

**Patronage Games:
The Effects of Economic Reform on Intra-Party Politics in Venezuela**

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Introduction

In December 1988 Acción Democrática's (AD) Carlos Andrés Pérez easily won the Venezuelan presidency, leading his closest rival by 12 percent. Pérez's easy victory was largely due to memories of his first term in office (1974-79) when unprecedented oil income and easily accessible foreign loans enabled state-financed industrial growth, financial stability, and large-scale industrial and social development projects.

Rather than returning the country to state-led economic growth akin to the 1970s, Pérez launched a series of reforms meant to correct macro-economic and structural distortions caused by years of state intervention in the economy. These reforms, however, were drastically different from those anticipated by a population and its politicians accustomed as much to years of state-led development as to the interventionist legacies of both Pérez and his AD party. The difficulty of initiating economic reform in such a context became apparent when, just three weeks after his inauguration, Pérez faced the most violent riots in decades, triggered by an increase in bus fares.

During Pérez's term, opposition continued in the form of strikes, demonstrations and criticism from ordinary citizens, factions in the military, the opposition party Comité de Organización Política Electoral Independiente (COPEI), and his own AD party. Opposition culminated with two coup attempts in 1992 by rebel groups housed within the military. Despite this pressure, Pérez refused to abandon his reforms. The final blow came when the Supreme Court formally charged Pérez with misuse of public funds.¹ When the Senate voted to send him to trial in mid 1993, his rocky term in office ended.

Most explanations for Pérez's removal from office point to the unpopularity of his reforms, noting the instability that these reforms brought to democracy in Venezuela. The widespread complaints about Pérez's economic policies and his inability to govern effectively in the face of rising opposition seem to support this interpretation. Other explanations cite the Venezuelan public's dissatisfaction with political corruption and Pérez's own culpability. That Pérez was brought under investigation for corruption seems to support this claim.

Yet for people who study Latin America these explanations seem faulty or incomplete at best. First, it is inaccurate to conclude that unpopular reforms will be reversed or that governments who initiate such reforms will necessarily fall. Governments in several Latin American countries have proposed and implemented unpopular economic reforms, yet their presidents did not fall from power as a result.² Further, where governments initiating economic reform measures were defeated, policy reversals did not usually follow (Geddes 1994b: 112). This evidence leads us to doubt explanations for government turnover based on the unpopularity of reforms.

Second, many government employees, officials, and party officers are corrupt in Latin America, yet few are charged with corruption. Further, we should not conclude that those politicians eventually charged are more corrupt than those who are not.³ In Venezuela, Jaime Lusinchi (AD) was known for his corrupt practices during his administration (1984-1988). Yet discussions about the possibility of a trial continued for several years while, in the span of only a few months, charges were

¹ Pérez was accused in 1992 by COPEI of allegedly irregular use of US\$3 million from secret interior ministry funds. (*Latin American Regional Reports, Andean Group*, December 17, 1992, p.3.) The supposed irregularity involved the use of the preferential exchange rate just before it was abolished by Pérez during implementation of his reforms.

² In fact, Geddes (1994b) reminds us that of Latin American democratic regimes in 1992, two (Argentina and Bolivia) had experienced dramatic success with economic reform, and seven had experienced some limited reforms (Brazil, Costa Rica, Ecuador, Greece, Nicaragua, Uruguay, and Venezuela) (Geddes 1994b, p. 108).

³ Some argue, mainly Moisés Naím, that an inherent benefit of market-oriented reforms themselves is the reduction of the possibility of corruption in governments. Turning to markets to regulate prices and financial concerns, exchange rates and industries, reduces the ability of politicians (in the guise of the state) to interfere and use these resources for their own private or political benefit.

filed against Pérez, Congress and the Supreme Court conducted separate formal investigations, and Congress voted to send Pérez to trial. The speedy conclusion of this process for Pérez looks suspicious in comparison to the slow pace of Lusinchi's trial.

Pérez did, however, initiate reforms when other presidents before him had not. So while it does not seem that the whole explanation for his downfall rests on the unpopularity of reform with the general public, it might rest on some other aspect of the reform process overlooked until now. In this paper, I argue that the explanation for Pérez's down-fall, and interestingly Rafael Caldera's surprising election to the presidency on an independent ticket, lies in the effects which economic reform has on politicians and intra-party politics.

At present, most research intended to evaluate the variety of economic reform processes in Latin America focuses either on (1) the political determinants of reform; (2) the social and economic consequences of reform; or (3) the larger political implications of reform, highlighting issues of democratic stability. While all of these issues are important, as yet little research has been done on the real "political" consequences of reform. That is, on the ways and extent to which economic reform measures affect internal party organization, the relationships between politicians, the relationships between politicians and the state, and the relationship between politicians and the population.

Latin American politics have long been characterized as clientelist in nature, as well as dominated by widespread uses of patronage and other state resources in exchange for loyalties and votes. However, in times of economic reform and restructuring, down-sizing the public sector or bureaucracy through spending cuts or privatization means fewer positions available for political appointments. Reliance on market-forces to determine prices and rates of exchange formerly determined by the state mean a diminished capacity to manipulate these areas for political favors. In such a context, I argue, politicians will be forced to reconsider the way in which they obtain and distribute state resources to cultivate support for themselves within their own parties as well as for their parties at the polls. The larger implication of this inevitable change is that the usual way of "doing politics" in Latin America, whether "politics" between politicians, politicians and the state, or politicians and citizens, will change.

In this paper, I use simple game-theoretic models to explore how clientelist political structures and the availability of state resources (used to practice clientelist politics) can be expected to affect politicians' career strategies and intra-party politics, both before and after economic reform. The discussion, reveals three important characteristics about politics in Venezuela. First, it shows that declining state resources do not force politicians to give up their reliance on these resources for political purposes. Instead, at least in the initial stages of reform, politicians from established parties (with access to state resources) engage in intense struggles within their parties to retain access to what little remains after reform. Second, the analysis shows that changes to politicians' incentives caused by declining state resources cause fundamental changes to their strategies *vis a vis* intra-party political processes after reform. In particular, I will show that in the pre-reform context the availability of state resources cause politicians from incumbent parties to factionalize around candidates during presidential nomination processes. During the post-reform era, however, declining state resources lead politicians from incumbent parties to unify around a single candidate. Finally, the analysis will show that changes to politicians' intra-party strategies have important, often surprising, implications for the larger political system.

Patron-Client Networks in Latin America: The Clientelist Incentive

Clientelism and Politics in Latin America

The word *clientelism* describes social relationships and groups which form among unequal individuals based on an exchange of personal loyalty and obligation for goods and services (Zuckerman 1979). A patron "provides economic aid and protection against both the legal and illegal exaction of authority (Wolfe 1966: 16-17)." The client in return repays the patron with labor, loyalty, esteem, information, and political support (Zuckerman 1979: 16-17).

After independence, traditional land tenure systems and social relations established by the Spanish persisted throughout most of Latin America.⁴ In the mostly rural environment, the rural landlord represented "almost the sole source not only of land but also of work, loans, seed and livestock, and help in the event of trouble with administrative authorities (Nelson 1979: 179)." In return for the landlord's patronage, the tenant worked the land, giving the landlord a share of his produce, and showing his appreciation to his patron through demonstrations of loyalty and esteem. Later, when suffrage came to rural areas, landlords were in a very good position to elicit political support from the client either for himself, or for those politicians he might favor.

Describing how and why patron-client relations are often found in urban areas during and after the migration of large numbers to cities, Joan Nelson notes:

The tendency to seek out patrons in the city may reflect residual rural attitudes on the part of some migrants. But it is also and more importantly a rational reaction to objective insecurity and the absence of institutionalized protection. Patrons are, quite simply, a form of insurance...Beyond emergency aid, patrons may provide a means of upward mobility in a context where formal or institutional channels of mobility are scarce (Nelson 1979: 180-181).

Sometimes rural networks transfer to urban areas relatively intact. However, Nelson also notes that most patron-client ties found in urban areas are not as all-encompassing nor as long-term as they once were in rural areas. Patrons do not have the same type or extent of influence they once did as landlords who were able to control or monitor most aspects of their clients' lives. This causes the client to seek out more than one patron in the urban context. And this is possible in an environment where there is an increasing likelihood that more than one potential patron exists in your immediate area.

Just as in rural areas, urban clientelism became useful during the spread of suffrage and the rise of mass-based parties in Latin America. Parties and party elites foresaw the advantages of using pre-existing clientelist networks and systems of loyalty, both in the country and in the city, to contact large numbers of voters, as well as to incorporate them into party organizations. John Duncan Powell (1971) points out that the extension of suffrage to peasant and rural populations by urban-based political elites almost always results from an initiative by the urban partner. In particular, the impulse for the incorporation of rural and peasant groups, and an alliance between urban and rural groups, "arises when an urban elite, engaged in a struggle for power at the center, perceives the need for a massive base of support and determines that such a base is available in the peasantry... (Powell 1971: 2)". To cultivate support, the extension of suffrage is usually coupled with agrarian reform (Powell 1971).

Local urban bosses and *caudillos* often became important political brokers who were able to deliver the vote of large groups better than other party activists. Promises of material rewards gained the loyalties of the local bosses. As a result, "[p]ersonal and collective goals are intertwined, the interests of local-level brokers and high-level politicians are reciprocal, and the channels of political participation become an elaborate web of patron-client ties (Nelson 1979: 190)." This exchange of goods and services between local bosses and politicians is clientelist politics.⁵

Current political and economic institutions work to reinforce patron-client networks. In Latin America, the concentration of power in the executive and the vast resources at this branch's disposal with little or no effective oversight tend to encourage executives and their parties to use these resources

⁴ For arguments about why Latin Americans tend toward clientelist relations and politics, and this tendency's link to the Spanish heritage, see Lipset (1967), Silvert (1967), and Chalmers (1977). For arguments about how Iberian values found in Latin America contributed to its slow economic development see, for example, Lipset (1967), Silvert (1967), and Wiarda (1982). For contrasting views, see Leff (1972a), Leff (1972b), and Coatsworth (1978).

⁵ See Nelson (1979: 189-190) for a discussion of the role of brokers and clientelist networks.

for their own political purposes. Pork such as government sponsored projects, the allocation of government contracts, appointments to state-owned industries, bureaucracy jobs, executive committees, and government ministries are easy means of rewarding supporters, and cultivating and reinforcing patron-client ties.

State-led development strategies like the import-substitute-industrialization (ISI) policies, favored by most Latin American political parties and governments until recently, also contribute to the perpetuation of clientelism in Latin America. State intervention generates the resources (like jobs and contracts, and the general ability to intervene in the economy at numerous levels), and creates interest groups (networks) having a stake in the system. These interest groups are often ready supporters of politicians promising to ensure that their jobs will not be jeopardized by changing state policies. The ready availability of resources and interest groups provides little incentive for politicians to seek other means than clientelist networks for cultivating political support.

