

## **Political Discomfort and Ouster**

Note: This essay is provided just as background for “Citizens vs. Dictators: optimal policies in the shadow of revolution”. In class, we will discuss the ideas of the latter paper.

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### ***Introduction***

Following Lohmann (1994), two major mass political action types of theories can be distinguished: those focusing on the mode of expressing mass discontent and those focusing on the mode of political change. Within the first type, the “theory of relative deprivation” and the “theory of political opportunity structure” deserve a special mention. The theory of relative deprivation argues that “people become discontent when they perceive a discrepancy between their expectations and society’s ability to ensure the standard of living to which they believe they are rightfully entitled”<sup>1</sup>. The theory of political opportunity, instead, points out that mass dissatisfaction is expressed when the conditions are favorable, namely: when the expected payoff of expressing dissatisfaction is high enough.

On the other hand, there is a group of theories aimed at investigating how political change is induced, whose origin is Albert Hirschman (1993). From this seminal work emerged a vast literature modeling the interdependence of individual actions and the activation of informational/behavioral cascades. This literature beard fruits in the understanding of the mechanisms that enhance the prospects for collective action (Olson, 1965).

### ***Objectives***

Our project aims at contributing to the theory of mass political action. Although our focus is on political change, it also integrates aspects of “deprivation” and “political opportunity” theories. The procedure by which this is achieved will become clear in the next section, when we discuss the mainstays of our model.

Specifically, our aim is focused on the constraints that mass overturns impose on institutional change. The most interesting feature of our framework is, perhaps, its flexibility. Different contexts as well as different parameterizations of the model (different ‘versions’ of what we call the ‘General Model’) bring about specific interpretations of ‘equilibrium’ outcomes. All versions consider the possibility for any coalition of the population to overthrow polity’s ruler, provided a certain cost is paid.

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<sup>1</sup> Lohmann, p.9

Two remarks need to be made before proceeding. The first one arises from the confrontation of our proposal with the guidelines offered in Schofield (2000). The author discusses the necessity of undertaking a theory that combines Rational Choice and Comparative Politics. The challenge would basically reside in the difficulty to integrate Non Cooperative Game Theory (NCGT), whose *leit motiv* is the intermediation of personal interest in all strategic decision-making, and Cooperative Theory (CT), whose focus is on coalition formation. For this proposal, we proceed as follows.

We treat separately the problem of collective action and the problem of cooperative theory. With respect to the problem of collective action, we use insights from NCGT and, more specifically, from what has become to be known the theory of informational/behavioral cascades (Bikhchandani, Hirshleifer and Welch, 1992). With respect to the problem of coalition formation, we base our theory in the spatial model of preferences, introducing the alternative that discomfited citizens form coalitions willing to share the cost of overthrowing the government.

Truly, our treatment (i.e., the separate analysis of the collective action problem and of coalition formations) does not satisfactorily integrate NCGT and CT. In fact, in this first approach, we basically isolate the NCGT and CT aspects of the phenomenon of political mass action (instead of integrating them) with the purpose of filling the holes of one theory (CT) with the insights from the other (NCGT). Although this is an important drawback, there is also a benefit from treating NCGT and CT. This mainly consists in the fact that our General Model and its several versions can stand as models by themselves if we are willing to make some assumptions. In particular, we could simplify omitting the problem of collective action: we assume common knowledge of everybody's *bliss point*<sup>2</sup> and an enforcement technology that forces every individual with positive net benefits to pay part of the cost of overthrowing the ruler. The reader could think of a benevolent "popular leader" that activates the coalitions only when it is efficient to do so and can commit all the beneficiaries of the public good "overthrowing" to bear part some part of the costs. As the insights of the "belief games" theory (Schofield, 2000) certainly complement our model, we will describe it in general terms in the first section.

The second remark is methodological. If this proposal is indeed undertaken, a combination of "analytic narratives" and "formal modeling" will be pursued.

The rest of the proposal is organized as follows. First, the [NCGT based] problem of collective action, as it is related to the problem of political mass action, is explained. Second, the 'General Model' is outlined<sup>3</sup>. Third, four different specializations of this model are considered. Fourth, a model different to the General Model is introduced as an attempt to explain the phenomenon of political mass action in new democracies, alike

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<sup>2</sup> See next section.

