

**Economic Crises and the Electoral Resilience of Dominant
Parties: A Paired Comparison of Mexico and Malaysia**

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Abstract

This thesis investigates the electoral resilience of dominant parties in electoral authoritarian regimes under conditions of economic crises. In the field of comparative politics, it is widely assumed that poor economic performance has negative effects on regime-stability – whether authoritarian or democratic. Although this finding is fairly robust across regime types and institutional varieties within regime types, empirical evidence has shown that *electoral authoritarian regimes* have remained more resilient in the face of economic crisis than other varieties of authoritarian regimes. If the negative relationship between poor economic performance and regime stability is less robust for these regimes, then the obvious question is... Why? And more importantly, what differentiates those electoral authoritarian regimes that survive economic crisis and those who do not? This is the question posed in this thesis.

By conducting the method of paired comparison and dual process-tracing, I have in this study compared two classic cases of long-lasting dominant party rule – the PRI in Mexico and the UMNO/BN in Malaysia. Both countries experienced severe economic crises in the period from 1980 to 2000. However, the outcomes in these two cases are different: the PRI in Mexico eventually broke down and underwent a transition to democracy in the year 2000; Malaysia's UMNO/BN survives to this day. In order to explain the cases' different outcome on the dependent variable, I have evaluated the relative explanatory power of two theoretical models with respect to evidence from both cases. Through historical process tracing, I have looked at how critical events in the past had consequences for later party strength and hence survival under conditions of economic crisis.

The findings of my analysis indicate just how critically important it is that dominant parties in electoral authoritarian regimes have access to a steady stream of resources. Such resources, converted into patronage, are essential for dominant party survival. This argument was supported by both case the case of the survival of the UMNO/BN in Malaysia and the loss of the PRI in Mexico. But I have also discovered that non-material sources of party support are important, and help to explain the UMNO/BN's electoral success. Nonetheless, the inherent limitations of the case-study method make it (arguably) impossible to provide answers to this question which extend beyond the case under examination. However, we can explore it more fully in a larger-N study. Both the findings and the limitations of this thesis point in that direction for future research.

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Chapter 1 - Introduction: The Puzzle and the Cases

Overview of the logic and approach of the study

In the field of comparative politics, it is widely assumed that poor economic performance has negative effects on regime-stability – whether authoritarian¹ or democratic. Based on this, one would expect authoritarian regimes to be more likely to break down in the face of economic crises. Indeed, the expected relationship between poor economic performance and regime-transition has been confirmed in studies performed by Haggard and Kaufman (1995) and Przeworski and Limongi (1993, 1997). Nonetheless, scholars who have disaggregated non-democratic regimes into institutional varieties and studied this relationship have found that non-democratic regimes in which there exist dominant political parties which allow opposition parties to compete in elections have remained more resilient in the face of economic crises than other varieties of authoritarian regime (Geddes 1999; Magaloni 2006; Greene 2007). These conflicting empirical patterns concerning the effect that economic crises have on the survival of varieties authoritarian regimes is what motivates this study. The main objective of this thesis is thus to answer the following question:

Despite the difficulties for incumbent party survival posed by economic crises, what explains the electoral resilience of dominant parties in electoral authoritarian regimes?

By electoral resilience (stability), I mean the success of the dominant party in continuing to win elections. Hence this thesis looks at the electoral survival (and non-survival) of dominant parties. In order to isolate the factor of electoral competition, I choose cases where the dominant party does *not* guarantee its survival through electoral fraud or repression. That is not to say that fraud and repression are not important variables for explaining party dominance – in many systems (Zimbabwe; Egypt before the revolution, amongst many others) fraud and repression are the most important practices which guarantee that the opposition has no chance of winning. However, my objective in this study is to choose cases where these practices are *not* decisive for party survival. I thereby control these variables and more effectively isolate the effects of economic crisis and other variables which fall within the scope conditions set for this study.

¹ Throughout this thesis, I use the concept “authoritarian regime” to mean “non-democratic regime.”