Political Career Success in Latin America: The Clientelist Incentive

Most people agree that politicians want to maximize their career success (Geddes 1994; Ames 1987; Ames 1995). How politicians choose to maximize career success depends upon the context within which they operate. As Geddes (1994b) notes, "[M]aterial benefits [from state intervention in the economy] have played a central role in building parties and maintaining party loyalties, and politicians have needed access to state resources in order to further their political careers (Geddes 1994b: 115)."⁶ A politician may need state resources to secure the support of local constituents and important power brokers in order to gain votes for themselves and for their parties at the polls. Inside parties, politicians may need to promise state resources to ensure a secure following or support group in order to win internal elections for party positions, nominations for party posts, or favorable places on party lists. In such a clientelist driven political system, it is not difficult to imagine that future career success may depend upon the extent that one can gain and maintain access to state resources.⁷

Institutions: Structuring the Struggle for Patronage

Institutions determine the range of alternatives available to politicians and parties through which they can pursue their goals. In terms of state resources: the political-institutional structure determines the options available to politicians for procuring state resources and as well as who controls these resources. Understanding the institutional context within which politicians must operate explains why politicians and their parties tend to focus on controlling or influencing some institutions rather than others.

It is well known that all Latin American executives, regardless of the nature of federalism, have vast resources at their disposal. These resources include the ability to appoint ministers and staff ministries and federal agencies, make large numbers of public sector appointments, determine recipients of pork-barrel programs, dole out lucrative contracts to businesses, etc... In many cases executives have the power to set prices and quotas, exchange rates and foreign exchange quotas. Executives can use tools such as executive decrees, states of siege, and the veto to circumvent or negotiate with an opposition legislature or political party. This executive discretion over state resources leads parties and politicians to seek to control, align with, or influence the presidency.⁸

⁶ Resources used for such clientelist (machine) politics include: (1) individual benefits such as patronage jobs, contracts, and programs to help the poor such as subsidized housing or housing materials, free lunches, or land during land reform (these benefits are usually distributed by party activists to those belonging to the "right" party); (2) public goods, or "pork," such as state sponsored infrastructure projects, and subsidized food, fuel, and transportation; and (3) other politically useful policy resources like tariffs, and the allocation of import licenses and foreign exchange (often traded by politicians for kickbacks or campaign contributions).

⁷ Of course, the extent to which state resources influence politics and voting habits are impossible to measure. However, it is not an absolute measure of the quantity of state resources available for clientelist politics, nor (2) is it an estimation of the level of influence which state resources have in a political system which renders more plausible a discussion about the importance of state resources for practicing clientelist politics. As Geddes (1994a) reminds us, it is sufficient to know that: 1. All else being equal, the distribution of jobs and favors increases the probability of being elected. (Otherwise, politicians would not expend so much of their energy on providing such services.) 2. The amount of patronage to which a candidate has access for distribution depends on his or her party's control of elective and administrative offices at the national level. Such control is a function of the party's present and past electoral success. (Generally, a waning party that has lost many of the seats it formerly held in the legislature will still be able to call upon loyalists in the bureaucracy for a number of years.) (Geddes 1994a: 105)

⁸ Executive powers can, in some cases, be offset by those invested in the legislature. The power to approve a state of siege or executive decree, override a veto, enlarge the budget, impeach the president, amend the constitution, etc... are all potential sources of power for influencing the executive. These legislative resources provide powerful negotiation tools with presidents who might be willing to trade some sort of state resources for legislative support. Despite the potential negotiating tools of parties in the legislature,

Since executive resources are at the discretion of the winner, since presidents tend to focus the distribution of resources on their own parties, and since even medium to small parties have a slight chance of seeing their candidate elected to the presidency, most parties focus their sights on this office. It is the exclusive nature of the executive, and its extensive access to resources, in presidential systems that makes

the importance of capturing the presidency....paramount, dwarfing all other electoral goals for parties in presidential systems. This is what Linz (1987: 13-15) described as the 'winner-take-all' nature of presidentialism. The high stakes, and the certainty that control of the executive will not be open to question again for a set period, raise the tension of electoral politics. In the wake of presidential elections, moreover, the winners have no reason to try to make amends with the losers. The ultimate prize has been secured, and those who contributed to the victory are clamoring for compensation, perhaps patronage or cabinet positions. The losers, moreover, have no reason to try to cooperate with the new incumbent. There is little to be gained given the exclusive nature of presidential executives. (Shugart and Carey 1992: 31)

Politics in Venezuela

Institutional Structure

Venezuela is a Federal republic composed 21 states, 1 territory, 1 federal district, and 1 federal dependence (this consists of 11 federally controlled island groups with a total of 72 individual islands). Executive power is vested in a president who is elected by universal suffrage for a five-year term and cannot be reelected for 10 years thereafter. The legislature is bicameral and consists currently of the Senate (Senado) with 52 total seats (two seats per state, 3 lifetime seats held by former presidents, one seat for each federal district), and the Chamber of Deputies (Camara de Diputados) with 201 total seats allocated on a proportional basis (seats are distributed amongst the states according to population and then within each state, in proportion to the vote).

The president in Venezuela is elected with a plurality of votes. Presidential and legislative elections are held concurrently, which Shugart and Carey (1992) reason had caused Venezuela to evolve into a two-party system. (See Table 1 for changes in the distribution of votes amongst parties in Venezuela over the years.) This two party system lasted until the May 1993 removal of Carlos Andrés Pérez from office.

While the president does not have the power to veto legislation coming from the Congress, he remains a powerful player in Venezuelan politics. The president has control over the armed forces, the ability to call special sessions of Congress, the power to declare a state of siege and temporarily order the restriction or suspension of constitutional guarantees, and the ability (until 1989) to appoint all governors. The president sits at the apex of the state run economy. Consequently he is able to appoint personnel to public services and utilities, and state corporations in trade and industry (Kelley 1986: 39). The president has exclusive control over cabinet appointments and dismissals, the ability to create and staff various executive committees, as well as the power to "adopt all necessary regulations to bring laws into effect. Such regulations are neither subject to the approval of the Congress nor to the courts. Under such circumstances the Venezuelan president could be considered virtually unfettered in his use of power (Kelley 1986: 39)." These powers give the president discretion over vast resources.

It is required that both houses approve legislation, as well as any executive decrees. Despite this requirement, however, and the other Constitutionally defined functions of this body, the legislature in Venezuela is weak compared to the executive. One important source of this weakness is the lack of

in this paper I highlight the import which most established parties place on gaining control of the national executive. Regardless of the nature of the division of powers found in a country, executives in Latin America still control vast resources. The nature of this office means that presidents (and their parties), if they have a majority in the legislature, need not share the resources at the disposal of this office with other parties, especially losing ones. This magnifies the importance of gaining access to this office.

staff and budgetary resources. This lack of resources especially affects the functional capacity of the committee system meant to review or design legislation. Another factor weakening the autonomous operation of the Venezuelan legislature is the disciplined nature of political parties in Venezuela (Kelley 1986; Coppedge 1994; Geddes 1994). The allocation of legislative seats within parties is determined by a closed-list system, which gives important powers to party leaders, as these leaders have control over the order of candidates on the lists.

Until recently, Venezuela had a federal system on paper but a unitary one in reality. It was not until recently that state governors were directly elected by their constituents. In 1989 President Jaime Lusinchi (AD) signed into law the legislation allowing the direct election of governors in the states, federal territories, and the Caracas federal district. It should be noted that, at this time, the direct election of governors does not appear to strengthen the Federal system in Venezuela. States still have no authority to pass their own state-wide laws or initiate taxes (*Latin American Monitor*, October 1988, p. 588).

Table 1: Venezuelan Presidential Elections, 1958-1988

Year	AD		COPEI		Other		Winner	
	Candidate	Percent Votes	Candidate	Percent Votes	Candidate	Percent Votes	Party	Difference
1958	Betancourt	49.18	Caldera	16.21	Larrazábal URD/PCV	34.61	AD	15.02
1963	Leoni	32.81	Caldera	20.18	Villalba URD	17.51	AD	12.63
1968	Barrios	28.24	Caldera	29.13	Burelli URD-FND, FDP	22.22	COPEI	0.89
1973	Pérez	48.70	Fernández	36.70	Paz MEP	5.07	AD	12.00
1978	Piñerúa	43.31	Herrera	46.64	Rangel MAS	5.18	COPEI	3.33
1983	Lusinchi	56.72	Caldera	34.54	Petkoff MAS	4.17	AD	22.18
1988	Pérez	52.91	Fernández	40.42	Petkoff MAS-MIR	2.73	AD	12.49

Source: Kornblith and Levine 1993, p.33.

URD: Unión Republicana Democrática

PCV: Partido Comunista Venezolano

MEP: Movimiento Electoral del Pueblo

MAS: Movimiento al Socialismo

MIR: Movimiento de Izquierda Revolucionario

As in most Latin American countries, the Venezuelan public sector and part of the economy controlled by the state has been extremely large and burdensome. The bureaucracy in general has grown significantly since 1958. By the presidency of Herrera Campíns there were 1.5 million government workers out of a total labor force of 5 million (Kelley 1986, p. 40). The nationalizations during President Carlos Andrés Pérez's first term in the 1970s greatly enlarged the portion of the economy under state control. It was estimated that the state sector employed approximately 60% of the labor force in Venezuela in the late 1980s (*Latin America Weekly Report*, March 2, 1989).

Intra-Party Organization and Structure

The centralized nature of intra-party politics in Venezuela today owes its origins to the early formation and evolution of the AD party. The evolution and development of AD's organizational

structure influenced the development of the organizational structures in other parties. After the official founding of AD in 1941, activists had spent ten full years in exile or underground by 1958. For the early activists, the "Group of '28," twenty-one of the thirty-six years prior to democratization were lived in political exile, almost all of it outside of Venezuela (1928-35; 1937-41; 1948-58). It is not surprising that the "collective exile experience therefore assumed a large role in the evolution of Acción Democrática (Martz 1966: 119)," as well as for the other parties in the Venezuelan system.