<sup>3</sup> All throughout this proposal, the term 'model' should be interpreted in a broad sense; when we refer to formal models, we will explicitly say so.

Latin America's ones. In contrast to the General Model, the latter does not assume spatial preferences, and analyzes politics as a "large game" comprising two subgames: election and ruling. Finally, a formalization of version 1 is offered in the appendix.

### ***The collective action problem underlying political mass action***

Underlying the phenomenon of political mass action there is a free-rider problem. The essence of this problem is that the benefits from a demonstration are not excludable nor appropriable, while the costs of joining a demonstration might be high and privately incurred. Then, as Olson (1965) has argued, there is a collective action problem difficult to overcome: even when a large share of the population wants to protest against a given regime (or policy), nobody wants to incur in the cost of protesting, knowing that the benefits that they would appropriate from protesting would be negligible, at least compared to the costs (time, likelihood of being repressed or signaled by the police, etc.).

In this point of the analysis we recur to the idea of informational/behavioral cascades. The seminal work on informational cascades is Bikhchandani, Hirshleifer and Welch (1992). In the following paragraphs, we explicit the salient characteristics of informational cascades theory.

First, it relies on the idea that individual action might be highly interdependent, that is, the idea that the action take by any individual has a strong impact on the action chosen by some other individuals. Second, individuals are assumed to be heterogeneous with respect to some threshold. This threshold denotes the number of the individuals that the agent requires to take a certain action before he also finds convenient to take the same action. The simplest way to figure this threshold is assuming some underlying cost of taking an action. If this cost can be share among the participators in a certain mass action event, then the larger the number of individuals, the smaller the *per capita* cost of participating will be. The main result of informational cascades insight is that, for a given distribution of thresholds among the population, one individual's choice of an alternative has the potential to push another individual above his threshold, and so on until the cascade comes to an end. Depending on the actual distribution of thresholds among the population, the cascade effect might be powerful enough to lead to a massive, successful political mass event or to a failure.

To figure out how an informational cascade works it could be convenient to analyze an example. Think of the audience in a symphonic concert. Generally, in any audience there is both people that know when it corresponds to applaud [i.e., at the end of each piece and not between movements] and people that is not experienced in classical music's concerts, and therefore is uncertain on the appropriate moment for applauses. An individual that applauds in the wrong moment has two potential costs: if only this individual and a few others clap, they would a) be easily signaled as classical music "amateurs", and, b) suffer some cost associated to the disturbance that their clapping caused to the rest of the

audience and to the musicians. Two distributions are of our concern in this example. First, how the audience of the concert is distributed between the two types of individuals [those who know when it is appropriate to applaud and when not and those who do not know]. Second, within those who are amateurs, distribution of thresholds, i.e., the distribution of the number of individuals that each person requires to be applauding before he finds convenient to applaud. It can be easily seen that the behavior of the audience will be sensitive to the specific form that each of these two distributions take. For instance, an audience in which everybody is amateur and there are few individuals with low threshold, will not applaud at all. On the other extreme, if the same population composed solely by amateurs has many individuals with low threshold, then the musicians will be interrupted excessively often.

Now we can go back to the issue of our concern and try to find out whether informational cascades can offer us some insight on the way political mass action works. The analogous to the cost of applauding in the wrong moment might be the cost of being in a demonstration where there are not many others [in this case, the probability of repression would be naturally higher]. The thresholds would denote the number of individuals that each agent requires to be in a demonstration for him to find it convenient to also join the protest. Then, the basic insight that informational/behavioral cascades offer us relies on the assumption that for different frequency of distribution of the population's thresholds, different political mass action outcomes would arise. If in a certain society there are not many extremists [individuals with low thresholds], then even when a majority of the citizenry is discomforted with the ruling regime, no demonstration would arise. Worth noting, if we introduce small random disturbances in the distribution of thresholds, then a multitudinous demonstration might suddenly take place. Otherwise, a small number of radical individuals would demonstrate and bear the whole cost of protesting.