The outcome to be explained in this study is the *electoral resilience* of dominant parties in *electoral authoritarian regimes* under conditions of economic crises. Dominant parties exist under both democratic and authoritarian regimes, and it is important to distinguish between them (Schedler 2002; Greene 2007). Within a democratic political regime for example, there may be both meaningful and fair elections, but still the incumbent party may continuously win elections simply because it is popular (Japan under the LDP, 1955-1993; Norway under the Labor Party, 1935-1965). In electoral authoritarian regimes, by contrast, dominant parties “are able to use their control over government to monopolize the legal and illicit use of public resources as well as contributions from private donors...[T]hese resource advantages give dominant parties a competitive advantage over resource poor challengers” (Greene 2007:37). Hence the distinctiveness of electoral *authoritarian* regimes wherein dominant parties “dominate the electorate, other political parties, and the formation of governments and the public policy agenda” (White 2011: 659). In these regimes, elections are regularly held and there are no restrictions on opposition parties to form and participate in politics. Furthermore, in contrast to fully closed authoritarian regimes, incumbency in these regimes does *not* guarantee its survival through electoral fraud or repression (Levitsky and Way 2002; Magaloni 2006; Greene 2007). Nevertheless, dominant parties in electoral authoritarian regimes share common strategies in order to maintain their hold on power. First, their political flexibility enables them to appeal to a broad base of voters. Second, their access to state resources enables them to control and monopolize the media and thus mobilize key socio-economic groups. Finally, by marginalizing the opposition, dominant parties are capable of generating support at the mass-level. All of these strategies make it extremely difficult for the opposition to win, even if elections are regularly held and are free of massive fraud (Schedler 2002, 2009; White 2011).

Despite these advantages possessed by dominant parties, their likelihood of electoral survival is nonetheless negatively affected by the presence and aftermath of economic crisis, defined as a situation in which “there is a sharp deterioration in aggregate economic performance, indicated by low growth or accelerating inflation” (Haggard and Kaufman 1995: 8). What distinguishes an economic *crisis* is that “economic deterioration is not self-correcting,” and hence some more meaningful policy and institutional change is needed in order to resume investment and growth. Yet such meaningful changes can cause dissatisfaction among politically influential groups that benefited from the institutional arrangements that existed prior to the crisis. Hence under conditions of economic crisis, incumbents are faced with the

challenge “of balancing the political risk of adjustment against those of attempting to maintain the status quo” (Haggard and Kaufman 1995: 9). Sometimes, however, governments fail to make these adjustments, which may cause electoral loss or regime breakdown.

To summarize up to this point, I focus my attention upon dominant party survival (resilience) under electoral authoritarian regimes. Assuming that party electoral survival is affected negatively by conditions of economic crisis, I limit my study to only such periods. Theory (outlined below and developed in detail in chapter three) leads me to focus on the effects that economic crises have upon dominant party resources, the strength and energy of the opposition, and the development of internal splits within the dominant party.

I proceed now to briefly introduce the focus of my empirical analysis, which is a paired comparison of two cases, the Partido de la Revolucion Democrática (PRI) in Mexico and the the United Malays National Organization (UMNO) in Malaysia, parties which are perhaps *the* classic cases of long lasting, non-democratic² dominant parties: the PRI ruled for over seventy years, from 1929 to 2000; the UMNO was formed in 1946, and since the first general elections was held in 1959, the party has dominated Malaysian politics (Ahmad 1989: 354), first through the Alliance coalition (1951-1973), and later through a broader coalition – the Barisan Nasional (1974-2013) (Crouch 1996: 34). Despite their similarly very lengthy tenures in office, however, the outcomes in these two cases are different: Mexico’s dominant party system eventually broke down and underwent a transition to democracy in the year 2000; Malaysia’s dominant party survives to this day.³ This is what is puzzling, and spurs the question raised in this thesis: Why, despite the fact that both parties experienced severe economic crises in their respective countries which weakened them meaningfully, was it only the PRI which eventually lost in contested elections? Before I proceed to a brief section on theory and an overview of the structure and chapters of the thesis, I provide the reader with a sketch of relevant political history in Mexico and Malaysia.

²Details concerning the conceptualization and classification of these regimes will be developed extensively in chapter two below.

³The UMNO/BN was most recently re-elected in May 2013 for yet another term in office.

