60. Knight, pp. 226, 233; Viguera, pp. 53, 62.

61. Graciela Ducatenzeiler, Philippe Faucher, and Julian Castro Rea, "Amérique Latine: Les Échecs du Libéral-Populisme," *Revue Canadienne d'Études du Développement*, 14 (1993), 175; Weyland, "Neopopulism," p. 5.

62. Charles Anderson, *Politics and Economic Change in Latin America* (New York: Van Nostrand Reinhold, 1967), pp. 89–101.

63. See Kurt Weyland, "Latin America's Four Political Models," *Journal of Democracy*, 6 (October 1995), 128–29.

64. Ibid., pp. 128–30.

65. Philip, p. 84.

66. By contrast, President Clinton did not call for mass demonstrations or a plebiscite when facing impeachment proceedings. Similarly, when Brazil's constituent assembly threatened to abridge presidential powers in 1987–88, incumbent José Sarney appealed, not to the masses, but to clientelist politicians and the military.

67. Mouzelis stresses the contrast between populism and clientelism.

68. Therefore, charisma tends to be an empirical characteristic of populist leaders, but it is not a definitional requirement.

69. De la Torre; Novaro, "Populismos."

70. Max Weber, *Wirtschaft und Gesellschaft*, 5th ed. (Tübingen: Mohr, 1976), pp. 142–48, 661–87.

71. See Angelo Panebianco, *Political Parties* (Cambridge: Cambridge University Press, 1988), ch. 8; de la Torre, pp. 21, 97, 127–28, 136–38.

72. As happened to Chile's Socialist Party and Mexico's PRI. See Drake, *Socialism*.

73. But given the memories of the foundational period, the maintenance of populist discourse and ritual, and the preservation of discretionary leadership, the resulting postpopulist organizations are susceptible to revivals of populism, as spearheaded, for instance, by Mexican President Luis Echeverría (1970–76).

74. Collier and Collier, ch. 5.

75. Michael Conniff, "Introduction," in Conniff, ed., *Populism*, p. 10.

76. Marcos Novaro, "Populismo y Gobierno," in Burbano, ed., pp. 35–43.

77. Kurt Weyland, "The Politics of Corruption in Latin America," *Journal of Democracy*, 9 (April 1998), 117–19.

78. James McGuire, *Peronism without Perón* (Stanford: Stanford University Press, 1997).

79 In Mario Baizán, *Conversaciones con Carlos Menem* (Buenos Aires: Editorial Fraterna, 1993), p. 21.

80. Weyland, "Neopopulism."

81. Domingo Cavallo, *El Peso de la Verdad* (Buenos Aires: Planeta, 1997), pp. 273–75; Carlos Boloña, *Cambio de Rumbo* (Lima: Instituto de Economía de Libre Mercado, 1993), pp. vii-ix, 202.

82. But it excludes organized parties with muted personalistic leadership, such as Venezuela's *Acción Democrática* since the 1960s.

83. Recently Gerring, pp. 363–64.

Does Money Matter? Credible Commitments and Campaign Finance in New Democracies

Theory and Evidence from Brazil

David Samuels

How important is money to the electoral process? With the spread of competitive elections around the world in the last twenty-five years this question is increasingly important in comparative politics. Yet, despite the potentially critical role of campaign finance, research on it remains confined largely to the U.S. Surprisingly few studies explore campaign finance comparatively, and fewer still explore campaign funds in new democracies.[1] No studies use candidate-level campaign finance information for less developed countries or new democracies.

Scholars assume that money influences elections in the U.S. and so direct their energies toward determining how.[2] However, in a recent article on the impact of money on Russian elections, Daniel Treisman argued that it can not be assumed that money exerts the same influence in newer democracies.[3] He argued that scholars must first determine whether money influences elections in newly democratic countries before asking how it influences elections in them and that money ought to play a far less significant role than is commonly assumed.

This argument is provocative. Treisman contends that in contrast to well-established democracies newer democracies possess poorly institutionalized political markets. In an institutionalized market credible contracting commitments are likely. In contrast, in poorly institutionalized markets contracting is difficult because buyers and sellers have little guarantee that the terms of the contract will be fulfilled. In terms of campaign funds, in a poorly institutionalized political market "consumers" of government services (potential campaign financiers) will not invest in potential "producers" of government services (candidates for office) because they are relatively more uncertain that they will get what they pay for. The main implication of this argument is that little money will be supplied for electoral campaigns.[4] Treisman illustrates this general theoretical point by disputing the notion that money has played a critical role in recent Russian presidential and parliamentary elections.

This argument raises a number of questions. Most important, should comparativists be skeptical that money unduly influences elections in newer democracies, or should they accept the conventional wisdom? Is there something qualitatively different about newer democracies that makes money less likely to be important than in established democracies? Given the critical importance of understanding the factors driving elections in new democracies, and given money's assumed powerful role in well-established democracies, these questions merit exploration.

Treisman's argument also merits exploration because it is controversial. Many believe that wealthy individuals, corporations, and interest groups possess undue influence in U.S. politics, where campaign finance laws are among the best elaborated and most stringent in the world. Thus, it is not surprising that many also believe that the same kinds of political actors exercise even greater influence in emerging democracies, where such laws may not even exist. Moreover, in newer democracies the public has less experience in choosing representatives; the media has less experience investigating without fear of being jailed; and politicians themselves have little experience in negotiating under democratic procedures. Under such conditions, it might seem natural to conclude that money plays an important role.

The argument that money and politics do not mix in transitional democracies merits closer examination.[5] What is the impact of campaign money in emerging democracies? As Treisman argues, media and insider accounts of the impact of money on elections should not be taken at face value. However, the same logic of credible commitments that Treisman employs can support the conclusion that money plays a crucial role in elections in newer democracies. Although Brazil fits the description of a relatively young democracy, money plays an important role in its elections.