During AD's early years in exile, its founders worked to form a well-organized and trained party nucleus that would always be prepared to step into action once permitted legal status. It was the organizational work by a handful of activists at this time that laid the ground work for the future growth of the AD party. Great importance was placed on hierarchy and organization. Between 1937-4, when the movement in the form of the illegal Partido Democrática Nacional (PDN) only existed underground, the organizational groundwork was laid for the later AD party. While existing underground, the PDN developed along cellular lines, first in Caracas and then spreading to other state capitals (Martz 1966: 129). The Comité Ejecutivo Nacional (CEN) was based in Caracas and directed the activities of cells. Later regional units emerged (Comités Ejecutivos Regionales (CER)).⁹

During the final period of exile between 1948-58 during the dictatorship of (former Major) Marcos Pérez Jiménez, there was intense repression of AD party members and activity. The AD party split its operations between home and exiled fronts. At home, underground activists did everything possible to keep the party alive and remembered by Venezuelan citizens. The basic cell unit was put into action once again, with security dictating a horizontal rather than vertical over-all organizational structure between the cell units. In exile abroad, the party leadership (called the Comité Coordinador del Exterior) made efforts to keep the party ideologically focused, as well as to cultivate foreign sympathy for democracy in Venezuela. Due to the difficulty of communication between the two organizations, however, daily decisions within Venezuela fell upon a small group of leaders, the Comité Ejecutivo Nacional (CEN), who met clandestinely to discuss organization and other ideological issues. "Once decisions were reached, all lower party units were to follow the CEN directive without debate or discussion (Martz 1966: 135)." Organizational structure and obedience was strictly enforced. Disobedience or lax precautions could mean the imprisonment or death of fellow party members.

The organizational legacy created during years in exile continued to structure the development of the AD party machinery even after it was finally legalized in 1958. As Martz (1966) states, after legalization AD activists and leaders recognized the need for representatives, organs, and constant recruitment of members extending to the most remote parts of the country. This attention to organization and structure has contributed more than anything else to AD's subsequent success at the polls. Importantly, it also influenced the organizational strategies and methods of other parties, namely COPEI. Both the AD and COPEI parties today are known for their "machine politics" style of operation and campaigning (Coppedge 1994).

The two main parties in Venezuela until 1993, AD and COPEI, both have grassroots, agricultural origins. COPEI is known as a Christian democratic party appealing to business groups and middle sectors. AD has historic links to trade unions and peasant movements. AD is known for its promotion of populist policies, promoting state-intervention in the economy. Despite COPEI's apparent and superficial disassociation with these interventionist policies, the party did nothing to undo them and return the economy to market-oriented policies. COPEI and AD have both held the presidency in the years since 1958, allowing each to take advantage of the material benefits and the resources accruing to the president. These resources are important to develop party machines, expand membership, and develop political networks. As a result, both parties have significant ties to public sector, its affiliates and its employees (Boeker 1993: 32).

Even though four organs officially head the AD party (the Convención Nacional (CN), the Comité Directivo Nacional (CDN), the Comité Ejecutivo Nacional (CEN), and the Tribunal

⁹ During this period PDN membership is estimated at between 600 and 800 (Martz 1966, p. 131).

Disciplinario Nacional (TDN)), the CEN really controls AD. Because the CEN is authorized to make decisions when the CN and CDN are not in session, its continuous sessions give it *de facto* control over most aspects of the party and its policy. It meets at least once a week. When AD holds the presidency, it meets with the president at least once a week as well (Coppedge 1994: 11; see also Martz 1966). As a result, the effective party leadership of AD is concentrated amongst a limited number of persons (Coppedge 1994: 11 and 49). In 1958 the CEN had 11 members; in 1966 it had 22 members; in 1985 it had 31 members; in 1989 it had 35 members (Martz 1966; Coppedge 1994: 11). Despite official regulations stipulating that state-level AD executive committees (sectionals) must send unranked draft lists for Senate and Deputy positions to the CEN, the CEN retains the right to choose from amongst the names, rank the candidates, and replace up to one half of the proposed candidates on the lists. Additionally, the CEN is involved in state and municipal candidate selection in much the same manner. At the level of state legislative assemblies, the state-level committee proposes lists and the CEN ranks, chooses, and replaces at will. At the municipal level, the CEN has control over who is chosen by council members as council president for medium to large cities; and it has control over city council member slates in districts with more than 40,000 inhabitants (Coppedge 1994). The CEN's reach is deep.

The concentration of authority in AD amongst CEN members is also reflected in the overlapping membership between the CN, CDN, and CEN. Members of the CEN belong to the CDN and CN. Further, the members of each body elect each other to positions and offices within AD, which serves to preserve the concentration of authority amongst the same select group of party elites. For politicians wishing to rise within the party ranks, this concentration of power also makes the endorsement of these elite individuals critical for future success. These are the politicians who have access to and distribute patronage resources through the party structure. The relationship between upper and lower levels, however, is reciprocal. The elites use their ability to distribute resources to cultivate the support of powerful lower level brokers within the party able to deliver large blocs of votes. These brokers are state party bosses and general secretaries, labor leaders, and the secretaries of wings of the national parties. This comes in handy for internal elections (for example for the AD secretary-general, considered to be the stepping stone for the presidency) where party officers in AD are nominated individually and elected singly, not as a slate or pre-arranged list (Martz 1966: 173; Coppedge 1994). It is also useful during the selection of CN delegates loyal to your presidential nomination campaign. The brokers, in return, expect the elites to support them (with resources and endorsements) later when they decide to run for state office.

Winning the Presidency

Due to the winner-take-all nature of the executive and its singular control over resources, we expect that most established parties will do everything possible to maximize their chances of winning the presidency. The efficacy of the tactics employed to maximize support at the polls will be especially crucial for incumbent parties during presidential elections. Parties in Latin America usually do not usually see their candidates be re-elected. Incumbent parties in Latin American expect to be blamed for the country's poor economic performance, often endemic to the system, during presidential elections. While many parties in Latin America in the pre-reform era (with the help of foreign loans and other foreign exchange earnings from oil exports or high commodity prices) were able to take some credit for economic stability or even growth, after economic crises began to set in during the early 1980's most incumbent parties were seen as the cause (not the solution) of these countries' economic woes. Parties, though, still could/can expect some incumbent advantage during legislative elections.

In order to maximize their parties' electoral chances at the polls, parties and politicians will want to choose the best candidates. For non-incumbent parties in Latin America, the best, most high-profile, and politically viable candidate is usually the party leader or some other party member well known and respected by the public. Due to these requirements, there are usually few candidates with the necessary public stature.

For incumbent parties, the dynamics are different. As most presidents in Latin America are not permitted to run for immediate re-election, another candidate must be chosen. However, due to the publicity focused on parties holding the presidency, other members of the party in power will have jobs or offices that thrust them into the public eye.¹⁰ Additionally, party leaders, secretaries, Senators and Deputies of the incumbent party may also have had more publicity than their non-incumbent counterparts. As a result, there will be more than one potential presidential candidate with the public stature and appeal required to win office. The president often favors a particular candidate, while other members of the party favor other candidates. (This phenomenon will be discussed at length later.)¹¹

A quiescent and consensual nomination process can help to maximize votes. Nelson Polsby in his book *Consequences of Party Reform* (1983) notes that divisive nomination processes in the US have the effect of hurting parties (namely the Democratic Party) at the polls. Coppedge (1994) tests the effect of consensual nomination processes on data from Venezuela. He shows that in the years since the end of the Jiménez dictatorship in 1958, divisive nominations within parties penalized the party in question by four percentage points, on average. If the party actually split over the nomination, it was penalized thirteen percentage points. (Coppedge 1994: 60-61.) "[V]oters who are disgusted by the bickering, animosity, and mutual criticism of a divisive nomination process are likely to conclude that even if a party has an attractive program, it will be too divided to govern effectively" (Coppedge 1994: 52; see also Polsby 1983). There is also a reported difficulty for party activists committed to their candidates to shift support to the officially nominated candidate (Reiter 1985). Swing voters are also thought to be considerably affected by factionalized nomination processes. "Swing voters seem especially soured by factionalism, whether their vote is based on an educated comparison of parties or candidates or on simple considerations of self-interest" (Coppedge 1994: 52).

Table 2: Presidential Nomination Splits in AD, 1958-1988

Government			AD Nomination Process		Percentage change in AD vote from previous election
Term	Party	President	Election	Factions and Outcomes	
1959-64	AD	Betancourt	1963	Old Guard vs. ARS vs. Muchachos, MIR and ARS splits	-16.8
1964-69	AD	Leoni	1968	Barrios vs. Prieto, MEP split	-6.6
1969-74	COPEI	Caldera	1973	consensual nomination of Pérez	18.7
1974-79	AD	Pérez	1978	Lusinchi vs. Piñerúa, split avoided	-4.3
1979-84	COPEI	Herrera	1983	consensual nomination of Lusinchi	11.4
1984-89	AD	Lusinchi	1988	Pérez vs. Lepage, split avoided	-6.6

Source: Coppedge 1994, p. 56.

¹⁰ In Venezuela politicians being appointed to Governorships (until 1992 when gubernatorial elections were held for the first time) by the President will also be before the public eye, and have a good chance for the presidential candidacy.

¹¹ However, there are also disadvantages to being a member of the party in power. Once the incumbent party's candidate is chosen, there is an incentive for the candidate to distance himself from the President and his policies. It is not unusual for a candidate supported and backed by the incumbent president to criticize the President's policies after receiving the official nomination.

Consequently, we expect that parties should make efforts to minimize the struggle between factions within their parties, and instead try to present a unified front, and a candidate with an unified party behind him. In fact, however, out of four pre-reform (that is prior to the beginning of Pérez's second term in 1989) occasions in which AD held power after 1958 (until and including the 1988 election), AD's nomination process was highly divisive, sometimes even leading to an outright party split. The president's chosen nominee was *always* opposed by another strong candidate, and these intra-party fights for the nomination were highly divisive and often led to struggles for power within the party. Table 2 documents the nature of the nomination processes within AD. The "Faction and Outcome" heading refers to the internal AD splits. When AD was the non-incumbent party, they had consensual nominations. As can be seen from Table 2, each time AD split, their share of the vote decreased. When the nomination was consensual, it increased. Why did AD have divisive nomination processes during the pre-reform years between 1958 and 1989 when it hurt them electorally? How did AD avoid the divisive nomination processes during periods of non-incumbency?

Inside the Presidential Nomination Process

The answer to why Venezuelan incumbent parties usually have factionalized and divisive nomination processes despite their harmful electoral consequences lies in intra-party struggles over patronage. In Venezuela not only is being a member of the party that wins the presidency important for securing patronage benefits, but backing the particular candidate who finally wins the nomination and then the presidency is important. Presidents in Venezuela, and other Latin American countries, reward politicians who have remained loyal to their nomination campaigns from their inception with everything from ministry appointments to lesser forms of patronage benefits.

Shugart and Carey (1992) state that once a president wins office, he and his party - the "winners" - need not share the resources of this office with losing parties (Shugart and Carey 1992: 31). This also creates a set of "losers" in the system who have no incentive to cooperate with the executive or his party. Coppedge (1994) extends this reasoning to intra-party politics. He reasons that there is tendency to concentrate rewards upon loyal supporters who supported a particular candidate throughout his nomination campaign, and not upon those who joined his campaign late. This tendency creates an "Ins" vs. "Outs" division amongst party elites when the party holds the presidency. When nomination processes begin within incumbent parties, the president and the "In" group can be expected to propose a candidate, with the implication that resources will remain amongst that group currently "In" if their candidate ultimately wins the presidency.