The Mexican PRI

Before democratization took place in Mexico, The PRI (Partido Revolucionario Institucional) had ruled for over seventy years, from 1929 to 2000. Compared to other Latin American autocracies, the Mexican PRI was highly inclusive from the beginning. There were no restrictions on opposition parties to organize, and elections were open, free and frequently held. Nevertheless, it was not until over half a century later in the year of 2000 that the opposition succeeded in defeating the PRI in elections. With the exception of brief periods where the PRI resorted to occasional electoral fraud to help sustain its rule, the dominant party's success can for the most part *not* be explained by the use of "bone-crushing" repression of fraud (Greene 2007: 808). During elections, the PRI usually won by such margins that "repression was truly the last resort" (Castaneda 2000). However, the PRI's access to public resources through a large amount of state owned enterprises created an *uneven electoral playing field* where opposition parties were left with little or no resources to run political campaigns or mobilize against the incumbents. However, after facing two severe economic crises, the debt crises of 1982 and the peso crisis of 1994, the country experienced a policy shift to the right in the 1980s which involved reduced government spending and a liberalization of the economy. After almost two decades of economic stagnation, the PRI eventually lost the presidential elections to the right wing opposition party, the PAN, in 2000 and underwent a transition to a fully competitive democracy (Philip 2010: 142-143).

Malaysia's UMNO/BN

The Barisan Nasional (BN) coalition was formed in 1974 with the United Malays National Organization (UMNO) as its dominant party (Crouch 1996: 34). This coalition, consisting of several of the UMNO's previous opposition parties, was formed in order to prevent the kind of social riots that occurred in May 13th in 1969 as a consequence of economic inequality that was reflected in communal disparities. By incorporating former opposition parties into the government through the larger BN alliance, UMNO consolidated its control over the government, winning every national election following its formation, and retaining a two-thirds parliamentary majority.⁴ Similar to Mexico, Malaysia also experienced a serious economic crisis in the period from 1980 to 2000. Most severe were the "commodity shock" of

⁴ I am primarily referring to elections that took place in the period from the coalition was formed in 1974 to 2000. In the general elections of 2008, the BN lost its two-thirds parliamentary majority for the first time since its formation (Ufen 2009). Also, in the most recent general election held on May 5th 2013 there was a very close race between the UMNO/BN and the opposition alliance Pakatan Rakyat, led by former Prime Minister Deputy, Anwar Ibrahim. For the first time since independence, international observers believed that the opposition could defeat the ruling coalition. Although the UMNO/BN once again managed to extend its rule, it fell short of attaining a two-thirds majority in parliament (BBC News, 2013).

1986 and the Asian crisis of 1997-1998. The crises had serious political consequences in which voter dissatisfaction and internal disputes led to elite splits and the formation of new opposition parties. However, unlike the PRI in Mexico, the UMNO/BN managed to survive electorally.

The cases of Mexico and Malaysia were chosen because under these regimes the electoral survival of the dominant parties was (for the most part) *not* determined by the use of fraud or repression. I do, of course, recognize that fraud and repression in these regimes are nonetheless relevant factors in explaining the persistence or breakdown of dominant parties. Indeed, both the PRI in Mexico and the UMNO in Malaysia did resort to repression and electoral fraud in certain periods of time in order to sustain their electoral hegemony. In Mexico during the 1960s, the PRI used brutal and violent repression against its opponents. It has been reported that during this period, left wing activists were hunted down and killed, and approximately 532 people disappeared. Also in Malaysia in 1999, the removal and arrest of former Prime Minister Mahathir's deputy Anwar Ibrahim took place after a dispute between the two on how to solve the Asian crisis (Johnson 1978:163; Case 2001: 50).⁵ Still, there seems to be little evidence that even when there were instances of repression and electoral fraud, that it was decisive for dominant party survival. After all, what characterizes electoral authoritarian regimes is that the incumbents usually do not have to resort to fraud because they win elections by such high margins (Schedler 2002). For example, before the debt crisis struck Mexico in 1982, the PRI won most elections by high margins of victory. In fact, much of the comparative politics literature actually classified Mexico as a democracy during this period (Cline 1962; Scott 1964).⁶ In Malaysia too, elections have for the most part not been characterized by widespread electoral fraud, and with the exception of the communist party (CMP), there have been no restrictions on opposition parties to form and participate in elections. However, as in Mexico, the electoral system has been significantly biased in favor of the dominant party (Crouch 1996:57; Chin and Wong 2009).