### **General Model**

The structure of the model is as follows. A ruler is chosen according to a certain rule from a given population. The population is analytically partitioned in 'citizenry' and 'ruler'. The ruler chooses the ruling policy (we will refer to it as 'implemented policy' or IP). Each member of the population (including the ruler) has an order of preference over the set of possible policies. For convenience, these preferences will be assumed to be "spatial": each person  $i$  has a *bliss point*,  $x_i$ , and the (dis) utility he derives from the IP is some function of the distance between her bliss point and the policy, i.e.,  $\|x_i - x_{IP}\|$ ). Now, the distinguishing feature of our framework (compared to voting literature models) is that any coalition of the citizenry can overthrow the ruler at any period  $t$ . To achieve this goal, the coalition has to pay a cost  $C_t$ . Although several specific forms might be plausible, we suggest that the reader think of  $C_t$  as given by some stochastic process whose parameters are common knowledge.

At the beginning of any period, the citizens observe  $C_t$  and rationally evaluate whether to join a deposing-coalition. If a coalition forms, it bears  $C_t$  and ousts the ruler, say with probability one. If no coalition is formed, the dictator rules for another period. To decide whether to join the plot, citizens need two pieces of information. First, the cost that each of them will have to bear in the event of becoming coalitionists. Second, what policy would be implemented in the event that overthrowing occurs. The former information is given by a pre-established rule for partitioning  $C_t$  among the coalitionists; we will refer to it as “splitting the cost” (SP) rule. The latter information comes from a pre-established “outside option” (OP) rule.

In terms of Lohmann’s (1994) terminology, the main goal of our model is to shed light on political change using elements of both “relative deprivation” and “political opportunity structure” theories. The distance between actual policy (IP) and outside policy option (OP) represents “relative deprivation’s” insight. The stochastic distribution of the costs of deposing the ruler represents “political opportunity structure’s” insight. Finally, the equilibrium outcome of the model sheds light on the likelihood of “political change” or transformation of “formal” institutions (North, 1990).

In the following paragraphs, we will show that this model can be a useful tool for the analysis of many cases of interest. In particular, we will show that by specifying different: a) “initial policy” (IP), b) “splitting the cost” (SC) rule, and, c) “outside policy” (OP) option, we will obtain interesting results and mimic some New Institutional Economics models.

### ***Version 1: deposal in a democracy***

Consider a social choice mechanism, say, a voting procedure. Specialize the SC rule to an egalitarian one in which the cost of overthrowing the ruler divides equally among coalitionists. Also, specialize OP to be close enough to the winning platform (presumably because, in the event of overthrowing, a new election is called). A democratic ruler (the ‘principal’) systematically monitored by members of the winner voting-coalition (the ‘agents’) would result.

To understand this case, the reader can imagine a principal trying to violate his political platform. Say for convenience that the winning electoral platform coincides with the *bliss point* of the median citizen (following standard voting models). In this case, the model would predict that for low  $C_t$ , a deposing-coalition would be formed, and, specifically, that there will be an (imperfect)<sup>4</sup> overlapping of winner electoral-coalitionists and deposing-coalitionists. IP, an endogenous variable in this case<sup>5</sup>, will plausibly be close to the OP, and, *a fortiori*, to the winner electoral platform. A theory of voting as a ‘check

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<sup>4</sup> The degree of imperfection of the identity between deposing and winner coalitions depends upon the parameters of the model.

<sup>5</sup> Note that IP does not need to coincide with the winner electoral platform.

and balance' mechanism against violations of the popular mandate arises. This idea reinforces Riker's view of democracy as essentially being a popular veto to restrain official tyranny (Coleman and Ferejohn, 1986). Of course, Riker's veto meant to be via a voting mechanism at a pre-established electoral time. Our model also conceives elections as a veto against tyranny, but it goes further making endogenous the timing of elections<sup>6</sup> (given that deposing can take place at any time and it is followed by an OP election winner-type). It is also worth noting that these results are not sensitive to the procedure by which the ruler was chosen (i.e., if it was through a social choice mechanism or *de facto*). In both cases, under the above-mentioned assumptions, the ruler will implement a *democratic* IP. Notice that we use the term 'democratic' on purpose, to point out that this model sheds light over an often disregarded conception of democracy: 'democracy' meaning not the way the ruler is elected, but the conformity of the implemented actions with the *mandate* or popular will<sup>7</sup>.