On the Impact of Money in New Democracies: The Skeptical Case

Treisman employs the popular metaphor of a political market to explain his hypothesis that money plays little role in transitional democracies' elections. Contracting between principals and agents will be difficult when a political or economic market is poorly institutionalized, because the fluidity of institutions makes contract enforcement problematic. Neither buyers nor sellers can credibly commit themselves to fulfill an agreement; they are therefore less likely to commit themselves to the contract in the first place. Fluid political markets with electoral personalism, the rapid emergence and disappearance of parties, and/or high voter volatility characterize emerging democracies such as Russia and Brazil.[6]

A poorly institutionalized political market might limit the credibility of implicit political contracts that exchange government services for campaign money.[7] Not all campaign finance is service-induced; some may be policy-induced. However, in countries like Russia and Brazil, where parties and party identity are relatively weak, politicians change political allegiances frequently, and pork-barrel politics is very important for political survival, it is more likely that campaign funds will be service-induced.

In such cases, a donor agrees to provide money up front in exchange for expected services at some undetermined later time. However, in a poorly institutionalized political market potential donors lack confidence that politicians will hold up their

end of the deal. According to standard economic theory, if buyers lack good information, then the existence of sellers in the market who offer inferior goods can even drive the market out of existence.[8] In well-established democracies Treisman supposes that donors have relatively greater assurance that their implicit contracts will be fulfilled, because political stability and a history of interaction generate confidence.

The evidence Treisman presents in support of this argument is largely anecdotal and mainly supports the contention that Russian campaign finance data are not trustworthy (a problem Treisman himself acknowledges). Nevertheless, he argues that investment in candidates is a highly risky proposition in Russia that many potential donors refuse. Russia is full of "suspicious, short-term dealers" who seek *Duma* deputies they can "buy" for particular votes.[9] Yet deputies disregard even these short-term investments because they "do not stay bought" and endlessly seek higher bidders.[10] Treisman concludes that "the private funds new business elites brought to electoral campaigns constituted a relatively minor part of [political] bargains, [and] spending on campaigns was relatively ineffective."[11]

Perhaps because the data about the contributor-politician relationship are so thin in Russia, Treisman argues not only that donors will not supply money, but also that money is less likely to influence electoral outcomes. However, this argument conflates the two issues. The logical distinction between the factors that drive politicians' ability to raise funds and their ability to use those funds to win votes is absolutely basic in studies of campaign finance.[12] One should not assume that inferences about one relationship apply to the other.[13]

Nevertheless, Treisman presents national data on money and votes for both presidential and parliamentary elections. He finds that "in none of the elections was there a simple linear relationship between the amount officially spent by a [party] bloc or candidate and the vote received," and to support this claim he shows a low correlation between money and votes.[14] However, without incorporating the effects of other variables, such data are too aggregate to conclude that a relationship does not exist in presidential or national party elections. There is good reason to suppose that this correlation would not be high in any case. For example, if it were, the Republicans would never lose a presidential election in the U.S., and they would always control both houses of Congress.

At this level of aggregation the implied causal relationship suffers from significant omitted variable bias. Particularly in presidential contests and in the determination of what affects national (as opposed to constituency) vote totals, such factors affecting the vote outcome as the strength of party organization, ideology, the state of the economy, parties' links to well-established civil society or government groups, and incumbents' approval ratings can not be ignored. For example, in Russia there is little reason to expect the Communist Party's national vote total to correspond to its level of spending. Its ties to organized interests and its organizational continuity, in significant contrast to other Russian parties, are more important. Leftist parties around the world, which may be unable to raise significant funds in the first place, probably rely relatively more on their party label and local organization to get out the vote.[15] In sum, in any party system, whether consolidated or transitional, the expected return in votes per unit of currency invested is likely to differ widely across parties, for many reasons. Bivariate correlations at the national level provide little evidence that money is or is not important. While Treisman's argument is provocative, the evidence provides little certainty that money is indeed unimportant in Russian elections. It may be true, but its confirmation awaits additional empirical research.

An Alternative Approach to Understanding Campaign Funds in New Democracies

The questions raised in the previous section cast doubt on but do not directly counter Treisman's arguments. To assess the impact of campaign funds in new democracies, it is necessary to develop clearer theoretical expectations for a wide range of cases. Three fundamental issues need to be addressed: the presence of supply, of demand, and of credible commitments to support market exchange. Without supply, demand, and market mechanisms no market will emerge. However, if these conditions are met, substantial market exchange should develop. I propose the following five hypotheses about the impact of campaign funds in elections in new democracies. (These hypotheses can be valid or invalid independently of whether and how money is translated into votes.)

> H1 The overall supply of campaign funds is a function of the incentives that potential financiers have to influence the distribution of government services.
>
> H2 The overall demand for campaign funds is a function of the degree of inter- and intraparty competition.
>
> H3a Market exchange will proceed to the degree that politicians desire to establish collective and/or individual reputations.
>
> H3b Market exchange will proceed to the degree that politicians and donors expect to engage in repeated interactions.
>
> H3c Market exchange will proceed to the degree that politicians and donors have established quasi-institutional sanctioning mechanisms.

Because these hypotheses are general and in many ways also apply to established democracies, they permit cross-national comparative research. They are also cumulative: each hypothesis is a necessary but insufficient condition. Only if all five are met will a campaign funds market emerge.

Expectations Regarding the Supply of Campaign Funds in Newer Democracies

The first hypothesis addresses the question whether individuals, businesses, and/or interest groups have reason to invest campaign funds in candidates or parties. Regardless of the demand, if there is no supply of money, then there will be no market. There are good theoretical reasons to believe that political actors in new democracies will invest in politics. This belief assumes that a supply of government services exists, that elected officials exert at least minimal control over that supply, and that interest groups, corporations, and individuals desire access to that supply and have money to distribute.

These assumptions are reasonable. Redemocratization permits a greater number and variety of interests to influence government, and, wherever government exists, political actors will attempt to influence areas that affect their interests. They will apply political pressure whether the system has centuries of experience with democratic elections or just a few years. Unless it is assumed that everyone who possesses money is uninterested in purchasing government services in Russia and other transitional democracies, there is substantial a priori reason to believe that contributors will potentially be willing to supply campaign funds.

In fact, the pressure for financiers to supply campaign funds to gain access ought to be particularly high at the moment the authoritarian system opens up. Those who desire access have incentives to be the first mover, because the supply of government output is limited. In authoritarian systems certain interests are excluded, perhaps arbitrarily, from the political process, while others are included. This exclusion limits competition for a slice of government output, thus lowering the price of the output's price. Under authoritarianism the price that individuals are willing to pay government officials for government output ought to be lower than under democracy. When an authoritarian system opens up, more interests are necessarily allowed to compete for government policy output than under the prior regime. Because investors would prefer to accrue more output to themselves rather than less, significant pressure exists in emerging political markets to move quickly to gain a larger slice of the pie, before competition pushes the price of access up. Potential investors therefore face pressure to employ monetary resources to obtain the highest potential return on their investment as quickly as possible.