⁵This may seem contradictory to my argument that these regimes usually do not have resort to fraud or brutal repression in order to survive. However, my point is that the use of fraud or repression cannot alone (or together) account for the survival of dominant parties in electoral authoritarian regimes. Moreover, repression in electoral authoritarian regimes is for the most part characterized by socioeconomic sanctions, rather than the forms of violent and brutal repression that is more common in fully, closed authoritarian regimes (Dahl 1971).

⁶The exception was the period between the late 1960s and early 1970s, when Mexico was characterized by some as one of Latin America's most "violent prone nations" (Johnson 1978: 163).

So what was different in Mexico compared to Malaysia? Why did the PRI in Mexico lose in the wake of economic crises, yet the UNMO/BN in Malaysia has survived? Clearly, a wealth of potential explanatory variables could contribute to explaining this difference. I choose to focus primarily on two theoretical explanations. As I will explain in detail in chapter four below, a paired comparison of two cases suffers from potential over determination: too many plausible explanatory variables and too few cases. Therefore, following solid methodological guidelines, I choose to limit my attention to a close process tracing of the effects of only two key independent variables. I implement a paired comparison, investigating whether the relationships identified in the first case extend to a second case. The method is useful for qualitative case studies because it provides an intimate analysis of each case, something which is difficult in large N-analyses. Furthermore, in contrast to the data-set observation that is common in correlational and regression analysis, a paired comparison will allow me to do a “causal-process analysis”. Process-tracing will thus allow me to better understand dominant party-behavior and opposition-party behavior as they unfold under conditions of economic crises. Finally, by doing a contextualized paired comparison rather than a study of just one case; I will be able to examine how common mechanisms are influenced by the particular features of each case. Hence, by going from one case to two, “...we are in the realm of hypothesis-generating comparative study” (Tarrow 2010: 247).

The key explanatory variables that I study for explaining party dominance under electoral authoritarian regimes are drawn, respectively, from two recent highly influential studies of the Mexican PRI performed by, respectively, Beatriz Magaloni (2006) and Kenneth Greene (2007). In short, Magaloni’s hypothesized explanation for dominant party survival and breakdown is that when the access to government spoils and patronage decrease in the wake of economic crisis, so will incentives to remain united with the dominant party. This, combined with massive voter dissatisfaction stemming from economic crisis will increase dominant party vulnerability. Greene’s argument runs parallel to Magaloni in many ways, but he focuses more on the magnitude of the incumbent’s resource advantage, arguing that it rises and falls with the degree of state-ownership in the economy. Under conditions of economic crisis then, states might be compelled to privatize enterprises due to the need for funds or at the behest of international lending organizations. As a result, public resources accessible to the dominant party will decrease significantly and thus threaten dominant party rule.

Furthermore, both studies emphasize the role played by opposition parties in electoral authoritarian regimes. In order for opposition parties to defeat the incumbents in elections, Magaloni argues, opposition parties must successfully mobilize mass support, something which requires mass coordination on the part of voters. This is only possible when opposition party elites are successful in forming “all-encompassing opposition electoral fronts” (p. 26). Most of the time however, opposition parties in electoral authoritarian regimes face coordination dilemmas both due to political differences that make it difficult for them to unite and mobilize against the regime, and due to periodic electoral fraud committed by the incumbent.

According to Greene (2007), opposition parties in electoral authoritarian regimes are highly disadvantaged due to the dominant party’s unlimited access to public resources for partisan use. Moreover, dominant parties’ “catch-all” character forces regime-challengers to form opposition parties with relatively extremist appeals. Given that voters in electoral authoritarian regimes recognize that politics is mainly about gaining access to resources, the only ones willing to pay the price of not voting for the dominant party are the more radical opponents – the “niche-parties”. Since these parties are extremely specialized and radical, they will not generate support at the mass level unless the electoral playing field becomes more level as a consequence of privatization and restructuring of the economy, something which will reduce the dominant party’s access to state resources significantly.

