Bolivia, Colombia, and Italy.

I also show how other at-risk party systems avoided collapse. I pair each of the four cases of collapse with a similar party system that managed to survive serious threats, matching them on linkage profiles, party system features, and challenges faced.⁷ I contrast Venezuela to Argentina, Bolivia to India, Colombia to Uruguay, and Italy to Belgium. The analysis of these matched cases of survival clarifies how countries facing similar challenges avoided collapse through provision of at least one form of linkage. In these instances of survival, I find at least one of the following: either the challenges facing the party system did not seriously undermine all components of the system's linkage strategy or the context did not impede the system's capacity to adapt. When systems failed, foundational threats and limits on appropriate accommodation were present. When systems averted disaster, one of these conditions was absent.

Outline of the Book

The book is organized into three parts. In the rest of Part I, I lay the book's theoretical foundation. Chapter 2 addresses conceptual issues. I distinguish between party system collapse and other sorts of party or party system change, placing collapse within the broader literature and spelling out how collapse is distinct. I conceptualize collapse as involving both the decay of the major parties and a fundamental transformation in system structure. Operationalizing this idea, I identify all collapse cases in Europe and Latin America from 1975 to 2005. Then, I explain my

⁷ See Chapter 9 for a detailed discussion of case selection.

rationale for focusing the most detailed analysis on Venezuela's party system collapse.

In Chapter 3, I develop the book's central theoretical argument. Collapse occurs when structural challenges and constraints on adaptation cause entire party systems to fall short of performing their central task of linkage. I specify three major strategies parties might employ in fulfilling their this task – programmatic appeals, interest incorporation, and clientelism. Then, I develop specific expectations concerning the structural changes that threaten each type of linkage and the constraints that limit the system's response. If all facets of linkage encounter core challenges that the parties are together unable to address, the system collapses.

Part II examines Venezuelan collapse. Throughout this portion of the book, I draw on considerable original data collected during 15 months of field research in Venezuela. The data include interviews with 89 political elites, 30 years of survey data, all the laws passed from 1974 to 2003, news reports, documents from party and government archives, election returns, and social and economic data. I elaborate on the collection and analysis of these diverse data at the end of Chapter 4, in other portions of Part II, and in the three data appendices.

Chapter 4 sketches the Venezuelan party system's founding and evolution. I outline the system's linkage portfolio at its apex in the 1970s, revealing a multifaceted strategy including programmatic representation, interest incorporation, and clientelism. But by the late 1980s, rising pressures complicated linkage, and support for the traditional parties began to wane. In 1998 the system collapsed. Chapter 4 describes this collapse. The subsequent chapters in Part II explain it, analyzing decay in each linkage type and showing how linkage failure caused collapse.

In Chapter 5, I examine programmatic decay. Economic crisis heightened pressure on the parties to provide a policy response to worsening conditions. However, analysis of an extensive database I compiled, which details the quantity and significance of policymaking on important

issues, reveals that responsiveness declined considerably in the late 1980s and 1990s.⁸ Rather than responding to the crisis, the parties froze, succumbing to constraints imposed by conflicting incentives that pitted historical legacies of state-led growth versus international pressures toward neoliberalism. At the same time that responsiveness failed, the major parties ceased offering meaningful programmatic alternatives. Patterns of inter-party agreements produced ideological convergence among the parties and made it impossible for voters to find alternatives to the status quo within the system. The absence of policy responsiveness and lack of ideological differentiation between major parties produced programmatic discrediting in the entire system.

Chapter 6 explores how incorporation deteriorated in the face of dramatic social change. In the 1990s, the formal sectors of the economy, around which the traditional party system had been built, shrank, while the ranks of the poor, unemployed, and informal sector expanded to over half the population. However, the parties' incorporation strategies were strongly rooted in the decaying social structure, and conflict between the goals of new and entrenched interests made innovation risky. As a result, they did not pursue the political potential of these burgeoning groups, allowing incorporation to wither.

In turn, Chapter 7 shows that clientelism likewise crumbled as the parties faced growing demands, resource shortages, and clientelist-constraining reforms. Increased poverty and uncertainty motivated more Venezuelans to seek clientelist benefits. But the economic situation also limited resources available for political distribution, and the party apparatuses were increasingly shut out of patronage opportunities as technocrats took control of the state and fiscal decentralization rerouted resources to smaller, local or regional networks. At the same time, the introduction of separate, subnational elections increased the number of electoral processes for

⁸ I use public opinion data to identify important national problems, and then I assess the amount and significance of policy outputs dealing with these issues. I determine contemporaneous significance by analyzing news reports at the time policies were passed and identify retrospective significance using expert analysis. See Appendices B and C.

which clientelist resources were needed and undermined interdependence between the parties' geographical units, increasing demand while reducing the gains achieved through each exchange.

By 1998, programmatic representation, interest incorporation and clientelism were all floundering. Representation was bankrupt. Chapter 8 brings together the components of the previous three chapters to chronicle the system's collapse in the 1998 elections. By using survey data to analyze Venezuelans' partisan identification preceding these pivotal elections, I show that lack of programmatic appeals, failure to incorporate new groups, and clientelist decay were together instrumental in producing the exodus from the traditional parties.

Part III extends the analysis beyond Venezuela, comparing instances of collapse and survival and exploring the ramifications of collapse. Chapter 9 outlines the rationale behind the selection of the four sets of paired comparisons between cases of collapse and survival: Bolivia-India, Venezuela-Argentina, Italy-Belgium, and Colombia-Uruguay. Chapter 10 examines Italy, Bolivia and Colombia, assessing how threats and constraints produced system collapse in each. Through these comparisons, I demonstrate how the patterns in Venezuela were replicated in other cases of collapse. Chapter 11 contrasts the collapse cases with the paired survival cases. As opposed to the collapse cases where structural changes threatened core linkage strategies and constraints limited the parties' response, in the survival cases either the threat or the pattern of constraints did not undermine all aspects of linkage, enabling the systems' endurance.

Finally, Chapter 12 examines the aftermath of collapse. While the successors to the four failed systems differed in important ways, in all four cases, they promised linkage in the precise areas where the old system had fallen short. But all the successors also presented challenges to democracy from personalism, deinstitutionalization, instability, and conflict. The presence of these common characteristics suggests that collapse poses particular risks for democracy.