However, there will also arise "Out" factions willing to support an alternative nominee: a nominee who might be able to wrest access to patronage away from the "In" group. These "Out" politicians have nothing to lose since they are already not part of the existing "In" group receiving most patronage benefits. Further, it is important to note that the "Out" group is always numerically larger than that of the "Ins." It is not possible for presidents to reward all followers. And it is just these unrewarded elite politicians and rank and file members that provide a large pool of potential supporters.

Reinforcing this intra-party "Ins" vs. "Outs" division is the fact that president's are not able to run for immediate re-election. Even though the president usually chooses his preferred nominee, this nominee does not benefit from any inherent incumbent advantage as suggested by Aldrich (1980). He is on relatively equal footing as other potential candidates. There is more than one candidate capable of competing for the internal party nomination, and hence capable of earning the public stature necessary to carry the party to a national victory. For most non-incumbent parties in Latin America, the years out of office contribute to the lack of public attention to the activities of these parties' various elite members. The party leadership in this case looms large, and if any attention is paid to these parties, it is to these few politicians. As discussed earlier, there is only one candidate with the public stature capable of rivaling other parties in the system presenting candidates, and especially the incumbent

party. This explains the tendency toward consensual nomination processes during times of non-incumbency.

In Venezuela, it is the political party elites and the president who have control over the distribution of state resources. Politicians will be concerned with maintaining links to party elites and other important players who will be able to give them the resources needed for career success. However, the means to maintain or gain access to patronage resources controlled by elites depends on internal party politicking and strategic thinking on the part of all politicians. Choosing to align with a party elite who cannot deliver resources will hinder future career success, while successfully choosing a party elite able to deliver as promised can mean a more secure future.

In the pre-economic reform context, how politicians decided to align with one faction or another depended on the incentives they confronted. It is important to note that not all politicians are expected to align according to state resource considerations. There will always be a large number of politicians choosing to align chiefly according to ideological preferences, or other personal criteria which are non-resource based. These politicians most likely prefer to have access to state resources, but they are unlikely to switch allegiances during the course of the nomination process simply to increase potential access.

Despite these ideologically motivated politicians, however, there will always be politicians for sale. It is these politicians who will (for better or worse) determine, ultimately, the final outcome. And they are heavily recruited by politicians, whatever their ideological integrity, seeking a bid for the nomination. For those considering access to state resources: each politician's choice depends on which party elite can offer the most, and the most secure, level of state resources. When considering how to achieve their best possible outcome in order to maximize career success, politicians weighed three important criteria: (1) who they thought would control state resources; (2) how early they could ally with a party elite; (3) the number of people already aligned with the party elite.

Aligning with party elites who they think will control state resources is an important consideration. As we know, intra-party politics are dynamic, with elites moving up and down in prestige and power within their parties. An important party officer, a party secretary-general or a president might find himself voted out of office or replaced very quickly. Internal elections to these offices are also unpredictable as many factions within parties wish to see their preferred candidate take the office and its access to power.

While it often takes some time to determine which politicians will most likely retain or gain access to state resources within parties, aligning as soon as possible will yield more promised resource benefits. There is an obvious tradeoff, however. The earlier you align, the more you risk associating yourself with the "wrong" person.

Since there is only a finite amount of patronage we expect to see politicians seeking to be part of the smallest coalition that still has a chance of winning. That is, politicians prefer to be part of the winning side, but they also to be part of a coalition with the minimum number supporters required to win. The fewer the supporters, the larger the share of state resources. There is an obvious tradeoff, though. A politician might choose a coalition too small to win. Obviously, the politician would rather win with a larger coalition than not win at all.

Formally Inside the Presidential Nomination Process

It is useful to think of these various considerations by politicians during the presidential candidate selection process in terms of a simple game pictured in Figure 1. Further, it will be through this simple game-theoretic formalization that (1) we will be able to understand the state resource incentives leading to divisive and electorally harmful campaign processes in the pre-reform era; and (2) we will later use to make predictions about what will happen to politicians' strategies and internal party politics once economic reform begins.

The payoffs in the matrices in Figure 1 describe the relative state resource incentives for politicians choosing to support either Candidate X or Z during the presidential nomination process. We

can imagine that these candidates emerge the strongest out of a larger pool of contenders. As weaker candidates are encouraged to throw their support behind stronger ones, the candidate pool shrinks until, finally, only a very few candidates capable of capturing the internal nomination remain. In this model, I simplify this result and present two candidates, Candidate X and Z.

For the sake of simplicity, the game depicts two politicians, Politician 1 and Politician 2, who are deciding which candidate to support. This process continues with politicians, both simultaneously and sequentially, taking sides until all relevant elite politicians who can realistically expect to earn state resource benefits for aligning with a nominee have made their choices. The result of this process is a game of intra-party chicken between politicians each trying to avoid the choice made by the others. Politicians 1 and 2 are better off when their choices diverge, and worse off when they make the same choice.¹²

It is important to note that in most cases politicians know what the others have chosen (akin to complete information); although, of course, they cannot know with any certainty what each will choose to do in the future (i.e., no one knows whether or not someone might switch allegiance during the course of the nomination process). This means that if Politician 1 makes his decision first, others then take Politician 1's decision into account when making their own. This gives Politician 1 a first mover advantage over all others (akin to the incentive to align early). Additionally, it is possible that those who align earlier stand to get more state resources allocated to them than those who align later. However, for the sake of simplicity, the phenomenon of diminishing returns is not included in the model. This does not affect the underlying logic of the game, however.

¹² An example provided by Martin J. Osborne and Ariel Rubinstein in their book *A Course in Game Theory* nicely illustrates the game of chicken. Notice how each player prefers to avoid doing what the other does. "Two animals are fighting over some prey. Each can behave like a dove or like a hawk. The best outcome for each animal is that in which it acts like a hawk while the other acts like a dove; the worst outcome is that in which both animals act like hawks. Each animal prefers to be hawkish if its opponent is dovish and dovish if its opponent is hawkish (Osborne and Rubinstein 1994, pp. 16-17)."

Figure 1: The Intra-Party Nomination Process

		Politician 2	
		X	Z
Politician 1	X	$(V_x + e) \left(P + \frac{x}{n1 + n2} \right)$	$V_x \left(P + \frac{x}{n1} \right)$ $V_z \left(P + \frac{z}{n2} \right)$
	Z	$V_z \left(P + \frac{z}{n1} \right)$ $V_x \left(P + \frac{x}{n2} \right)$	$(V_z + e) \left(P + \frac{z}{n1 + n2} \right)$

In this simplified version of intra-party politics, each Candidate X and Z has a core probability that his party will win the next presidential election if he is selected as candidate. These probabilities are determined by numerous factors including the candidate's personal appeal, the state of the economy, the party's popularity with the electorate, etc... Candidate X is associated with the probability V_x and Candidate Z is associated with V_z . This probability can be increased by e having an unified campaign nomination process.

The variable "x" are the additional state resources available to supporters of Candidate X. The variable z are the equivalent extra state resources promised by Candidate Z. It is over these additional resources that rent-seeking politicians will strategize.

The model also includes a variable representing the benefit P that politicians expect for being a member of the party controlling the presidency. This variable represents the constant appeal (excluding state resource considerations) to politicians of being a member of the party in power, as opposed to being a member of the party who is not. In other words, P is a constant meant to capture the reason why, even in a world without the ability to use state resources to practice clientelist politics, politicians would seek to control the presidency. (It is important to note when reading the remainder of this section that, without the variable P included in the payoffs, in a world with no clientelist politics - x or z in the model - politicians would have no reason to seek to control the presidency. P is meant to capture all other reasons why politicians might seek to control this office, excluding state resource considerations.)

We can imagine that elite politicians expect that they will be able to influence or direct policy on the behalf of their different constituencies if their party controls the presidency. In return, politicians also expect to be rewarded by their constituencies benefiting (to varying degrees and some, though, not at all) from their policy intervention. Being a member of the party in power means that you have the opportunity to get your particularistic policy preferences and concerns heard by the president. When your party is not in power the chances to do this are few. For example, in the case of Venezuela,

members of the CEN regularly meet with the president to discuss policy and other issues. The party out of power party does not have similar access to the president or policy making.

Those politicians who align with Politician 1 are called support group n1. The variable n2 is the equivalent group for Politician 2. The sum of n1 + n2 is the total number of elite party politicians who ultimately decide on the nominee. In the AD party, the pool of politicians important to a candidate's nomination campaign include those, for example, who are members of the CDN and CDN groups, some delegates to the CN, such as state secretary-generals and high profile delegates, as well as labor leaders and party bosses who control large blocs of votes.

It is at this point that I must stress that the payoffs described by these variables are *expected* payoffs. While the nomination process is held in a particular context (i.e., in a incumbent/non-incumbent context, economic context, institutional context, etc...), the strategizing occurs over *expected* payoffs, and *expected* amounts of these variables. Each politician expects certain amounts of x or z, P, V and e. It does not matter that one party has x and P now, for example, and the others do not. (If that was the case, then the game would be different for non-incumbent parties having no or little access to x and z, and P benefits.)

The top left cell shows the expected payoff $E(U_x)$ that can be expected by both Politicians 1 and 2 if they both choose to support Candidate X in the nomination process. The payoff is the equation:

$$E(U_x) = (V_x + e) \left(P + \frac{x}{n1 + n2} \right)$$

The equation demonstrates that when politicians choose to unify around a Candidate X in this case, they can expect that their party's probability of winning the general presidential election when fielding that Candidate X is V_x plus e, the electoral benefit for having a consensual nomination process.

Additionally, the equation captures the effects of unification on the amount of state resources that each politician can expect. The politicians' choice of candidate does not affect the amount of P he/she stands to receive as this is the benefit accrued to all party members for being a member of the party controlling the presidency. However, when both Politicians 1 and 2 choose to support Candidate X simultaneously they must split the extra state resources x promised by Candidate X with all politicians in the party elite (n1 + n2). As a result, each politician can expect a significantly smaller amount of x extra resources than if he/she were sharing only with the politicians in his/her own group. The bottom right shows the state resource incentives if both politicians choose to support Candidate Z. The same argument applies.

The prospect of sharing finite state resources with so many other politicians, inspires politicians to consider supporting an alternative candidate. When Politicians 1 and 2 support different candidates, each only has to share his/her extra x or z state resources with politicians from his/her own immediate group, n1 or n2. The expected payoffs in this case for Politicians 1 and 2 are shown in the lower left and upper right hand boxes in the payoff matrix. The expected payoff for Politician 1 is the top equation, while the expected payoff for Politician 2 is the bottom payoff in each of these cells. As we can see, when Politician 1 supports Candidate Z while Politician 2 supports Candidate X, Politician 1's expected payoff for splitting $E(S_z)$ is:

$$E(S_z) = V_z \left(P + \frac{z}{n1} \right)$$

As we can see, Politician 1 need only share the z extra state resources with n1 other politicians. Notice, however, that the e electoral benefit for a consensual nomination disappears.