It is our understanding that this version fits especially well for modeling Latin America major political revolts around 2001<sup>8</sup>. We recall that in those cases, the popularity of governmental policy was negligible, even for rulers coming from democratic elections (Argentina 2001 is perhaps the clearest example). Given this version's special appeal, we offer details in interpretation as well as a formal model in the appendix.

### ***Version 2: deposal in a tyranny***

Karklins and Petersen (1993) have treated the phenomenon of deposal in a tyranny, although within a different framework. The authors offer a non-formal model of protester behavior, explicitly designed to study the bringing down of the Communist regimes in Eastern Europe in 1989. Their model is based on three insights. First, the heterogeneity of the society, which they partition in several groups: rulers, party supporters, workers, students, and dissidents. Second, a dual "assurance" or "tipping" game (Sen, 1967 and Schelling, 1985) that represents the potential protesters's desire for protection against regime sanctions<sup>9</sup>. Third, the interaction of the tipping points<sup>10</sup> of the different social groups.

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<sup>6</sup> Admittedly, elections timing being endogenous might not be a desired feature for the general of the law. But the recent history of Argentina and Peru demonstrate that anticipated elections can actually take place.

<sup>7</sup> This interpretation of democracy is in full accordance to the etymology of the term "mandate". It comes from the latin verb *mandare*, "to order, commit to one's charge", probably from *manus*, "hand", and *dare*, "to give" [Online Etymology Dictionary]. Someone is given into his hands a certain document to take actions conform it.

<sup>8</sup> We refer specifically to the deposition of Presidents Fernando De La Rúa (in Argentina in 2001), Alberto Fujimori (in Peru, in 2001) and the revolts against President Hugo Chavez (Venezuela, many times).

<sup>9</sup> Duality comes from the assumption that individuals fear two different repressions. First, physical repression at the demonstration site. Second, sanctions in his small environment (at the university, at work, etc.)

<sup>10</sup> In their model, a tipping point for a certain social group is reached when they are indifferent between demonstrating and not demonstrating. Note that while the utility of demonstrating is directly proportional to the percentage of the population protesting, the utility of no demonstrating is inversely proportional.

The point is that, for certain specifications of IP, SC and OP, and some minor changes, our model may well fit Karklins and Petersen's story. There is one political dimension (the location of the actual regime in a continuum that has Communism at one end and Capitalism at the other), a ruler ('Communist party') and a citizenry (the 'mass' formed by all the population except the Communist party).

Several comparative statics might be appealing. The first, most obvious exercise considers IP (the position actually chosen by the governing Communist party) exogenously determined, and makes each group's decision (whether to demonstrate against the regime) endogenous. A second, more sophisticated exercise, would investigate the conditions for an 'equilibrium', for instance, the strategies of each actor (the four groups and the ruler) such that, given the strategies of the others, they are at their optimum ("Nash equilibrium").

Besides, the population should be assumed non-uniformly distributed, to reflect the fact that very few individuals derive high utility levels from the current policy (basically: party members and party supporters) while most of them derive very low (dissidents, students and workers). If we consider the first comparative static exercise proposed, IP would be (exogenously) located in a low-density mass point, i.e., where only a few individuals are situated. The OP should represent the regime that will replace Communism in the event that it is actually brought down. By historical context, we might well conjecture that OP was some sort of democratic Capitalism.

In addition to Eastern Europe Communist regimes, this version might model Latin American dictatorships (prior to 1980). We could argue that the terrific high costs of deposal acted as a barrier to a sooner deposal of an unpopular regime.

### ***Version 3: Post Glorious Revolution-like checks and balances***

Consider now the striking analysis of the Glorious Revolution provided by North and Weingast (1989). The authors explain the emergence, after the Glorious Revolution of 1688, of an effective system of 'checks and balances' between the Crown and the Parliament. This brought predictability, fiscal order, and economic strength.