Overview of the Chapters

I conclude this introduction with an overview of the chapters to follow. Chapter two devotes its attention to developing and defending my choice of conceptualization of key variables analyzed in this thesis. The largest share of the chapter concerns the conceptualization of electoral authoritarian regimes. Such a lengthy treatment of this concept is mandated by three ongoing, unresolved controversies within the study of political regimes in the field of comparative politics and comparative political economy: (1) How to conceptualize and measure empirically political regimes in general, viz., how to distinguish democratic from non-democratic regimes. (2) The nature of “grey zone” regimes, viz. those which possess some classic defining democratic dimensions while failing on one or more other critical dimensions: What *are* these regimes? Are they “closer” to democratic or non-democratic regimes? Or do they constitute a “middle” category of their own? (3) *Amongst* the large variety of regimes that fall into this “grey zone,” which specific name and conceptualization is

most useful? On the one hand, the vibrant research in recent years has achieved great strides in the study of these regimes; on the other hand, the results are very diverse indeed. A central point of chapter two, which it shares with chapter four, is the following: to implement a thorough and explicit process of concept building and case selection which thoroughly exploits the wealth of recent literature on qualitative research. In a word, a central goal of this thesis, one pursued throughout, is *methodological* in content – to understand, explain, and apply high standards of methodological rigor, making good use of the many scholarly books and articles on topics such as conceptualization, the comparative method, case study methods, etc., published over the past 20 years.

Chapter three moves on to examine theoretical explanations for the question that this thesis poses: What explains the electoral durability of electoral authoritarian regimes? As mentioned above, I rely primarily (alongside a variety of other sources) on two seminar book-length treatments of this subject: Beatriz Magaloni's book "Voting for Autocracy" and Kenneth Greene's "Why Dominant Parties Loose". I choose this approach for three reasons: 1) these studies are amongst the most authoritative book-length sources amongst the vibrant research community which has been studying the question of the electoral durability of electoral authoritarian regimes. 2) While sharing a number of arguments and findings, the two books differ fundamentally with respect to their key independent variables. 3) Both books deal with one case: the case of Mexico. My research takes points (2) and (3) as its motivational springboard. First, I compare and evaluate the explanatory power of Greene's and Magaloni's studies for the case of Mexico. Second, instead of studying only one case (Mexico), I extend the analysis into a paired comparison, adding the case of Malaysia. This allows me to explore the degree to which the respective hypotheses which are confirmed and rejected for the case of Mexico can travel in their explanatory relevance to the case of Malaysia.

Chapter four is concerned with explaining and applying solid methodological standards of case selection in my selection of the PRI in Mexico and the UNMO/BN in Malaysia. Appropriate and careful selection constitutes the backbone of research, particularly in a study like this one, which conducts a paired comparison of these two cases. This chapter also explains the method of and the method of paired comparison and paired process tracing.

Chapter five begins with historical process-tracing and the strategy of paired comparison. Dual process tracing allows me to look at how critical events in the past had consequences for later party survival under conditions of economic crises within each case. First, I evaluate these two theoretical models with respect to the case of Mexico. Second, I more extensively study the case of Malaysia to test whether these same variables examined under Mexico have any relevance for explaining the non-loss of UMNO/BN. Next, I present my findings by interpreting and explaining the historical processes and outcomes within each case by highlighting similarities and differences between them, asking whether the causal processes within each case fit those predicted by Magaloni and Greene. Finally, I present and discuss my own hypothesis as a “bi-product” of my paired contextualized comparison analysis.

My findings support both theoretical explanations for dominant party survival and breakdown. However, when it comes to explaining the variance on the dependent variable – *the electoral resilience of dominant parties*, I find that Greene’s model has the most confirmatory value. Indeed, empirical evidence from Malaysia suggests that the absence of economic liberalization allowed the UMNO/BN to continue to politicize public funds for partisan use, something in which helped the ruling coalition to perpetuate power. By contrast, the presence of economic restructuring and liberalization in Mexico in the early 1980s proved to significantly weaken the PRI.

In addition to the task of theory-testing, my examination of the case of Malaysia has also allowed me to uncover variables which can contribute to explaining some variance in my dependent variable left unexplained by the Magaloni and Greene models. In contrast to Magaloni and Greene, I argue that voters in electoral authoritarian regimes are not always driven by strategic calculations about which party has the greatest chances of winning: rather, in ethnically divided societies such as Malaysia, cultural, religious, and linguistic divisions are highly relevant for understanding why some dominant parties remain electorally resilient despite facing severe economic and political crises. Indeed, evidence suggests that much of the UMNO/BN’s electoral resilience comes from non-material sources of cohesion, such as cultural and religious values.