In this matrix we also see the expected payoff for Politician 2, $E(S_x)$, when he/she supports X while Politician 1 supports Z. This payoff is denoted as:

$$E(S_x) = V_x \left(P + \frac{x}{n_2} \right)$$

As we can see Politician 2 need only share the extra x state resources with politicians from his n_2 group. As for Politician 1, the electoral benefit e once again disappears. The same logic applies for each when Politician 1 supports Candidate X while Politician 2 supports Candidate Z. The payoffs are denoted in the upper right hand box of the matrix.

Before we proceed, let us simplify the expected payoffs. In general, since both candidates are promising state resources from a similar finite resource pool, we can say that the extra resources x and z are equivalent. Thus, $x = z$. Replacing z with x and dropping the associated subscript index (x or z) gives us a simplified expected payoff equation that can be used to represent the expected payoff for both politicians, Politician 1 and Politician 2, supporting the same candidate.

$$E(U) = (V + e) \left(P + \frac{x}{n_1 + n_2} \right)$$

The payoff each Politician expects when the votes are split between Candidates X and Z can likewise be simplified by replacing z with x , dropping the index (x or z), and assuming that the group of politicians n_1 represents any politician's group making a similar selection. n_2 is the group containing all other politicians not choosing your candidate. For any politician:

$$E(S) = V \left(P + \frac{x}{n_1} \right)$$

Let us consider the conditions under which politicians will choose to unify around a candidate (a consensual nomination process) rather than splitting (a divisive nomination process) their votes. In expected payoff terms, we know that unification will be chosen if:

$$E(U) - E(S) > 0$$

Substituting and rearranging terms we get:

$$\begin{aligned}
(V + e) \left(P + \frac{x}{n1 + n2} \right) - V \left(P + \frac{x}{n1} \right) &> 0 \\
VP + eP + \frac{Vx}{n1 + n2} + \frac{ex}{n1 + n2} - VP - \frac{Vx}{n1} &> 0 \\
eP + \frac{ex}{n1 + n2} + \frac{Vx}{n1 + n2} - \frac{Vx}{n1} &> 0 \\
eP + \frac{ex}{n1 + n2} &> -\frac{Vx}{n1 + n2} + \frac{Vx}{n1} > 0 \\
eP + \frac{ex}{n1 + n2} &> \frac{Vx}{n1} - \frac{Vx}{n1 + n2} > 0 \\
eP + \frac{ex}{n1 + n2} &> Vx \left(\frac{1}{n1} - \frac{1}{n1 + n2} \right) > 0 \\
eP + xe \left(\frac{1}{n1 + n2} \right) &> Vx \left(\frac{1}{n1} - \frac{1}{n1 + n2} \right) > 0 \\
eP + xe \left(\frac{n1}{n1(n1 + n2)} \right) &> Vx \left(\frac{n1 + n2}{n1(n1 + n2)} - \frac{n1}{n1(n1 + n2)} \right) > 0 \\
eP + xe \left(\frac{n1}{n1(n1 + n2)} \right) &> Vx \left(\frac{n2}{n1(n1 + n2)} \right) > 0
\end{aligned}$$

We also know from the inequality above that each of the variables (e, V, P, x, n1 and n2) is positive. We know from the resulting equation that when this inequality holds, a politician will more likely choose to unify.

Interpretation of the resulting inequality allows us to make some educated guesses about the relation between changes in the variables, changes in the size of the expected payoffs, and the likelihood of different strategies (unification and splitting). Since the inequality shows the relationship necessary for unification to be chosen over splitting, we must look at how changes in the relevant variables affects the likelihood that this inequality will continue to hold.

When V increases, the right hand side of the equation increases, making the inequality less likely to hold, and unification less likely to be chosen. In this case, splitting is more likely to occur. When e increases, the left hand side of the equation also increases, making the inequality more likely to hold, and unification more likely to be chosen. Since we know that $e < V$, when x increases the left hand side of the equation increases at a slower rate than the right hand side. This means that as x increases, the inequality is less likely to hold, causing it to become less likely that politicians will choose to unify.

When n1 and n2 both increase (causing the total amount of politicians vying for state resources to increase), both sides of the equation decrease; however, the right side of the equation decreases at a faster rate than the left, causing the probability to be more likely to hold. Thus as n1 and n2 increase it is more likely that the inequality will hold, and the politicians will choose to unify. The cases where n1 increases while n2 decreases, and n1 decreases while n2 increases are more difficult to interpret. It is easier, though, to think about these changes as shifts in the numbers of politicians between groups. We know that when n1 increases and n2 decreases, the left side of the equation decreases at a faster rate than the right. The inequality is more likely to hold, and politicians will choose to unify. The case where n1 decreases and n2 increases causes the right side of the equation to increase at a faster rate, making the inequality less likely to hold. Remember, though, that n1 in the equation represents politicians in your group, while n2 are politicians in the other group. As the number of politicians in

your groups increases, this means that more and more politicians are choosing to support your candidate. And your candidate is more likely to be chosen as the unity candidate. As the numbers of the politicians in the other groups increases this means that fewer politicians are supporting your candidate. Hence, they are choosing another candidate. And unity around your candidate is less likely. The results are summarized in Table 3.

In other words, if all candidates are able to offer a significant amount of state resources then we should expect to see politicians splitting their votes to maximize state resources. As soon as Politician 1 makes his/her choice over whom to support, Politician 2 is immediately encouraged to shy away from Politician 1's choice, and choose the alternative candidate. Increases in the party's overall V due to popularity, any incumbent advantage, or a favorable economic environment, will cause politicians to be less concerned with having a consensual nomination process. Interestingly, all else equal, since expected V is likely to be higher for incumbent parties, these parties will tend to split when they are incumbent. Conversely, since expected V tends to be lower for non-incumbent parties, they will tend to unify. Significant increases in the electoral benefit e of consensual nomination processes will cause politicians to unify. Increases in $n1$ and $n2$, for example through internal democratization of the nomination process or convention system, causes the effect of x for each politician to decrease. As stated before, shifts between $n1$ and $n2$ will affect which candidate will be chosen.

Table 3: Changes in the Variables and the Likely Strategy
Likely Outcome (holding all else constant)

Variable	Variable Increases
V	Split
e	Unify
x (or z)	Split
$n1$ and $n2$	both increase: Unify
$n1$ and $n2^*$	$n1$ only increases: Unify
$n1$ and $n2^*$	$n2$ only increases: Split

Note:

* See text for details about the differences between $n1$ and $n2$.

In general, in the pre-reform context if politicians strategize *vis a vis* one another in order to maximize their access to state resources, we should expect to see two things. First, we should expect to see many politicians basing their decisions about whom to support inside their parties not on policy preferences or ideological concerns, but on who will contribute most to their resource coffers. In cases where one group's candidate wins the presidency, we should see state resources used for clientelist politics going primarily to that candidate's support group. Second, since winning the party nomination for president means the opportunity to gain access to vast amounts of state resources, we should see intense intra-party struggles and factionalism between groups seeking to nominate their "preferred" presidential candidate before reform when state resources useful for clientelist politics are prevalent. Conversely, in the post reform era, when x is decreasing, we should see unified nomination processes.

Chicken in Pre-Reform Venezuela

During the pre-reform era in Venezuela, each time AD was the incumbent party it factionalized around different candidates during the presidential nomination process. Sometimes these factions even split away from the AD party, forming new ones. Each time AD was the non-incumbent party its politicians unified around a single nominee. Each time COPEI was the incumbent party it factionalized as well. And, with the exception of the nomination process for the 1988 presidential election (the reason for this split will be discussed below), each time COPEI was the non-incumbent party its politicians united around a single candidate. As shown in Table 4, in pre-reform Venezuela, each of the three times AD had a consensual nomination process, they won the national election. Two out of three times

they split during the nomination, they lost the national election to COPEI. As for COPEI, both times they split during the nomination, they lost the presidential context to AD. Why did these parties split when, as we know, it was electorally disadvantageous to do so? As shown in my model, two factors contributed to these divisive nomination processes. First that the generally high levels of patronage expected by incumbent parties during the pre-reform era lead to intra-party fights over these resources. And second, that the general incumbent advantage expected by incumbent parties also led politicians to ignore the electoral benefits of consensual nomination processes.

During the pre-reform period (1958 through 1988) unprecedented oil revenues and foreign loans, the expanding public sector, and the increasing involvement of the state in trade and industry, services and utilities, provided presidents with vast resources. And when AD and COPEI held the presidency they were quick to use these resources for clientelist purposes, to develop their party organizations, and to cultivate constituent support. As the model presented above predicts, generally speaking, during times when expected x and z extra state resources are high, splitting is more likely to occur.

It is important to note, however, that expected x and z resources is usually higher for incumbent parties than for non-incumbent ones. State resource allocation for clientelist politics is a dynamic process where time is necessary not only for its efficient procurement, but also for the preparation of the mechanisms for its efficient distribution. We can imagine that incumbent parties have had the time to prepare these mechanisms. For example they have regained control over the bureaucracy, they have created or chosen government projects which will be allocated to private sector firms, they have spent time cultivating support groups in different areas of the public sector and economy. Thus, it is reasonable to argue that the mechanisms for securing and allocating resources throughout the economic and social system are better prepared in incumbent parties than in non-incumbent ones. As a result, not only do we expect that aggregate levels of resources will tend to be higher for incumbent parties, but we also expect that the benefits derived from its distribution will tend to be somewhat greater as well.

This point becomes more clear when we consider the extreme case. For all parties in Venezuela, years of military rule and exclusion from state resources had left these groups without access to any such resources. This would advantage AD when it suddenly came to power in 1958. Its two consecutive terms controlling the presidency gave it the opportunity to fill bureaucratic posts, allocate government contracts, and get control over the public sector. All other parties were, for the most part, left out of this process. With this in mind, during the first two terms that AD held power, AD's firm control over the bureaucracy and public sector caused their expected x and z patronage resources and benefits to be significantly higher than those expected by other non-incumbent parties. Later, after other parties gained access to the presidency, the incumbent party's advantage continued to act much in the same manner (albeit to a lesser degree). The years in office, and the non-incumbent party's years out of office, gave the incumbent party time to gain control over the mechanisms through which resources are received and allocated. As predicted in the model, increasing x and z will tend to split nomination processes, whereas decreasing x and z will tend to unify them. And this is what happened in Venezuela.