In authoritarian regimes political contracts are unchallenged, or at least less challenged, by competing interests. In democratic regimes contracts are relatively more challenged by private interests that demand government services and are willing to bid for them. Even in highly oligopolistic systems like Brazil and Russia, some competition is more than no competition. When even some competition exists, actors have incentives to provide campaign funds to try to shift resources in their direction.[16] In contrast to Treisman's argument, if private interests desire access to government services, and elected officials exert some control over their distribution, then these private interests should provide campaign funds to candidates for office.

Expectations Regarding the Demand for Campaign Funds in Newer Democracies The second hypothesis states the conditions under which demand for campaign funds ought to exist. Under certain conditions demand for campaign funds may be low. For example, campaigns may be wholly or partially publicly funded, thereby eliminating or reducing candidates' ability or need to raise funds.[17] Campaigns might be inexpensive because they are not competitive. If one candidate or party has no viable rivals, there would be no need to raise or spend money to win votes. However, as the competitiveness of elections increases, so do their costs.[18]

Demand exists in newer democracies because democratization increases electoral competition. Even though democratic transitions are often characterized by high degrees of "conservative continuity," competitive elections nevertheless differ qualitatively from noncompetitive elections and certainly differ from the absence of electoral competition.[19] For example, Boris Yeltsin's extensive employment of public monies to influence elections strategically is evidence that he believed competition was important in Russia. In general, some degree of heightened electoral competition characterizes new democracies. *Ceteris paribus*, the demand for campaign funds ought to be a direct function of the degree of this competition.

The demand for campaign funds is not only a function of interparty competition, but also of the degree of intraparty competition in each constituency.[20] Even if one party dominates, if candidates within that party must compete against each other for votes in each district, then they have a strong incentive to spend money to differentiate themselves from their copartisans.[21] The importance of intraparty competition depends on the candidate nomination process and the electoral system. For example, if candidates must win an open primary election in a single member district system, intraparty as well as interparty competition may affect the demand for campaign funds.

When candidates face competition, it is only necessary to assume that they desire to win to conclude that a demand for campaign funds exists. The degree of demand depends on intra- and interparty competition and other costs of running a campaign, which will vary widely based on contextual factors.[22]

Expectations Regarding the Existence of Credible Commitments in Newer Democracies The existence of supply and demand are necessary but insufficient reasons for market exchange to proceed. Market exchange also requires contracting between those who produce the supply and those who generate the demand. Contracting is problematic in poorly institutionalized markets, because buyers and sellers have few guarantees that the terms of the contract will be fulfilled. Potential campaign financiers may be reluctant to invest because they lack confidence that they will get what they paid for. This issue boils down to whether suppliers of campaign funds in new democracies expect politicians to provide an adequate return on invested money. If they do not, campaign funds will be undersupplied. Even if

investors are interested in obtaining government services and politicians demand campaign funds, contracting problems may cause underinvestment. In contrast, if investors are confident they will obtain a good return on their investment, then campaign funds will be supplied.

What guarantees do potential contributors in transitional democracies have that politicians will come through with their end of the bargain? Unfortunately, campaign financiers can never obtain such guarantees in both long-standing and newer democracies. The reason is straightforward: in all countries, campaign funds contracts are legally unenforceable.[23] Contributors can not take their case to a higher authority if a politician reneges on a deal, nor can a politician sue contributors for failing to provide promised campaign funds. Consequently, credible commitments in campaign finance contracts can not rest on institutionalized punishment mechanisms.

In the absence of credible sanctioning mechanisms, contributors' investments may be subject to *ex post* expropriation without compensation. In this situation, there ought to be underinvestment even where supply and demand are high. Even if politicians do not expropriate contributions *ex post*, investing in campaigns is at minimum highly risky in any country because of the lack of contractual obligations to provide services in exchange for money.

What potentially maintains the credibility of campaign funds contracts in both newer and more established democracies? When transaction costs are high, political actors (both buyers and sellers of campaign funds) have incentives to develop institutions or quasi-institutional mechanisms to counteract the effects of uncertainty and enhance the possibility of successful contracting. Political actors can develop three kinds of mechanisms to enhance the credibility of their commitments: reputation, repetition, and sanctions.

To enhance their credibility, politicians have incentives to develop a brand name, or reputation. A successfully developed brand name indicates quality to potential voters and also provides voters with a target against which to retaliate if quality does not meet expectations.[24] Candidates can develop either a collective or an individual brand name. A politician can develop a collective brand name by committing to a party that espouses an ideology and possesses a collective identity. By committing to a party, a politician admits that he or she is at least partially substitutable by another candidate who also carries the brand name. Committing to a collective reputation thus limits politicians' ability to renege on contracts.

However, a collective reputation reduces politicians' autonomy in ways that a personal reputation may not.[25] Politicians can also invest in a personal brand name, often referred to as the "personal vote."[26] Particularly if the electoral system allows or encourages individualistic campaign tactics, politicians have incentives to develop a reputation as private goods providers (including geographically targeted pork) and a core constituency of voters who know, trust, and consistently vote for them. More important, delivery of pork might not only solidify politicians' reputation with voters, but also help develop their reputation with potential campaign contributors, such as the construction firms that will build the roads, dams, bridges, and post offices that the politicians successfully obtain.

Repetition is a second necessary ingredient to reduce contract uncertainty. In the absence of sanctions, politicians face only one potential cost from reneging on a contract: the loss of the present value of potential gains from future dealings with the donor or from others who learn about the defection. Reputation matters little if the investor believes that the politician will renege anyway because he or she has a short time horizon. However, the more the politician plans to deal with the donor over time, the greater are the costs of his or her defaulting. When politicians expect a long-term relationship with donors, fewer resources need to be spent on contract enforcement.