In the conclusion I present a brief summary of my findings and discuss the strengths and limitations of this thesis' research design. One central lesson in my study of comparative politics that drove the design, organization, presentation, and implementation of this research project is that the findings are only as good as the research design and methodology. The method of paired comparison has allowed me to conduct both a hypothesis-testing and a hypothesis-generating study. One can thus distinguish paired comparison from both single-case and multi-case analyses. On the one hand, the method has allowed me to do a causal process analysis of each case, something which is difficult in a large-N analysis, while at the same time it has provided a more balanced in-depth analysis, thus reducing the possibility of making wrongful generalizations (Tarrow 2010). However, the inherent limitations of the case-study method make it (arguably) impossible to make generalizations beyond the cases under examination. I thus conclude this thesis by making suggestions for further research.

Chapter 2 - Conceptual Framework: Democratic and Hybrid Regimes

According to Goertz (2006: 159), “concepts play two important roles in the research enterprise, as constituent parts of theoretical propositions and as means to select cases for empirical analysis.” For qualitative researchers, the relationship between concepts and case selection is complicated by the fact that researchers construct their populations themselves, something in which has significant consequences for both the research question asked and for the findings that will be generated because, as Goertz (2006: 55) notes, “concepts interact with causal hypotheses in complex ways.” This is very well illustrated in studies of political regimes which fall into the “gray zone” between democracy and authoritarianism. As I will discuss below, there is no consensus with respect to what these regimes are conceptually or in terms of how they are identified empirically. Munck (2001: 124) emphasizes that if theory-building is to proceed in a decent way, scholars are required to address problems that arise in terms of conceptualizing and measuring the dependent variable. Similarly, Cheibub and Gandhi (2010: 90) argue that different measures of political regimes have great impact on “the conduct of empirical research and understanding the world.” Clearly then, concepts play an important role in case selection, as different conceptualizations result in the selection of different types of cases.

This chapter will consist of a systematic development, discussion and clarification of the variety of concepts relevant for this study. Given the difficulty, controversies, and lack of consensus in defining and measuring democratic regimes as well as varieties of regimes, I will devote the largest part of this chapter to that topic. I will then proceed to conceptualize my dependent variables as well as the meaning of economic crisis.

Defining Democracy

This study is interested in whether dominant parties in electoral authoritarian regimes survive elections or not, and *not* whether there has been a transition from authoritarian rule to democracy (see discussion below, this chapter). Nonetheless, because my cases are *non-democratic* dominant parties, it is incumbent upon me to define democracy and show how and why my cases do not qualify as democratic regimes. Classifying political regimes involves not only explaining the characteristics of these regimes, but also “the standards of measurement, concepts and expectations that one brings to the task of evaluation” (Fish 2005:15). In fact, empirically classifying political regimes heavily depends on how we define democracy conceptually (Diamond 2002) and whether we adopt a minimalist or maximalist

definition of democracy. A minimalist definition of democracy is characterized by the focus on the presence of only a limited range of certain institutions. In most conceptualizations, these criteria are both necessary and sufficient in order for the regime to be characterized as democratic. One example is Przeworski, Alvarez, Cheibub and Limongi's (1996) definition of democracy. Here, a necessary and sufficient condition for democracy is the presence of repeatable elections where the outcome is uncertain and irreversible (see Goertz 2006 for a thorough discussion). In a maximalist definition of democracy, by contrast, the occurrence of democratic institutions is necessary but not sufficient for a regime to be labeled democratic (Cheibub, Gandhi, and Vreeland 2010: 90).⁷

Both the maximalist and minimalist definition of democracy have been criticized on several grounds. The problems associated with maximalist definitions of democracy are the inclusion of too many attributes to the concept. This may have negative implications for the usefulness of the concept because it may contribute to "making it a concept that has no empirical referents" (Munck and Verkuilen 2002: 8). Moreover, including more dimensions in the conceptualization, such as in substantive views of democracy, "makes it harder to specify the causal mechanisms that link regime and the outcome of interests" (Cheibub et al. 2010: 72). In this vein, Sartori (1970) discusses the trade-off between the "intension" and "extension" of a concept, wherein high intension (viz. a maximalist definition) reduces the extension (viz. ability of the concept to "travel" across cases). On the other hand, minimalist conceptions of democracy have been criticized for being too narrow, and thus omitting relevant attributes (Munck and Verkuilen, 2002: 8). However, researchers can solve this problem by adding attributes to the concept in order to give it more content. Consequently, the researcher is able to "address relevant theoretical concerns and discriminate among cases" (Munck and Verkuilen 2002: 8). Another reason for adopting a minimalist definition of democracy as opposed to a maximalist one is that adding more dimensions to the concept of democracy may blur the line between political regimes and the state, meaning that one focuses on attributes of