Their story has several similarities with our Version 2: dissatisfaction of a coalition of the population (namely: wealth holders) against the policy (fiscal irresponsibility) implemented by the dictator (the Crown), significant costs of deposing the ruler (civil war), and an outside policy option (reduction of the fiscal prerogatives of the Crown). However, there are also dissimilarities. While Version 2 is about *mass* dissatisfaction, North and Weingast's story is mainly about *class* dissatisfaction (wealth holders, represented by the Parliament). Also, whereas Version 2 posits a *mass* alternative-policy in the event of deposal (a popular substitute policy), their story posits a *bourgeois* alternative policy. In other words, the characteristics of the veto players and the OP are

very different<sup>11</sup>. The question, then, is whether our general model can be specialized in some form to mimic North and Weingast's story (and eventually compare the results).

We believe the answer to this question is affirmative. In order to achieve this goal within a static model, assume that the game starts just after the Glorious Revolution –note that the aim is to model the post-Glorious Revolution equilibrium, not the pre-Glorious Revolution nor the dynamics from an equilibrium to another<sup>12</sup>. Then, given that we seek to explain the regime implemented after the Glorious Revolution, IP will be endogenously explained according to some equilibrium concept. The logic underneath is: given the recently updated deposal costs, the Crown strategically implements (or acquiesce to) some new regime, being aware that this will induce some 'best response' action from the class represented by the Parliament<sup>13</sup>. Regarding SP, the historical context might lead us conclude that the costs of coordinating a revolt against the Crown would be partitioned according to some egalitarian rule among the coalition of wealth holders<sup>14</sup>. Regarding OP, we could conjecture that it lays some point in between the *ancien regime* (namely: total discretion) and the *bliss point* of the *bourgeois* (namely: null encroachment). The parameters should reflect relatively costs of overthrowing based on the recent events. That is, given that the Parliament had succeed to establish a "credible threat of dethroning a sovereign who stepped too far out of line"<sup>15</sup>, the Crown acquiesces to implement an IP closer to wealth holders' *bliss point*. Truly, in our framework the 'checks and balances' institutional equilibrium arises just because neither the Crown nor the Parliament had enough bargaining power to implement an extreme solution for the IP. The relevant part of the story (namely: the emergence of a pro-economic growth institutional equilibrium) is then, in some sense, explained as an aleatorial result, instead of resulting from Coaseian bargains. But so does, in our point of view, North and Weingast's insight. An insightful explanation of why Coaseian bargains could have not applied – that could be used to complement this version is offered next.

#### **Version 4: Losers as a barrier to institutional change**

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<sup>11</sup> The reader might be legitimately wondering how do we characterize (different from identify) a veto player in our model. Two parameters seem naturally appealing: a measure of its size (e.g.: the proportion of the population that belong to the veto coalition) and a measure of its location (eg.: how far is the median member of the veto coalition from the median of the population).

<sup>12</sup> We do consider, nonetheless, that the three of them can be modeled. The equilibrium pre-Glorious Revolution could easily be modeled for suitable choices of IP, SP and OP, and assuming high costs of coordination. A dynamic, non-formal model that explains the transition from one equilibrium to the other is also plausible. A dynamic, formal model would be certainly much complicated, if tractable.

<sup>13</sup> Another way of modeling the situation is considering a two stages repeated game –in order to model the dynamics from pre Glorious Revolution equilibrium to post Glorious Revolution equilibrium.

<sup>14</sup> We do not discard the possibility that an in-depth study of the period might provide some other insight, such as the success of the wealth holders to externalize part of this costs to the rest of the nation.

<sup>15</sup> North and Weingast (1989), p. 829.

Consider now a situation where a ruler is willing to implement an efficient reform (call it ‘structural reform’), but that she is deterred by the action of a small coalition, which would be worse-off.

Despite being plausible on the surface, the above-mentioned situation admits criticism. Indeed, according to Coase’s theorem, the opposition to the ‘structural reform’ could be avoided if the coalitionists were compensated with part of the gains arising from the implementation of the reform<sup>16</sup>. Two possibilities follow, depending on whether we assume transaction costs to be significant or not.

If transaction costs are high enough, then the criticism does not hold. But if, instead, transaction costs are small, an interesting new case arises: given that transaction costs are not higher than the net gains from political trade, then how can inefficiency be rationally explained? Some clues to answer this crucial question can be found in Acemoglu and Robinson (2000) and Olson (2000). Both arguments will be summarized below.