If elected officials are mainly amateurs and do not intend to pursue a career in politics, then iterated play is less likely. However, if politicians plan to stick around, then the credibility of their commitments increases, and they have fewer incentives to defect from campaign finance contracts. For example, the relatively long careers of members of the House of Representatives support the credibility of campaign funds contracts in the U.S.[27] Interpreting the likelihood of credible contracting in new democracies therefore requires an understanding of the nature of political careers. Where politicians have relatively short political careers, then contract credibility is damaged. Where political careers are longer, politicians have more and better opportunities to develop their reputations and ensure greater contributions.[28] Thus, where contributors expect to interact with politicians repeatedly over a relatively long period, iteration can help establish credible commitments.[29]

However, even if politicians want to build their reputations and have long-term career goals, reputation and repetition are insufficient to support institutionalized political markets.[30] Neither reputation nor repetition can fully restrict politicians' *ex post* behavior or prohibit them from manipulating the market in their favor once they are in office. Only threats to punish defection made credible through the creation of concrete political institutions can do so. However, as noted above, such institutions are precluded in all campaign funds markets, not just in newer democracies.

Therefore, in contrast to Treisman's argument, because campaign finance contracts are equally unenforceable in both new and older democracies, the instability of the political market might be unrelated to the functioning of the campaign finance market. Supply and demand factors might matter more. For example, although campaign funds contracts are impossible to secure even in the U.S., campaign finance exchange proceeds apace. Or, even in relatively uninstitutionalized political markets, contracting mechanisms might emerge. Because it may be in both contributors' and politicians' interests to maintain exchange in the campaign finance market, they could develop endogenous enforcement mechanisms or norms of behavior to enhance credible commitments. Kroszner and Stratmann have suggested that politicians deliberately craft quasi-institutional contractual safeguards in the U.S. and cite seniority rules and committee specialization as ways members of the House of Representatives enhance their reputation and the likelihood of repetition.[31]

Campaign funds contracts can not rest on concrete institutional safeguards. Instead, reputation, repetition, and sanctions must rest on informal norms, in both established and newer democracies. Brazil illustrates this point.

Campaign Funds in a New Democracy: Brazil

According to conventional wisdom, Brazilian election campaigns are quite expensive, and money plays an important role in them.[32] Until the 1994 election this thesis could not be confirmed or refuted. Only from that year were candidates required to submit records of all campaign contributions.[33] The data for the 1994 election confirm that elections at all levels in Brazil are very costly. The winning presidential candidate, Fernando Henrique Cardoso, declared that he had raised approximately U.S.$33 million. In his reelection campaign in 1998 Cardoso raised approximately U.S.$41 million. Table 1 presents the average amounts winning candidates raised for other offices in Brazil.[34]

Brazilian elections are expensive across the board. For example, even though winning congressional candidates in Brazil do not spend as much as winning candidates for the U.S. House of Representatives ($530,000 on average in 1994), candidates can not by law purchase television or radio advertising, and a dollar goes a lot further in Brazil, where per capita income is less than U.S.$5,000.[35]

Table 1 Average Declared Contributions by Office, Brazil, 1994 (U.S.$)

Position	Winners	Losers	All
Governor	$2,861,934	$729,645	R$1,289,371 (N=80)
Senator	$374,863	$167,560	$235,581 (N=128)
Federal Deputy	$121,391	$31,291	$55,155 (N=1548)

In contrast to Treisman's argument about Russian elections, political campaigns have become a growth industry in Brazil since democratization in the 1980s. Estimated total expenditures for all elections in 1994 (president, senators, governors, and federal and state deputies) fell between U.S.$3.5 and $4.5 billion, about 0.5 percent of Brazil's GDP.[36] *The Economist* reported that candidates in U.S. elections spent "only" an estimated $3 billion for all elections in 1996.[37] In Brazil newspapers report in complete seriousness that elections serve as a strong boost to local economies, principally in the country's poorer regions.[38]

Why Provide a Supply? Why does the market for campaign funds thrive in Brazil? On the issue of supply, why do potential contributors provide money? Potential contributors in Brazil are very willing to open their pocketbooks because elected officials control the distribution of valuable resources, for example, export subsidies, banking regulations, exchange rate controls, and pork-barrel funds.[39]

On the exchange of campaign funds for government public works contracts, Brazilian legislators spend much of their time trying to influence the geographic distribution of pork-barrel projects.[40] Firms (for example, construction companies) that desire government contracts for such projects have two reasons to provide a supply of campaign funds to politicians. First, they want government projects directed to their locality and invest in candidates who they believe will "bring home the bacon."[41] Second, politicians not only influence the distribution of projects and authorize their initiation, but can also influence when and even whether the firm will be paid for work on projects.[42] Indeed, because of finite supply of government services and competition to obtain government contracts, many firms have set up lobbying offices in Brasilia staffed with specially trained budget lobbyists, and their regional offices also have staffs assigned to governmental relations with municipal and state government authorities.[43]

The return to democracy and Brazil's continuing fiscal crisis have also increased competition for scarce government resources. Funds for pork-barrel projects have declined in recent years.[44] Actors whose demands can not be as easily ignored as they were under the military regime (for instance, unions pressuring for wage increases) also now clamor for government resources. Therefore, potential donors have strong incentives to invest quickly and heavily, so that they are not excluded from the division of the spoils.

What Generates Demand? Demand is a function of inter- and intraparty competition. In Brazil both forms of competition are fierce. Under the military regime leftist parties were proscribed. With free elections they can once again compete for votes. Currently, leftist parties hold about 20 percent of the seats in the lower chamber of the legislature and have recently begun to win important mayoralities and even statehouses. Generally, more parties now compete for voters' attention. The number of effective parties in legislative elections grew from 2.4 in 1982 to 8.2 by

1994.[45] Candidates in all parties now face more intense interparty competition. Because party organizations (except perhaps the PT) are generally weak and do not help individual candidates, candidates must raise their own funds.

In legislative elections intraparty competition also drives campaign costs up. For federal deputy elections Brazil uses a system of open list proportional representation in at-large districts that conform to state boundaries (twenty-six states and a federal district). The number of seats per state/district ranges from eight to seventy, with a total number of 513 seats. Parties can nominate up to 1.5 candidates per seat in each district, and multiparty alliances can nominate up to two candidates per seat in each district. In the largest district in 1998, São Paulo, 660 candidates competed for seventy seats, while thirty-eight candidates competed for eight spots in the smallest district, Roraima.