Additionally, during the pre-reform era each incumbent parties' expected vote share (V) is higher than that for other parties. The ability to expend state resources for clientelist politics prior to campaigns, the ability to channel oil revenues and revenues from foreign loans into industrial and public works projects, and the ability to take credit for policies and any economic growth (albeit subsidized by loans and oil revenues) allowed incumbent parties to enjoy a slight advantage over other competing parties during this period. Conversely, years out of office do not tend to increase the expected vote share of non-incumbent parties. The party is not afforded the same amount of publicity as is the incumbent party. This party cannot direct resources and manipulate the economy for electoral gain. As predicted in the model, when V is high (like for incumbent parties) splitting is likely to occur.

And as we note in Table 4, each time that AD or COPEI was the incumbent party it split. Each time, with the exception of one period, either of these parties was the non-incumbent party they unified.

Some other events further support the underlying logic of the model and the claim that factions and politicians fight over access to state resources. In AD, Pérez and Lusinchi once represented a single faction, however their simultaneous quests for control over the party and the presidential nomination process resulted in the end of their longtime friendship. That these politicians were willing to sacrifice their friendship, in addition to any intra-party unity, is a testament to the lure of clientelist resources and desire to control their distribution. Additionally, in 1988, an intra-party rivalry broke out between COPEI's Caldera and his former protégé Eduardo Fernández over control of the party and the presidential nomination. Even though this 1988 COPEI rivalry (described below) is not predicted by the model, the willingness for these politicians to move into opposing camps, at the expense of their friendship and unity of the COPEI party, demonstrates once again the lure of patronage resources and the desire to control the presidency. Changing allegiances and strategizing over control of the party caused more than just these politicians to change sides during nomination processes. It is these changing allegiances and lost friendships that seem to have been motivated by pursuit of power within the party, and pursuit of the presidency.

Table 4: Intra-Party Politics and Outcomes

Term	Election	President	AD nominees*	Outcome	COPEI nominees*	Outcome
pre-1958	1958	dictatorship of Pérez Jiménez	Romuló Betancourt	Unity	Rafael Caldera	Unity
1958-64	1963	Romuló Betancourt (AD)	Raúl Leoni vs. Muchacho and ARS factions	Split	Rafael Caldera	Unity
1964-69	1968	Raúl Leoni (AD)	Gonzalo Barrios vs. Luis Beltrán Prieto Figueroa	Split	Rafael Caldera	Unity
1969-74	1973	Rafael Caldera (COPEI)	Carlos Andrés Pérez	Unity	Lorenzo Fernández vs. Luis Herrera Campíns	Split
1974-79	1978	Carlos Andrés Pérez (AD)	Jaime Lusinchi vs. Luis Piñerúa Ordaz	Split	Herrera	Unity
1979-84	1983	Luis Herrera Campíns (COPEI)	Lusinchi	Unity	Herrera's candidate vs. L. Fernández	Split
1984-89	1988	Jaime Lusinchi (AD)	Octavio Lepage vs. Pérez	Split	Caldera vs. Eduardo Fernández	Split**

Note:* Nominee supported by president's faction listed first.

**Outcome not predicted by model. See text for explanation of this outcome.

As noted above, the split between Caldera and Eduardo Fernández (a former protégé of Caldera) during the 1988 nomination in COPEI is not predicted by the model. Coppedge (1994) reasons that this intra-party rivalry, persisting throughout Lusinchi's (AD) term, was the result of a lack of consolidated leadership over the party. Normally, in periods of non-incumbency, one faction in every party emerges as leader of the party. However, during Lusinchi's term neither faction was able to emerge as leader. Caldera (the party founder) was the unquestioned leader of COPEI, despite his advanced age (he was in his seventies at this time). When he decided to reassert himself as a potential presidential candidate, many willingly supported his candidacy. However, his advanced age had also eroded his following and given other younger contending factions leverage against his leadership. As a

result, a faction led by Eduardo Fernández emerged and was eagerly supported by groups opposed to the aging Caldera. Due to the strength and credibility of each faction, neither was able to eclipse the other. The result was a lasting rivalry when normally the party should have united.

Evidence from this pre-reform era is consistent with the model. Incumbent parties maintained expected advantages over other parties with regard to control over state resource allocation mechanisms (resulting in higher expected x and z resources) and with regard to the publicity of holding the presidency (resulting in a higher expected V value). These "advantages," however, led to splits during nomination campaigns, as predicted in the model. Conversely, the disadvantages of being the non-incumbent party, that is in lower expected state resources, and in the inability to cash in on any incumbent advantage of holding the presidency, ironically led to more unified nomination processes.

The Expected Effects of Economic Reform on Intra-Party Politics: A New Game in a Context of Declining State Resources

Another test of the usefulness of the intra-party politics model is to see how well it predicts outcomes when one or more of its component variables change. During economic reform, resources available for clientelist politics decrease dramatically. Additionally, *expected* resources available for clientelism decrease for all politicians in all parties, causing politicians to react with this *expectation* in mind. In terms of the particularities of the game-theoretic model, x and z state resources decrease, and the likelihood that politicians will unify, as a result, increases. In game-theoretic jargon, this game is often referred to as a Battle of the Sexes game.¹³ As with the previous pre-reform Chicken game, players who move first have an advantage over players who move afterward. In this case, Politician 1's choice, if he moves first, will most likely be the eventual official nominee. Other politicians have an incentive to support his choice since to choose the other candidate makes them (and everyone together) worse off.

Economic Reform, Declining Patronage, and Intra-Party Politics in Venezuela

In the pre-reform era x and z were high for incumbent parties. Further, the advantages associated with holding the presidency, like the ability to use these resources to cultivate support and the ability to take credit for economic stability, caused V to be somewhat higher for incumbent parties than for non-incumbent ones. As a result (as predicted in the model), incumbent parties split during the presidential nomination processes while non-incumbent ones unified around a single candidate. In this section, I argue that the decreases in x and z caused by reforms and the decreases in incumbent parties' V due to the unpopularity of reform amongst the citizenry and the general economic decline/crisis explain why both incumbent and non-incumbent parties suddenly had consensual nomination processes.

¹³ While acknowledging that most refer to this game as Battle of the Sexes, Osborne and Rubenstein call this game Bach or Stravinsky (BoS). The underlying logic of the players' motivations and strategies is explained in their version of the game: "Two people wish to go out together to a concert of music by either Bach or Stravinsky. Their main concern is to go out together, but one person prefers Bach and the other person prefers Stravinsky...BoS models a situation in which players wish to coordinate their behavior, but have conflicting interests (Osborne and Rubenstein 1994, p. 15)"

AD: Incumbent Party Unity

When Pérez took office in February 1989 he faced a state on the verge of bankruptcy. Falling oil prices in the 1980s¹⁴ were no longer able to mask the fundamental problems of an economy structured by state-interventionist policies, inefficient state-owned industries, and subsidies covering a vast array of goods and services, price and financial controls. For eight continuous years from 1978 to 1985, the Venezuelan economy shrank, with GDP declining at a rate of one percent per year while the population grew more than two percent per year.

Understanding the necessity of reforms, Pérez began making plans immediately after taking office to initiate an economic reform program to deal with immediate macro-economic problems and imbalances as well as the fundamental structural origins of the country's economic problems. To the surprise of even his own AD party, Pérez appointed a group of relatively young, foreign trained, politically inexperienced professionals with no party affiliations to many key posts within his cabinet and ministries to enable this reform. "This was a sharp departure from the established practice of having political activists occupying the main government jobs (Naím 1993a, p. 53)." By mid-February Pérez and his economic advisors unveiled an austerity package which included a phased liberalization of domestic interest rates, the lifting of official controls on the prices of all goods and services except a small group of basic mass consumption items, and introduction of a free-floating exchange rate (as opposed to the government controlled two-tiered system). Pérez stated that a significant reduction in the government's budget deficit would be achieved through increases in the domestic fuel prices (which were heavily subsidized), an overhaul of the tax system, and the introduction of a national sales tax. (*Latin American Regional Reports, Andean Group*, April 13, 1989). Each of these measures meant a significant departure from previous governments and historic AD policy orientation. And they meant that fewer patronage resources would be available to politicians.

These measures were as much a shock for AD politicians as they were for the rest of the country. The announcement of the unification of the exchange rate, and its implied devaluation, led to a run on shops to purchase goods before the *bolívar's* value fell. This led to shortages of goods, either due to mass purchasing or hoarding of goods. The reduction in subsidies was accompanied by a rise in prices, including bus fares. This rise in bus fares triggered the infamous riots on Monday, February 27, 1989, in Caracas and other major cities which left 300 Venezuelans dead and the country in a state of disorientation and even panic. Strikes and demonstrations accompanied efforts to reduce subsidies, freeze workers' wages, and initiate privatization programs throughout Pérez's term in office. By 1992, Pérez had gone from one of the most popular figures in Venezuela in 1988-89 to the most unpopular, with all segments of the population, including his own party, trying to distance themselves from him.

In this section, I argue two things: First, that the decline in state resources anticipated by politicians resulting from Pérez's economic reform measures increased the likelihood that they would unite during the nomination process, as predicted in the model. Second, I also argue that intense public opposition to Pérez, the unpopularity of his reforms and the general economic problems facing the country, caused AD politicians to fear that Pérez and his reforms were hurting AD electorally. In terms of the model, this meant a significant decline in AD's expected V , increasing the likelihood of unity. The declining V was manifested in this party's poor showing in the 1992 gubernatorial elections.

Increasing unpopularity, and declining V , caused AD politicians to try to distance themselves from Pérez and his government in any way possible to save AD from further loss of support. These efforts by politicians to distance themselves from Pérez can be seen in (1) AD's repeated calls for votes of censure against Pérez and his ministers¹⁵ (*Latin American Weekly Report*, April 2, 1992, p.4-5);

¹⁴ Between 1985 and 1986 the price of oil per barrel went from an average of \$33 to \$15, causing government revenue from oil to decline by 31 percent during this time (Naím 1993a, pp. 43 and 45.)

¹⁵ Although the bulk of AD Congressmen ended up not voting in favor of the censure, it is important that they would meet to discuss the issue. That the party was willing to make such a public move, with the obvious effect of undermining Pérez's authority and public stature, is an important indication of how

(2) AD's public criticism of Pérez and his reforms¹⁶ (*Latin American Regional Reports, Andean Group*, December 19, 1991, p.6; *Latin American Regional Reports*, January 30, 1992, p.2; *Latin American Weekly Report*, March 12, 1992, p.4; *Latin American Weekly Report*, April 2, 1992, p.4); (3) AD's failure to support necessary elements of his reform package in Congress¹⁷ (*Latin American Weekly Report*, October 29, 1992, p. 1); (4) AD's decline to support Pérez during his corruption trial¹⁸; and (5) decisions by Pérez's own support group not to continue to support him and his government despite the fact that factional rivalry still existed between these groups.¹⁹

The result of these different and repeated efforts by all politicians within AD to distance themselves from Pérez was to alienate Pérez from the party organization and its internal processes. He was no longer a player in the larger political arena, nor was he a player within AD. This is manifested in his removal from office as well as in the inability of Pérez to nominate a candidate for the presidential nomination process. During initial stages of the AD nomination process in early 1993 there were four contenders in the ring: Luis Piñerúa Ordaz (a member of Pérez's cabinet, although not an ally), Carlos Canache, Carmelo Lauría (favored by the Humberto Celli faction, a rival of Pérez), and Claudio Fermín (an unknown favored by the rank-and-file) (*Latin American Weekly Report*, January 21, 1993, p.35). None of these candidates had anything to do with Pérez nor any of his supporters. Piñerúa Ordaz and Canache soon dropped out due to lack of support. At the time of the internal elections, the contenders were Lauría and Fermín. Fermín was heavily favored to win as he had the support of the lower levels of the party membership.

unpopular Pérez had become to his own party.