Acemoglu and Robinson (2000) have proved that Coase’s theorem fails to hold when the reforms generate *political* losers. That is, when a proposed efficient reform erodes the political power of a coalition, the latter will oppose change despite Coase Theorem. The reason is that once the coalition lost political power, it lacks the means to actually enforce a compensatory redistribution *à la* Coase<sup>17</sup>.

Consider Olson (2000) explanation of low income in most countries. The author states that “when a group that constitutes only a narrow-segment of the income-earning capacity of a society is able to act collectively, its main incentive is to redistribute to itself through lobbying and price fixing and to continue such activities even when the losses to the society are large in relation to the amount the group obtains through its distributional struggle”<sup>18</sup>. As the reader might realize, here we stand in the same point that we left our story some paragraphs above: if lobby brings about social inefficiency, why would coaseian bargains not deter it? As Olson explains, Coase theorem fails to hold not because of high transaction costs –after all, what kind of transaction costs could overcome the gains of developing poor countries? It fails to hold, instead, because Coase implicitly assumes an external entity (call it ‘state’) able to enforce coaseian bargains. And if we were to argue that a state pre-exists because, following Coase, it is efficient for the society to create it, then we would have to explain how could the population enforce the contract necessary for the creation of the state if, precisely, such an entity does not exist yet.

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<sup>16</sup> In other words, as long as there is a feasible way of distributing population’s wealth such that nobody be worse off, the reform would be implemented.

<sup>17</sup> Two remarks apply. First, Acemoglu and Robinson do not explicitly refer to Coase Theorem. Second, strictly speaking, the authors just explain why would Coase theorem fail to hold if either no perfect enforcement for property rights or no intertemporal markets are (implicitly) assumed.

<sup>18</sup> P. 197.

Now, we are in conditions to ask whether Acemoglu and Robinson and Olson's arguments are useful to offer a version of our model that explains opposition to an efficient reform when transaction costs are smaller than the net gains of reform –note that this is Olson (2000) aim. Although we are not in conditions yet to provide a definitive answer, there are some elements in support of a positive response.

Consider, then, a polity with negligible transaction costs that is in an inefficient equilibrium. Consider, also, the following features: OP is a Hobessian (anarchic) state of nature where, following Olson, only “self-enforcing markets” flourish, and the costs of overthrowing are so negligible that every individual has veto power. For concreteness, imagine that only a small group (which has comparative advantages in predatory activities) extracts more wealth in the Hobessian state of nature than in a non-anarchic one, but that a redistribution of wealth within a non-anarchic state could indeed be conceived such that everybody is better-off.

The idea is that, to upgrade their welfare, individuals must give up veto power. In terms of our model, they need to increase the costs of overthrowing the government (for instance: implementing a tax to despol). Such a change would indeed bring about efficiency gains. Nonetheless, it is hard to conceive any mechanism such that, once the individuals give up their veto power, the ruler will implement the redistribution that leaves everybody better off (we could call this a “lack of commitment-technology” problem). As a result, a Hobessian society with efficiency losses would persist (IP would endogenously be determined close to anarchic OP) because the political winners would not be able to commit to the re-distribution of wealth. Despite inefficiency and negligible transaction costs, *status quo* applies.

### **A “large” model for new democracies**

It is interesting asking what happens when the model is assumed to be fully deterministic (no random variables are involved) and information is perfect and complete. In this case, there is either a partition of the citizenry that wants to overthrow the ruler in every period from the beginning to the end or there is no chance that any coalition intending to overthrow the ruler arises ever. This is due to the fact that by assumption there is no change in the parameters throughout the whole set of periods, and no new or improved information is available to the agents. Consequently, either it is optimal for some group of the citizenry to coalesce from the very first period or it is not convenient ever.

Imagine that there is some coalition of the citizenry willing to oust the ruler. What would the ruler optimal action be? The ruler knows (as we are assuming perfect and complete information by now) that if he does implement the policy that leads to some group of the citizenry to form a coalition with the purpose of overthrow him, he will be ousted. Then,

the policies that can be optimally implemented reduce to those such that no coalition will attempt an overthrowing [note that in this benchmark case we are also assuming that once a coalition forms, it overthrows the ruler with probability one].