This electoral system generates tremendous incentives for individualistic campaign tactics.[46] Under open list proportional representation candidates must compete for votes against other candidates on their list, as well as opposing parties' candidates, and can not appeal to voters solely on a partisan programmatic basis. Instead, to win votes they must build up a personal vote base. They need therefore to raise and spend money on favors, gifts, and other particularistic goods. Because of this need, electoral systems like Brazil's promote relatively high individual campaign spending. As the degree of competition in such systems increases, so does the level of spending.[47] Like interparty competition, intraparty competition also increased in Brazil after redemocratization. The number of candidates per seat in federal deputy elections has doubled from 3.3 in 1982 to 6.6 in 1998.[48] When candidates under open list proportional representation face increased intraparty competition, they must raise and spend more money in order to stand out from the crowd.

Reputation and Repetition Campaigns are so expensive in Brazil at least partly because considerable incentives to provide supply and generate demand exist. However, these incentives are insufficient for market exchange to occur. Do reputation, repetition, and sanctions support market exchange?

Scholars concur that Brazilian politicians—even those on the left, though to a lesser degree—strive to construct a strong personal reputation for delivering particularistic goods.[49] Politicians seek recognition for generating public works projects in their regions and for providing individualized favors such as jobs, food, and small loans. Such a reputation is the key to most Brazilian politicians' career success, and few politicians survive in the system as merely advocates of programmatic policy positions. A Brazilian politician who turned away from the provision of particularistic goods would be subject to retaliation. A reputation as one who brings home the bacon not only helps solidify a reputation with voters, but also helps the politician develop a reputation with potential campaign contributors; who would also turn away from a purely programmatic politician.

Since turnover in the chamber of deputies exceeds 50 percent in each election, can firms and congressional politicians in Brazil develop long-term relationships? Turnover in the U.S. House of Representatives, in contrast, is less than 10 percent per election. In fact, Brazilian politicians have long-term political careers, even though they may not have long-term congressional careers. Most deputies arrive in the chamber of deputies after serving some years in state legislatures, on municipal councils, and as mayors. Typically, they spend one or two terms in the chamber, then attempt to continue their careers outside of the national legislature by returning to state or local government. For example, they seek to serve again as mayor or to move to a more powerful position in state government. In Brazil executive positions in subnational government wield significantly more power to hire and fire and to implement public works projects than positions in the national legislature.[50]

The structure of political careers in Brazil solidifies politicians' reputations and demonstrates repetition with potential campaign financiers. Brazilian politicians never stray far from their local or state origins, even while serving in the national legislature. They begin to cultivate relationships with campaign financiers early in their careers. When they reach the chamber of deputies, they continue to develop these relationships and may be able to deliver more substantial government contracts. Subsequently, their career path both leads them to positions with greater capacity to dip into the pork barrel and returns them to the location where the projects will actually be implemented. Firms with budgetary interests take a long-term view and seek to invest in enduring relationships with politicians who will exert influence over government resources.[51]

Brazilian politicians have long-term political careers that require constant sources of funding, and thus they have strong incentives to develop long-term relationships with potential campaign financiers. Likewise, potential financiers desire to support politicians who will enrich their coffers through delivery of government contracts over the long term. The structure of political careers in Brazil thus serves as an analogue to the seniority system in the U.S. House of Representatives.[52]

Reputation and Repetition II: The Importance of Friends and Family If credibility is a function of reputation and repetition, then familiarity also breeds confidence. In Brazil, although the campaign funds market is well-capitalized, it is dominated by relatively few actors. Relatively few individuals, an average of only seventeen individuals per congressional candidate, contribute to political campaigns, and there is good reason to believe that many contributors are direct family relations, close friends, and/or business associates of the candidates.[53] Nepotism and family political dynasties are widely known facts of Brazilian political life.[54] This very narrow and familiar base of contributors makes implicit contracts more credible and visible.

The market for campaign funds in Brazil contrasts with the relatively more open

system of campaign funding in the U.S. For example, Sorauf estimated that as much as ten percent of the voting age population contributed money to some campaign in 1984.[55] Even a significantly more conservative estimate exposes an extraordinarily wide difference between Brazil and the U.S. If only one percent of the U.S. voting age population gave money, the total still exceeds one million people. In Brazil fewer than 75,000 individuals, about .075 percent of Brazil's voting age population of 100 million people, gave to a campaign in 1994, less than a tenth of the conservative estimate in the U.S.[56]

Unfortunately, there are no data on the number of corporate contributors to political campaigns in the U.S., because direct corporate contributions are prohibited and PACs may represent one or more corporations. Thus, Brazil and the U.S. can not be compared along these lines. Still, relatively few firms in Brazil contribute to political campaigns. Less than three corporations on average provided campaign funds to each congressional candidate, even though firms provided about three-quarters of all contributions.[57]

Because of the relatively closed nature of the campaign finance market in Brazil, candidates are likely to be personally familiar with their campaign financiers. This familiarity facilitates construction of the politicians' reputations and increases the likelihood of repetition. Moreover, the high probability that contributors are members of the candidate's family or are the candidate's business partners and that the politician plans to return to local politics serves as a sanctioning norm, especially important in Brazil because family and personal connections are highly valued.

For example, in the state of Rio Grande do Norte, known for its patrimonial and insular politics (not unlike many of Brazil's other states), nine of the twenty-nine donors to one winning candidate for deputy had his family's name. These donors were responsible for providing 85 percent of the candidate's funds. Three of the seven individual donors to another winning candidate from the same state were family members, and they accounted for 53 percent of all his campaign funds.[58] This familiarity is not only characteristic of Brazil's smaller, more backward states. São Paulo, Brazil's largest and most economically advanced state, has a population of about thirty million (about the size of Argentina), and accounts for about 40 percent of Brazil's GDP (the ninth-largest in the world). Still, the state's industrial base is highly concentrated. Despite its large population and complex economic base, relatively few people and companies enter the campaign funds market. Several of the candidates best known for their business connections received contributions from only a few firms. Deputy Antônio Delfim Neto, who previously held the positions of minister of finance, of agriculture, and of planning, received contributions from twenty firms and two people, including himself. The firms provided 98 percent of approximately $500,000 in contributions, and ten of those firms provided 87 percent of all his contributions.[59]

Politicians in Brazil seek to establish iterated, long-term relationships with potential campaign financiers in order to develop their reputations. They want to establish themselves as competent providers of pork to both voters and to the firms that thrive on government contracts. Because most campaign contributors are family members and a small number of firms, Brazilian politicians are much more likely to have tight personal relationships with their financiers. This familiarity helps solidify a reputation, enhances the relationship's long-term prospects, and reduces the likelihood that the politician (or the contributors) will defect.