¹⁶ AD also repeatedly criticized Pérez's reforms and forced him to remove ministers and replace them with politicians favoring a more state-oriented economic policy on numerous occasions. This made Pérez's rule difficult because it hindered his attempts at policy coherence. Despite massive opposition from the population, the military, and opposition parties, and the AD however, Pérez and his core team of ministers did not deviate from their reformist policies.

¹⁷ AD congressional leaders, and his party, refused to give Pérez the support in Congress he needed to pass important tax reform legislation. These measures were critical for the success of Pérez's reforms, as the lack of adequate tax bases threatened to leave the government with a deficit of an estimated US\$3 billion the following year.

¹⁸ In May 1993 when the Supreme Court decided that the corruption charges against Pérez merited investigation, the matter was sent to the Senate for a decision on whether to lift Pérez's presidential immunity. A majority in the Senate voted to lift Pérez's immunity and the case returned to the Supreme Court for the impeachment trial. Although none of AD's Senators voted in opposition to Pérez, as the *Latin American Weekly Report* noted on September 16, 1993 "AD made no attempt to mount a political defense of Pérez, limiting itself to technical legal arguments, and announced that it would not support his appeal to the supreme court...(p. 428)." Although not yet formally impeached, voting to send him to trial removed him from active duty. (Pérez had to be found guilty by the Supreme Court in order to be impeached. (*Latin American Weekly Report*, May 23, 1993; *Latin American Weekly Report*, May 27, 1993, p. 230)) The most senior officer in Congress, Senator Octavio Lepage, replaced him.

¹⁹ After AD's extremely poor showing in the December 1992 gubernatorial election, AD party president Humberto Celli was prompted to blame Pérez's economic policies. Celli threatened to withdraw party support for the government. The AD secretary-general Luis Alfaro Ucero insisted, however, that AD should stand by Pérez until the end of his term (*Latin American Regional Reports, Andean Group*, December 17, 1992, p.3). This was the beginning of a rift between the Celli and Ucero factions within AD that was to remain at work even during the nomination process. Later, when many elements of AD were pressuring Pérez to resign, including the party president Humberto Celli, the AD secretary-general Luis Alfaro Ucero managed to oust Celli as AD president, replacing him with Pedro París Montesinos. Despite this show of support for Pérez, however, as noted previously no active and public move was made support or defend Pérez during his corruption trial. Even his former friend and ally Ucero, although ousting the obvious opponents of Pérez, did not make any move to defend him.

Throughout Pérez's tenure in office and during the nomination election there was a pre-existing rivalry between two factions: one headed by Luis Alfaro Uceró (a former Pérez supporter and member of his cabinet) and the other led by Humberto Celli (associated with Lusinchi). Both of these factions were engaged in a very public struggle over control over the party, what to do about Pérez, and control over the future nominee. It was publicly known that Celli's faction nominated and supported Lauría as presidential nominee. Yet, despite this pre-existing rivalry, the nomination was consensual: Fermín went on to win 90 percent of the vote, a landslide. Further, the party leadership, regardless of factional allegiance, was quick to respond that Fermín's landslide "signified the end of the old divisions between the pro-Pérez and pro-Lusinchi factions (*Latin American Weekly Report*, April 29, 1993, p. 1)." And, the AD leadership continued to show and cultivate this unified front around Fermín during his campaign, even when Fermín's platform obviously threatened their basis of power. (Fermín campaigned on a platform advocating the importance of free market policies and the necessity of electoral reform to allow single member districts. This recommendation, allowing individual politicians to run outside of the usual party lists, would take a significant amount of control of the party over its Congressmen away from the CEN. Yet party elites maintained consensus around Fermín. Despite the policies proposed by Fermín during his campaign that should have led the party as a whole to try to influence his platform nothing happened). Why would a majority of Lauría's faction suddenly support Fermín, especially when doing so meant abandoning the struggle for power within AD? Something was driving this group toward consensus. I believe that this consensus was achieved due to decreasing x and z state resources and the expected decline in vote share V . As predicted by my model, decreases in both of these variables increase the likelihood that nominations will be consensual.

Some might argue that the unpopularity of the economic reforms amongst AD party elites were enough to lead these politicians to choose a candidate not affiliated with Pérez. Moreover, it is argued that the general elite opposition to Pérez and his reforms explains not only AD's determination not to defend Pérez in the face of corruption charges, but also explains the subsequent consensual nomination of Fermín as well. According to this argument, any candidate not obviously associated with Pérez and his reforms was likely to be chosen unanimously. At the time of Fermín's internal candidacy, nothing much was known of his economic policy preferences. Nominating Fermín would mean putting an end to those economic reforms threatening important patronage resources. The general lack of AD support for Pérez and his government, the numerous discussions within AD about possible votes of censure against his ministers, the forced replacement of ministers, and the obvious efforts by party members to distance themselves from Pérez seems to support this conclusion.

I do not disagree with most of these claims. It is clear that politicians were trying to distance themselves from Pérez. He was unpopular. And their efforts can be interpreted as enabling his removal from the presidency. Further, Fermín was not associated with him. He was an unknown. I would like to argue, however, that the nomination and choice of Fermín is not a consequence of opposition to Pérez. Any opposition to Pérez, whether unified or fragmented, does not necessitate or predict a consensual nomination of a candidate (Fermín). This is especially true when everything was leading the public to believe that the Celli faction would continue to support their chosen candidate, Lauría. Mere opposition to Pérez does not explain why the Celli faction would abandon their candidate, and their pre-existing rivalry with the Uceró faction, in favor of Fermín. Something other than opposition to Pérez had to be driving these factions together.

Declining state resources caused by economic reform and a general feeling that Pérez's unpopularity was harming AD's electoral chances at the polls, however, can and did contribute to AD politicians consensually nominating a candidate according to my model. While opposition to Pérez alone cannot explain why Celli's faction chose to abandon Lauría, my model, however, might explain why Lauría's support group would be inclined to abandon their candidate in favor of the candidate garnering the majority of the votes. As predicted in my model, politicians were being compelled to unify the nomination process would unify as a result of declining V and patronage resources. However, as support for Fermín grew, it became obvious to politicians in AD, and especially to the Celli faction,

that the consensus would have to be around this candidate. In my model, I describe this effect as the result of a first mover advantage. However, in this case, I would say that Fermín, and those who supported him, had a first majority advantage, so to speak. The obvious favoritism of Fermín by the rank-and-file gave him a clear majority of support, whereby increasing the likelihood that he would be the one to be chosen. Thus, while opposition to Pérez cannot directly explain Fermín's nomination, it did contribute indirectly to Fermín's success through its effects on V.

It is at this point that I would like to respond to the presupposition that AD members opposed reform, and thought that they would be able to protect their patronage by opposition to reform. It is true that the majority of the AD party publicly rejected Pérez's reform measures (and most likely did not like the effects that they were having on patronage). However, AD and COPEI also publicly promised Pérez's replacement Octavio Lepage, and then Ramón J. Velásquez, that they would vote into place the Ley Habilitante. This law would allow the acting president to implement a value-added tax, a tax on company assets, banking law reform, reform of privatization laws, and creation of a foreign trade bank by decree (*Latin American Weekly Report*, July 22, 1993, p. 328). All of these policies were part of Pérez's proposed economic reform program (and had until this point remained defeated in Congress by all parties). As most politicians seemed to understand, however, these reforms were instrumental to ensuring that Venezuela's economy would not return to high inflation and macroeconomic imbalance. Further, they were needed to reassure the IMF during debt re-negotiations of Venezuela's intention to maintain sound fiscal policies. The ability to enact these policies, although denied Pérez during his entire tenure in office, were finally granted to Velásquez in August 1993, 33 days after the Ley Habilitante was introduced, with the support of both AD and COPEI Congressmen (*Latin American Weekly Report*, August 26, 1993, p. 389).

The content of these reforms promoted by both Velásquez and Fermín, and what they indicated about the underlying policies accepted (although maybe not favored) by the parties meant that no AD (or COPEI) candidate could credibly promise vast amounts of patronage in return for votes. AD (and COPEI) understood that economic reforms were necessary to prevent economic collapse, and neither of these parties had an interest in allowing the Venezuelan economy to decline any further. Politicians were also aware that continued economic decline also threatened the stability of democracy. Riots and other demonstrations were causing social unrest and various factions in the military were ready to help quell this discontent.

Thus, it appears that even though Pérez was removed from office, AD (and even COPEI) politicians accepted that reforms were necessary to some extent. In terms of my model, both parties accepted that their expected state resources useful for clientelist politics were declining. As we know from the model, when x or z decrease (whether they are due to falls in credibility of the promise or falls in the absolute amount of resources) politicians tend to weight the import of other factors higher than this one. The reduction in resources, either real or anticipated, increases the likelihood that politicians will choose consensual nomination strategies. In a context of declining state resources, the way for politicians each to maximize his/her expected payoff during the nomination process is to support consensually a single candidate. This leads me to conclude that decreases in state resources contribute to the unity of politicians during the nomination processes.

In sum, the consensual nomination of Fermín can be explained by two factors: the declining popularity of AD causing politicians to estimate that their expected vote share V was significantly decreasing; and the actual implemented reforms and the future need for reform caused politicians within AD to expect that their future state resource benefits x and z would decline. Decreases in both of these variables, as predicted in my model, cause politicians to have consensual nomination processes. And, this explains AD's unified nomination process during Pérez's term in office.

COPEI: Non-Incumbent Unity

As early as January 1993, former President Rafael Caldera was announcing that he intended to seek re-election. At this time, there were already three contenders in the ring: the current party leader Eduardo Fernández, a former minister Humberto Calderón, and a current governor of the state of

Zulia, Oswaldo Alvarez Paz (a former protégé of Caldera). Two governors, recently re-elected, even announced that they would support Caldera's campaign. (*Latin American Weekly Report*, February 4, 1993.) However, Caldera did not want to participate in an internal nomination election. He demanded that Fernández and COPEI nominate him as the candidate of consensus, declaring that unless he was chosen unanimously, he would seek the support of another party (namely MAS). An internal feud broke out between Fernández and Caldera when Fernández ignored this threat. COPEI's nomination election was held without Caldera's participation, and on April 30, 1993, Caldera announced his formal candidacy outside of COPEI. (*Latin American Weekly Report*, May 13, 1993, p. 216) On June 8, 1993, COPEI expelled Caldera, stating that his refusal to accept the official COPEI candidate merited this action (*Latin American Weekly Report*, June 24, 1993, p. 278).