The bottom line of this exercise is to show that in the benchmark case of complete and perfect information and deterministic model, in equilibrium there can be no overthrowing. Note that by equilibrium, we mean a set of strategies [one for each agent] such that, given the strategies adopted by the rest of the players, no one wants to change his strategy, i.e., a Nash Equilibrium.

The obvious question to ask, then, is why we actually observe the phenomenon of overthrowing. Think, for instance, of the examples of Argentina, Peru and Ecuador that we have already mentioned. How can we explain these phenomena? In what follows we introduce an informal model [different from the one we called ‘General Model’ and its four versions]. We refer to this new informal model as the “large” game of a polity.

In the “large” model, the motivation of the ruler has a central role in the analysis. Note that in election theory, the motivation can certainly influence the outcome of the election, but as the game ends when a candidate is elected, whether the candidate implements his bliss point or the bliss point of some central measure of the population is of none concern. It is in this sense that we consider important the notion of a large game, by which we understand the integration of the election game with the overthrowing game. That is, think of the election as the first stage in a larger game comprising both the election of a policy and the implementation of a policy, with the understanding that the ruler is not bind to implement the same policy that he used as platform, and that coalitions might be formed to oust the ruler.

To understand why the theory of overthrowing could be considered the natural extension of the theory of elections, it suffices to note that in traditional election models, the game ends when a platform [and a candidate] wins. Why the ruler implements a certain policy [either close or far from the platform’s policy] when he is in office is a question certainly not addressed. This means shifting the focus from the election stage of the large game to its second stage, i.e., from “election” to “ruling” [under the threat of ouster]. We expect the theory of overthrowing to give us an insight on the policy actually implemented, which does not have to coincide with the electoral platform of the wining candidate.

Probably the most advanced work on the theory of political action is the work of Lohman (1993, 1994). Lohman (1993) models political mass action in a framework in which “the leader wishes to make a decision that is advantageous for a majority of the population”, where the underlying assumption is a majority rule voting mechanism that is not explicitly modeled. The issue being modeled by Lohman is, then, basically reduced to the problem of the agents signaling the median preference to the leader and the leader interpreting this signaling accurately. To model this signaling game in a consistent way,

Lohman needs to find a way to overcome the phenomenon of collective action [and this should be considered her main result]. Nonetheless, it seems to us that the assumption that the political leader has problems interpreting the actual preferences of the population avoids the real interesting phenomenon. For our point of view, the interesting phenomenon is the fact that, despite knowing the actual distribution of preferences across the population, the leaders some times find optimal to move their implemented policy [i.e., we are not talking about the platforms, but the policy actually implemented when they get office] away from some central position.

Thus, the model of Lohmann (1993) is not suitable to explain, at least, the recurrent phenomenon of politicians having a platform radically different from the policies that they actually implement once they are in office, in Latin American countries throughout the 1990s and up to the current days. Brazil, Argentina, Bolivia, Peru are only a few examples of the countries where the presidents implement a package of relevant policies opposite to the policies stated in their political platforms. From our point of view, if a model of political action is intended to explain Latin America's phenomena of mass action, it must take into account the disassociation between political platforms and implemented policies. The disassociation modeled by Lohman (1993), i.e., that one between the bliss point of a central measure of the population and the implemented policy is actually an important and relevant one. But this incongruence between the central location and the implemented policy is in fact a consequence of the disassociation between the elected platform [rather than the central location] and the implemented policy. Of course, the elected platform might well be close or exactly located in the central location of the bliss point, but this is another issue. The way Lohman proceeds (implicitly identifying the elected platform with the median bliss point) simplifies greatly, but nullifies any attempt to actually integrate election and overthrowing theory. To have a flavor of why this is so, notice that a good start for a theory of overthrowing could be the idea of citizens willing to oust the rulers that violated their political platforms [what might be argued to be the Latin American case].