Sanctioning Mechanisms Campaign finance relationships in Brazil appear quite cozy. Not only does familiarity breed confidence, but the limited number of contributors to each campaign serves as an informal oversight and sanctioning mechanism. It is likely that those who contribute to a campaign know who else has contributed; given their small number and the possibility of kinship connections between them, they can observe and share information about the politician's behavior. Therefore few politicians should renege on their deals, because information about their behavior is relatively good among their financial supporters. Still, despite the apparent coziness of campaign funds relationships, politicians and/or financiers may renege on implicit campaign funds contracts. A family feud could erupt, or firms in a politician's bailiwick could compete for government contracts, allowing a politician to break a contract with one firm if another offered a greater payoff.

However, politicians face the threat of punishment for reneging. For example, a firm that fails to receive preferential treatment in exchange for a contribution can refuse to fund the politician's next election. Such sanctions should show up in the data. Politicians' efforts to secure pork barrel projects could be compared to increases and decreases in campaign funding (time-series data on campaign funds are lacking at this time but should be available in the future).

Officeholders could also play hardball. Politicians control substantial government resources that potential campaign financiers desire. If politicians direct government contracts to firms with an implicit understanding that campaign funds will be forthcoming in exchange but then receive none, they can retaliate in at least two ways. They can refuse to direct future projects to the firms or attempt to delay payment on their existing contracts. Long delays can substantially affect a firm's cash flow.

Sanctioning should not occur very often. It should be limited to extraordinary circumstances. These instances are rare in Brazil, but a good example exists: the impeachment of President Fernando Collor de Mello in 1992.[60] Collor won Brazil's first democratic presidential election since 1960 in 1989, but by early 1992 his administration was embroiled in a scandal. At its center was his campaign funds "bag man," Paulo César Farias. In 1989 Farias had requested and obtained massive infusions of cash to win the election against the leftist Workers' Party candidate Lula, who led early in the polls. However, after the election Farias made the rounds once again and demanded more cash, this time in exchange for access to the newly

elected president. Many firms refused, and Collor and Farias then "had their disbursements for goods and services already performed through 1989 halted, and they were blacklisted from any new contracts." Some of the more vulnerable firms were bankrupted.[61]

Collor and his cronies benefited financially from this scheme, but it did not end there. Collor broke with tradition and attempted to "undermine the more established political forces and power centers" which opposed his scheme.[62] He refused to spread the wealth beyond his small group of allies and attempted to undermine those who opposed him. Under increasing press scrutiny, congress opened an investigatory commission. The business community and those politicians whom Collor had excluded stayed on the sidelines in the impeachment debate or even aided the commission's work. In the end, Collor's scheme came crashing down, and he was impeached by a congress that was unwilling to let him rewrite the rules of political bargaining in Brazil. Even in a relatively young democracy such as Brazil's, Collor's impeachment demonstrated that the institutions can work as expected and that politicians will punish those who clearly deviate from expected norms of behavior.

Even a relatively uninstitutionalized political market like Brazil's can support the ingredients necessary for credible campaign finance contracts to emerge. Politicians may have strong incentives to construct solid reputations that will endure over time, and can develop sanctioning mechanisms. Furthermore, politicians' in many systems have a desire to develop a personal vote. Although Brazil's particular career path may be unique, politicians elsewhere are likely to have established signaling devices or ways to provide contributors with information that they are in politics for the long haul. Likewise, the importance of family is not unique to Brazil, nor is the highly elitist nature of politics. In short, in many countries similar dynamics may ensure market exchange in campaign finance.

Conclusion

There are thus two competing hypotheses about campaign funds in transitional democracies. Treisman's argument implies that there ought to be little market exchange in campaign finance in newer democracies. In contrast, I outlined three hypotheses that permit cross-national exploration of the impact of money in elections in new democracies. First, the supply of money in elections is a function of the incentives that potential contributors have to influence the distribution of government services. Second, the demand for campaign funds is a function of the degree of inter- and intraparty competition. Third, market exchange will occur to the degree that politicians seek to establish a reputation and repeat interactions with donors and that politicians and donors have established quasi-institutional sanctioning mechanisms.

These three hypotheses may not be confirmed in Russia. Electoral competition in that country appears to be important to some degree; politicians could be generating demand for campaign funds. However, they may value other resources, such as access to government (public) funds, more highly over campaign finance. Moreover, it is not clear whether potential contributors have strong incentives to provide a supply. Although interest groups, corporations, and individuals desire access to the existing supply of government services, most elected officials in Russia may exert very limited influence over the distribution of government services and funds, particularly compared to other countries. For example, the Russian president possesses even greater discretionary control over the national budget than in Brazil, where the president's power is already great. In addition, compared with other posttransitional societies, Russian politicians may have low incentives to develop a reputation, play an iterated game, and therefore develop secure contracting mechanisms. Still, sanctioning and reputation-enhancing mechanisms may exist in Russia, as in Brazil, at the state or even local level. Additional research is therefore necessary to assess these hypotheses.

One factor that might explain the difference between potentially poorly capitalized campaign finance markets in Russia and other countries is the distinctive nature of Russia's postcommunist transition. Under Communism there may have been less exchange of money for services than in capitalist authoritarian regimes such as Brazil's from 1964 to 1985. In postcommunist systems private economic and political markets might be less well established than public political markets; the channels of government funding and patronage remain solidly established, while emerging capitalist markets are only weakly established. Indeed, scholars of postcommunist transitions have highlighted such issues as the relative lack of secure property rights and market contracting, the lack of liquidity, and the persistence of barter. These issues are much less important outside the former Soviet Union and eastern Europe. Most newer democracies have long experience with capitalism (albeit in many cases state-led capitalism). Thus, the relative absence of a campaign funds market in Russia might be due to its postcommunist transition, rather than to something peculiar to Russia or inherent in all transitional democracies.