While my model cannot predict nor explain why potential nominees might choose to alienate themselves from the internal nomination process, it can however explore how and why COPEI's nomination process resulted in a fairly consensual nomination. COPEI's internal nomination process ran three candidates (and was open to all registered voters, not just COPEI members). Oswaldo Alvarez Paz won with 70 percent of the votes. Former general-secretary, and *de facto* party leader Eduardo Fernández won an unexpectedly low percentage: 25 percent of the votes. (*Latin American Weekly Report*, May 6, 1993, p. 202) This consensual nomination is especially interesting when we consider that Alvarez Paz got such a large share of the votes even though he was running against the *de facto* party leader.

It is my argument that, despite COPEI's relatively higher expected popularity (V) due to the unpopularity of AD at this time, the expected decreases in x and z patronage more than offset the weight of V. As discussed previously, COPEI and its politicians all accepted that economic reforms were needed to maintain the stability of the economy. Further, Fernández himself openly supported Pérez at different times and made numerous efforts to keep his government from falling (with various "unity" pacts and allowing the appointment of ministers to Pérez's cabinet). (Incidentally, this is often cited as an explanation for why Fernández lost the internal nomination to Alvarez Paz. Alvarez Paz had never been associated with AD or Pérez.) Alvarez Paz was well known to favor free-market oriented policies even during his nomination campaign. (*Latin American Weekly Report*, May 6, 1993, p. 202). As a result, politicians within COPEI expected that if their candidate were to be selected president, they could not expect many state resources. And they could not credibly promise these resources to politicians during the internal nomination campaigns. As predicted by the model, declining x and z will lead politicians to have unified nomination processes.

The End of the Two Party System in Venezuela: Explaining Caldera's Success

Now the task remains to explain why Rafael Caldera would risk running on an independent ticket when two major parties, AD and COPEI, had always won the presidency and dominated politics in Venezuela? The decision to split away from one of these dominant parties risked any chance that Caldera would have of being a member of the party in power and any of its associated benefits. This is especially strange when we consider how unpopular AD was at this time. COPEI stood a good chance of winning the national election (increased V). Why would Caldera choose to break away from the party he founded, considered to be a sub-optimal action in my model?

Once officially a candidate, Caldera quickly took advantage of popular discontent with economic reform measures and the list system. Caldera criticized the current reform policies, promising to abolish the neo-liberal measures. He was strategically vague about what policies he would initiate (*Latin American Weekly Report*, September 23, 1993, p. 442). His criticisms were credible, as he was (like Pérez) associated with the oil boom and the era of big state spending. Caldera went on to win the presidential election on December 14, 1993 with 30.45 percent of the vote. Causa R's candidate, interim President Velásquez, received 24 percent of the vote. COPEI's candidate came in third, while AD's Fermín came in fourth with 21 percent of the vote. The four-way split among candidates signified the end to the two-party system in Venezuela.

Despite historic domination of Venezuelan politics by two parties, it is my opinion that the decreasing state resources left many politicians within COPEI dissatisfied with their future prospects. As we know, the COPEI candidate ran on a free-market campaign, with all of its implications for patronage resources. Declining patronage and the fairly consensual nomination left a readily available support group for Caldera's campaign of politicians newly alienated from patronage resources. We cannot expect that all politicians will accept declining resources and reform as a foregone conclusion. Many will be prompted to act on their own in order to retain the old way of politics. Further, with both AD and COPEI advocating free market, reformist platforms, there was room in the ideological continuum for a politician willing to promise a return to the old ways of state spending. Caldera could credibly offer high levels of extra resources to potential supporters as his policies were focused around not reforming the economy. (The only problem is that you can only do this once! Now that Caldera has tried to implement reforms repeatedly, his credibility and that of any candidates he chooses to back is gone.)

Importantly, due to local level and legislative electoral reforms that had come into effect just before the election, there was actually a possibility that local offices and legislative seats could be filled by third or small parties. In particular, the new laws allowing the direct election of governors and mayors, and the newly adopted single member district allocation system for one half of the Chamber of Deputies and a portion of municipal councils, allowed small parties the opportunity to compete against AD and COPEI for the first time in generations. Some might argue that these reforms, all having the common component of being implementing single-member district systems, favor large parties as well as tend to lead to two-party systems. However, Kornblith and Levine (1993) argue that taking control over the distribution of these offices away from the party holding the presidency and giving it to local constituencies actually had the opposite effect in Venezuela. For the first time in decades, parties other than the traditional AD and COPEI (who were the only ones strong enough to win the presidency) could run and have a chance of seeing their candidates elected to these offices. This possibility caused voters unhappy with AD or COPEI not to feel that their vote was being wasted on other smaller parties. This explains the sudden recent shift in votes during these elections to parties having strong regional or concentrated constituencies. For Caldera, this new opening for and shift in votes to small parties worked to his advantage. While the small size of these parties might not have encouraged voters to vote for their individual candidates in the presidential election, a strong coalition of these parties representing a large percent of the voting public might, and actually did, encourage voters to vote for the coalition candidate Caldera.

In sum, the consensual nomination within COPEI contributed to Caldera's eventual win because it encouraged politicians newly alienated from (declining) expected patronage resources to join Caldera's presidential campaign. Additionally, the ideological space open to parties willing to promise high patronage contributed to luring candidates into Caldera's support coalition. The new electoral reforms opened up the institution space for Caldera's coalition to become a viable contender for the presidency.

Re-considering Reform: Conclusions For Venezuela and Beyond

In this paper, I develop a game-theoretic model to interpret the interactions between politicians and intra-party politics in Venezuela. This model is based on the clientelist nature of Venezuelan politics as well as the institutional structure of the Venezuelan political system. In particular, I argue that the clientelistic nature of politics in Venezuela (and in Latin America in general) causes politicians to seek to maximize their access to state resources in the pursuit of career success. Further, I argue that presidents' access to vast state resources in Latin America causes politicians to seek to control this office. As a result, it is expected that great efforts will be made by parties to win the national presidential election.

I also point out, however, that in Venezuela politicians' actions and intra-party political outcomes were not always conducive maximizing electoral returns and winning the presidency. We

know, as has been documented by numerous authors, that in pre-economic reform years incumbent parties in Venezuela *always* had divisive nomination processes, which are considered to be electorally harmful. Non-incumbent parties, on the other hand, always (with the exception of one period) had consensual nomination processes. My game-theoretic model of the interaction between politicians during presidential nomination processes shows that, rather than resulting from sub-optimal behavior, these outcomes are actually the logical result of politicians doing everything possible to maximize their expected state resources. I argue that incumbent parties' expectations about large state resources and high vote shares prior to reform caused politicians to engage in factional rivalry during nomination processes. As predicted by my model, the result was a sub-optimal outcome that hurt these parties at the polls. Conversely, I argue that when parties were not incumbent, expected patronage and vote shares tended to be lower than those for incumbent parties. As a result, the model shows that the likelihood that politicians in these parties will engage in consensual nomination strategies increases. Both of these predictions of the model are born out in Venezuela.

Despite the seeming applicability of the model to pre-reform nomination processes in Venezuela, the true test of the usefulness of the model was to see whether or not it could explain the sudden change in Venezuelan intra-party politics after the initiation of economic reform. In Venezuela, after economic reform was initiated, both incumbent and non-incumbent parties had consensual nomination processes. Despite the obvious pre-existing factional rivalry in the incumbent AD party, the anticipated decline in patronage and expectations about the declining popularity of AD (as seen in their efforts to distance themselves from Pérez) by politicians in AD, caused this party to have a consensual nomination process, as predicted by the model.

In addition to predicting AD's consensual nomination, COPEI's consensual nomination was predicted by the model as well. Declining state resources and the unpopularity of reform affected politicians' incentives and, as a result, affected COPEI's intra-party nomination process in the same manner as in AD. Further, this consensual nomination and declining resources also helps to explain the recent election of Caldera to the presidency. Although recent institutional reforms contributed to the viability of his coalition in the face of two dominant parties, politicians newly alienated from patronage within COPEI (due to the consensual nomination and the over-all declining expected patronage throughout the system) caused politicians to seek to win access to patronage through other means. Caldera's credible promises of patronage gave him the ability to cultivate a support group from these alienated politicians. And, apparently, there were so many that he was able to go on to win the national presidential election.

In sum, the evidence provided throughout this paper seems to indicate that a game-theoretic model of intra-party politics based on the clientelist nature and institutional structure of Latin American political systems aptly describes both how state resources can be expected to affect intra-party politics and the actions of politicians, but also how economic reform can be expected to affect politicians' incentives and intra-party politics in Venezuela.

What can we conclude from this model only applied to one country? Single country applications, where models are largely derived from and then tested on the same country, are inherently troubled methodologically. However, there are some reasons to believe that this model has larger applications to, and implications for, intra-party politics in other countries in Latin America. First, as pointed out in earlier parts of this paper, clientelism and the political uses of state resources are common to all Latin American countries, not just Venezuela. Second, as pointed out earlier as well, presidential power over large resources is common to all countries in Latin America, not just Venezuela. Third, party elites determine presidential nominees and candidate selection process outcomes for most established parties in Latin America, not just in Venezuela. Fourth, pre-reform levels of patronage were significantly higher than those in post-reform years in all countries in Latin America, not just Venezuela. Since these contextual factors are the same among all countries in Latin America, and since each of these factors contributed to the derivation of and basis for the model of intra-party politics, we have reason to believe that it is useful to think about the effects of economic

reform on politicians' strategies and intra-party politics in terms of this model in other Latin American countries as well.

In addition to the similarity of context found in Latin American countries, we have one more reason to believe that my model is useful for interpreting the effects of reform on politicians and intra-party politics in other countries in Latin America: the recent shift in votes to small and new parties in many Latin American countries since reform.

In general, the preliminary evidence provided throughout this paper that economic reform can be expected to affect intra-party and political relationships draws our attention to the fact that it is just these effects which political scientists must study in order to understand the true effects of reform on the different political systems in Latin America. Changes in intra-party politics will have longer term implications for the stability and quality (in terms of representation) of democracy in all countries attempting significant economic restructuring. Resulting changes to intra-party politics may help to explain why some countries are better able to continue to implement reform programs than others, as well as why some countries experience democratic instability during reform while others do not. New insights about the relationship between economic reform and intra-party politics will be a significant contribution to our current scholarship on the political-economy of economic reform not only in Latin America but also in other newly industrializing countries.

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