All the above suggests that the requisites for a theory of overthrowing to be adequate for the understanding of Latin America's democracies are twofold. On the one hand, we need to assume some sort of imperfection in the way information is available to the agents [otherwise we would need to appeal to irrational behaviors]. On the other hand, we do not want the theory to assume non-realistic informational asymmetries such that: a) the ruler is uncertain about the central location of the population's bliss points [as in Lohman 1993], or b) the number of people uncomfortable with the policy/ruler is uncertain to the citizenry [as in Lohman, 1994]. Although we do not discard the validity of these assumptions in certain contexts, we believe that, at least, they are not the best way to model Latin America's overthrowing events. Then, we need to think on other kind informational imperfection unless we are willing to assume some kind of bounded rationality.

The fact that Latin America's democracies are relatively new might offer some insight on the phenomenon of disassociation between electoral platforms and implemented policies. Recall that these democracies arose mainly after a wave of dictatorships whose ruling period extended at least throughout the decade of the 70's. In this sense, we could think of some sort of learning effect of Latin America's polities.

From this perspective, we would be able to explain the recent phenomena as part of a learning process that started with the new wave of democratization [during the 80's] and is still running. From our point of view, one good starting point would be modeling these ousts as the result of the citizenry being not able to distinguish feasible from not-feasible policies. For the sake of clarity, think of the electoral platform as a proposition to partition a pie [e.g.: national budget] in a certain way, and think of the proposed partition as being hard to enforce once the ruler gets to office. If the electorate is immature enough in the sense that it is not able to distinguish feasible from non-feasible platforms, every candidate willing to win an election would be forced to select a non-realistic platform [i.e., a partition that sums up to more than the total size of the pie]. Note that the existence of a single dishonest candidate [i.e., proposing a non-feasible platform] would lead the other candidates to select non-feasible platforms as well. Otherwise, the dishonest candidate would win with high probability, since he would be able to seduce a large share of the population with his non-feasible promises.

Note that the above-mentioned insight assumes that the electorate is not mature enough (in a civic sense) to choose the right platform. Thus, we would be explaining Latin America's recent events on the basis of bounded rationality on the side of the citizenry. The obvious questions, then, are: where does this bounded rationality come from?, and, why does this bounded rationality affect the electorate of some countries and not others? To answer these questions we use the learning assumption, that is, we might explain the bounded rationality of the electorate in terms of their short democratic-history. To the best of our knowledge, this theoretical avenue has not been taken yet, although much of the tools required to explore it might be well developed by now. In this latter respect, Young (1998) offers a nice and clear introduction to the evolutionary theory of institutions, where learning behavior plays a key role.

We now have a first approach to what we earlier referred to as a "large" model comprising both election and ruling processes. As any other model of elections, the suggested approach starts from the definition of a committee. Recall that a committee is defined by two elements, namely the preferences [or utility functions] of a collection of voters, and a family of winning coalitions (Schofield, 2001). The difference with the spatial model is given by the treatment of the preferences [or utility]. In the spatial model, the candidate chooses a point in a space  $Z$ , and each voter utility is given by some measure of the distance between that point and their bliss point. In our setting, each candidate chooses a certain partition of a pie bigger than the actual pie [think of the candidates being able to propose a distribution of the national budget that sums up

somewhat more than the actual size of available resources]. For example, think of the candidates proposing partitions of the national budget that sum up to 150% of the available resources. The utility of each voter is not given by any measure of distance, but simply by some [eventually concave] transform of the partition offered to him by the candidate.

In this fashion, we have reduced the election to some distorted model of bargaining in which some subset of non-feasible agreements proposals might be offered. Of course, the fact that these proposals are not feasible implies that once in office, the ruler will have to decide what aspects of the platform he will conform and what aspects he will not conform. And in the need to disobey the electoral platform lays the seed of political mass action. A somewhat more complex version of this model would introduce third parties interested in getting a fraction of the pie, for example IMF, World Bank, or even corporations or third governments.

As the actual pie is smaller than the sum of the partitions announced by the candidate in his platform, there is no way to implement the platform as the actual policy. This framework offers some insight on the origin of discomfort in new democracies, given that the population with political discomfort can be endogenously determined [for instance, as the part of the population whose announced partition was higher than the actual or implemented partition]. Truly, this setting fails in giving any clue on the mechanism that translates discomfort into political mass action, but an integration of the informational cascade theory might well be possible, in the fashion suggested at the beginning of this article for the 'General Model' and its several versions.

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