Russia's contrast with Brazil in this regard is instructive. In a broad perspective, the democratic problem in countries like Brazil is not the absence of credible commitments, but rather their excess. That is, credible commitments are the glue that holds clientelistic relationships together. Credible commitments are the roots of personalism, patrimonialism, and nepotism, all of which are based on trust, familiarity, the strength of reputations, and the high likelihood of repeated interactions, possibly over numerous generations. It is precisely the resistance of elites who benefited under authoritarianism to reductions in their own power that many observers of postauthoritarian societies decry. Pessimism about the existence of credible commitments in new democracies may be exaggerated. The question is whether they are the right kind for democratic consolidation. A discussion of this question is beyond the scope of this article.

In sum, Treisman's analysis of the conditions under which institutions arise to reduce political transaction costs in campaign finance is too superficial to draw confident inferences. It does not convincingly demonstrate that money does not play a big role in Russian elections. He may be right about Russia, especially compared to the clear role money plays in Brazilian elections. However, scholars of Russian, Brazilian, and comparative politics need to gather additional data to test the hypotheses about the relationship between money and elections in countries with little democratic experience.

NOTES

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1. See Gary Cox and Michael Thies, "The Cost of Intra-Party Competition: The Single, Nontransferable Vote and Money Politics in Japan," *Comparative Political Studies*, 31 (June 1998), 267–91; Gary Cox and Michael Thies, "How Much Does Money Matter? 'Buying' Votes in Japan, 1967–1990," *Comparative Political Studies*, 33 (February 2000), 37–57; Filip Palda and Kristian Palda, "The Impact of Regulated Campaign Expenditures on Political Competition in the French Legislative Elections of 1993," *Public Choice*, 94 (January 1998), 157–74; Filip Palda, "Desirability and Effects of Campaign Spending Limits," *Crime, Law and Social Change*, 21 (1994), 295–317; C. J. Pattie, R. J. Johnstone, and E. A. Fieldhouse, "Winning the Local Vote: The Effectiveness of Constituency Campaign Spending in Great Britain, 1983–92," *American Political Science Review*, 89 (December 1995), 969–83.
2. For example, that challenger spending matters more than incumbent spending. Gary Jacobson, "The Effects of Campaign Spending in Congressional Elections," *American Political Science Review*, 72 (June 1978), 469–91.
3. Daniel Treisman, "Dollars and Democratization: The Role and Power of Money in Russia's Transitional Elections," *Comparative Politics*, 31 (October 1998), 1–21.
4. Ibid., p. 10.
5. To be clear, while Treisman claims that private money (campaign finance) has little electoral significance, he argues that public (government) spending affects elections. Cf. Barry Ames, *Political Survival: Politicians and Public Policy in Latin America* (Berkeley: University of California Press, 1987).
6. Scott Mainwaring, "Party Systems in the Third Wave," *Journal of Democracy*, 10 (July 1998), 67–81.
7. Treisman, p. 10.
8. George A. Akerloff, "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism," *Quarterly Journal of Economics*, 84 (August 1970), 495.
9. Treisman, p. 14.
10. Ibid., p. 12.
11. Ibid., p. 10.
12. Frank Sorauf, *Money in American Elections* (Glenview: Scott, Foresman, 1988).
13. See David Samuels, "Money, Elections, and Democracy in Brazil," and David Samuels,

"Incumbents and Challengers on a Level Playing Field: Assessing the Impact of Campaign Finance in Brazil," both unpublished papers available at www.polisci.umn.edu/faculty/dsamuels/index.html.

14. Treisman, p. 4.

15. Treisman, p. 7, implicitly recognizes this point but does not elaborate.

16. This argument holds independently of whether corruption exists and/or whether those with money also attempt to influence nonelected officials. Only if elected officials are mere window-dressing will access-seekers not see them as potential investment targets.

17. However, recent scandals in Germany and elsewhere point to the likelihood that, even where campaigns are publicly funded, politicians will seek additional sources of campaign finance illicitly.

18. W. Mark Crain, "On the Structure and Stability of Political Markets," *Journal of Political Economy*, 85 (August 1977), 829–42.

19. Frances Hagopian, *Traditional Politics and Regime Change in Brazil* (New York: Cambridge University Press, 1996).

20. Cox and Thies, "The Cost of Intra-Party Competition," pp. 267–91.

21. This hypothesis holds independently of whether suppliers believe that it is important who wins; only if contributors believe candidates are interchangeable and that politicians can not affect their interests will they not supply funds.

22. These factors are too numerous to explore here but include the cost of newspaper and television advertisements, other publicity efforts such as the manufacturing of pamphlets, banners, and tee-shirts, transportation costs, mobilization of voters, and the costs of running a campaign organization. These costs vary based on local conditions.

23. Nolan McCarty and Lawrence S. Rothenberg, "Commitment and the Campaign Contribution Contract," *American Journal of Political Science*, 40 (August 1996), 872–904; Randall Kroszner and Thomas Stratmann, "Interest-Group Competition and the Organization of Congress: Theory and Evidence from Financial Services' Political Action Committees," *American Economic Review*, 88 (December 1998), 1163–87. The explicit provision of services in exchange for money is bribery. Violation of a bribe "contract" is, of course, also unenforceable by the bribing party (through the legal system, at least).

24. Akerloff, p. 500.

25. Crain, p. 829.

26. Bruce Cain, John Ferejohn, and Morris Fiorina, *The Personal Vote: Constituency Service and Electoral Independence* (Cambridge, Mass.: Harvard University Press, 1987).

27. Kroszner and Stratmann, pp. 1163–87.

28. Kroszner and Stratmann, p. 1166n.

29. Treisman argues that members of the Russian Duma are not characterized by repetition, although he does not make clear whether the same is true for other elected officials. More information is needed about *Duma* members' long-term political careers before more confident conclusions can be drawn about the relationship between politicians and campaign financiers.

30. Douglas North and Barry Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in 17th-Century England," *Journal of Economic History*, 49 (December 1989), 803–32.

31. Kroszner and Stratmann, p. 1183.

32. Roberto Aguiar, "The Cost of Election Campaigns in Brazil," in Herbert Alexander and Rei Shiratori, eds., *Comparative Political Funds among the Democracies* (Boulder: Westview Press, 1994); David Fleischer, "Political Corruption in Brazil," *Crime, Law and Social Change*, 25 (1997), 297–321.

33. I have conducted extensive tests on the data to check their validity. The data reveal intuitively plausible systematic patterns across candidates, parties, and levels of offices. For example, leftist candidates raise far less money than candidates from conservative and more clientelistic parties. The same patterns also emerge in the 1998 data. See Samuels, "Money"; Samuels, "Elections." Cox and Thies, defending the use of campaign finance data from Japan, found similar patterns and concluded that, "if these data have been fabricated, they have been fabricated so as to preserve a number of expected correlations and even to fit the theories of political scientists—which does not seem too likely." Cox and Thies, "How Much Does Money Matter," p. 45. To calculate candidates' contributions, I converted Brazilian currency to U.S. dollar values, based on day-to-day exchange rates.

34. Candidates are required to report only contributions, not expenditures. It is assumed that candidates spend all they raise, because by law they are required to give unspent funds to their national party organization.

35. FEC (1999). Television and radio time is free, distributed according to parties' proportion of seats in the lower chamber of congress.

36. This estimate apparently included ripple effect spending, not only direct candidate spending. *O Estado de São Paulo*, June 25, 1997, p. 8; *Estado de Minas*, July 1, 1997, p. 7.

37. *The Economist*, Feb. 8, 1997, p. 23.

38. *O Estado de São Paulo*, June 25, 1997, p. 8.

39. Ames, *Political Survival*; Barry Ames, "Electoral Strategy under Open-List Proportional Representation," *American Journal of Political Science*, 39 (May 1995), 406–33; Barry Ames, "Electoral Rules, Constituency Pressures, and Pork Barrel: Bases of Voting in the Brazilian Congress," *The Journal of Politics*, 57 (May 1995), 324–43; Fernando Abrucio, *Os Barões da Federação* (São Paulo: Departamento de Ciência Política da USP/Editora Hucitec, 1998); Marcos Otávio Bezerra, *Em Nome das 'Bases': Política, Favor e Dependência Pessoal* (Rio de Janeiro: Relume Dumará/Núcleo de Antropologia da Política, 1999).

40. Ames, "Electoral Strategy," pp. 406–33.

41. Bezerra, p. 242.

42. Ibid., p. 245.

43. Ibid.

44. Júlio César de A. Nogueira, "O Financiamento Público e Decentralização Fiscal no Brasil," Texto para Discussão no. 34 (Rio de Janeiro: CEPP, 1995).

45. Jairo M. Nicolau, "Notas sobre os Quatro Índices Mais Utilizados nos Estudos Eleitorais," in Olavo Brasil de Lima, Jr., ed., *O Sistema Partidário Brasileiro* (Rio de Janeiro: Fundação Getúlio Vargas, 1997), p. 316.

46. John Carey and Matthew Shugart, "Incentives to Cultivate a Personal Vote: A Rank-Ordering of Electoral Systems," *Electoral Studies*, 14 (December 1995), 417–39.

47. Cox and Thies, "The Cost of Intra-Party Competition," pp. 267–91.

48. Wanderley G. dos Santos, *Regresso: Máscaras Institucionais do Liberalismo Oligárquico* (Rio de Janeiro: Editora Ópera Nostra, 1994), p. 60; Tribunal Superior Eleitoral, "Resultados das Eleições de 1998," computer files (Brasília: TSE, 1999).

49. Ames, "Electoral Strategy," pp. 406–33; Ames, "Electoral Rules," pp. 324–43; Mainwaring, pp. 67–81.

50. David Samuels, "Careerism and Its Consequences: Federalism, Elections, and Policy-Making in Brazil" (unpublished Ph.D. diss., University of California, San Diego, 1998).

51. Bezerra, p. 245.

52. Kroszner and Stratmann, p. 1183.

53. Tribunal Superior Eleitoral, "Sistema de Controle de Recursos Arrecados," computer files (Brasília: TSE/SCI, 1997).

54. Linda Lewin, *Politics and Parentela in Paraíba: A Case Study of Family-Based Oligarchy in Brazil* (Princeton: Princeton University Press, 1987).

55. Sorauf, p. 43.

56. Tribunal Superior Eleitoral, "Sistema de Controle."

57. Ibid.

58. Ibid. In-depth field research might find that family relations extend to in-laws, cousins, and others

who do not carry the candidate's family name and also that candidates owned, held a large stockholding share in, or had previously worked at firms that made corporate contributions.

59. Ibid.

60. Treisman cites the case of Collor to support his argument but misses the significance of Collor's impeachment.

61. Fleischer, p. 302.

62. Kurt Weyland, "The Rise and Fall of President Collor and Its Impact on Brazilian Democracy (Fernando Collor de Mello)," *Journal of Interamerican Studies and World Affairs*, 35 (Spring 1993), 13.

The Reconstruction of Society

Understanding the Indigenous Response to French and British Rule in Cameroun

Kathryn Firmin-Sellers

Babété and Akum are Bamiléké kingdoms located respectively in francophone and anglophone Cameroun. In Babété indigenous political institutions exert little influence over local political and economic life. In contrast, indigenous institutions in Akum remain a vibrant force. What accounts for the difference? The difference reflects the divergent impact of French and British colonial institutions on Bamiléké society.[1] In francophone Babété colonial institutions severed the tie between individual achievement and participation in local governance, rendering local institutions irrelevant. In anglophone Akum colonial institutions modified but nevertheless retained the link between achievement and participation. Local institutions remained important.

Though historically specific, the threads of this analysis carry an important message. Too often, contemporary scholarship assumes an oppositional relationship between state and society. In the popular press a strong, overbearing state is said to crush or drown civil society, while a vibrant civil society necessarily circumscribes state power.[2] In many policy analyses the historically centralized state relinquishes authority, and a long dormant civil society steps forward to spearhead needed community development.[3]

Babété and Akum present a more complicated view. State and society are mutually constitutive. When state actors fashion new rules or new mechanisms for rule enforcement, social actors likewise refashion local institutions to capture or evade these new forms of state power.[4] Thus, it can not simply be assumed that civil society lies dormant or that it will readily step forward to govern if the state withdraws. Rather, civil society is constantly reinventing and reformulating itself as individuals seek to advance their individual or collective interests.

Theoretical Foundations

The theory of nested games, principal agent analysis, and a sociological view of institutional stability help to unravel the empirical puzzle Babété and Akum present.[5]

Nested Games Institutions define the actions that are required, prohibited, or permitted for a given class of actors in a given situation. Institutions also define how