⁷ An example of a well-known maximalist definition of democracy is the one offered by Dahl (1982: 11). In democracy, Dahl argues, all citizens must have unimpaired opportunities to: "1) Formulate their preferences, which includes freedom to form and join organizations, freedom of expression, right to vote, right of political leaders to compete for support, and alternative sources of information, 2) Signify their preferences, meaning freedom to form and join organizations, freedom of expression, right to vote, eligibility for public office, right of political leaders to compete for support, alternative sources of information, and 3) have their preferences weighed equally in conduct of government, including freedom to form and join organizations, freedom of expression, right to vote, eligibility for public office, right of political leaders to compete for support, alternative sources of information, free and fair elections, institutions for making government policies depend on votes and other expressions of preference."

the state and not regime type (Przeworski et al. 2000; Cheibib et al. 2010).

The minimalist versus maximalist definition of democracy should not, however, be confused with using high or low *standards* of democracy. Although maximalist definitions of democracy are often very restrictive and demanding, it does not mean that the standards of democracy are higher than they are in a minimalist definition. The dimensions to the concept of democracy offered by Dahl, such as civil liberties and protection of human rights, are not listed as criteria in most minimalist definitions of democracy. However, the standard of democracy (or “threshold” as often stated in the scholarly literature) of more minimal definitions may still be very high (Cheibub et al. 2010: 72).

I embrace the minimalist definition offered by Przeworski et al. (2000:15), where democracies are viewed as “regimes in which governmental offices are filled as a consequence of contested elections.” The background for this choice is based on the emphasis that the definition places upon *party alternation* as key for classifying a regime as democratic, something in which is highly relevant for this study’s dependent variable, *the electoral resilience* of dominant parties. The definition has two main dimensions: *offices* and *contestation*. This means that both the chief executive and the legislative body must be popularly elected and that real contestation must be present: the opposition must have a real chance of winning office as a consequence of elections. Hence, *contestation* is the crucial necessary condition that must be satisfied in order for a regime to be classified as democratic, and thus this concept merits a bit of elaboration.⁸ Przeworski et al. (2000: 12-18) present the following operational rules that must be fulfilled in order for a regime to be classified as democratic: 1) “The chief executive must be chosen by popular elections or by a body that was itself popularly elected”, 2) “The legislature must be popularly elected”, 3) “there must be more than one party competing in the elections”, and 4) “an alternation in power under electoral rules identical to the ones that brought the incumbent to office must have taken place.”

⁸ Przeworski et al. (2000:12-18) develop this concept by presenting three features that contestation must entail: 1) *Ex-ante uncertainty*, meaning that there must be some degree of possibility that at least one member of the incumbent coalition will lose as a consequence of contestation in a particular round of elections; 2) *Ex-post irreversibility*, which means that the outcomes in a contested election must be accepted by all interested parties and thus there is no possibility to intervene or reverse these outcomes; and 3) *repeatability*, meaning that the political forces who lost or won due to contestation this time, must have the opportunity to win or lose in the next round of contestation. Hence, the winning political forces cannot make it impossible for the losers to win the next time.

It is important to emphasize that the alternation rule is only relevant if the three other conditions are satisfied. Hence, what makes the alternation rule complicated is that it can sometimes be difficult to distinguish between those political regimes where incumbents continuously win because they are popular and those regimes where elections are held simply as a tool to create democratic legitimacy while in reality they are placed under very strict authoritarian control (Schedler 2002). Przeworski et al. (2000) solve this problem by looking at the electoral rules under which the ruling party was elected. Electoral rules matter for this classification scheme in at least two very meaningful ways. For one, even if a party comes to office via contested, democratic elections, if that same party later changes the electoral rules to make it very unlikely or impossible for the opposition to win, then the incumbent party is classified as non-democratic from the moment they took office. Conversely, if a non-democratic party changes the electoral rules in a manner which makes it easier for the opposition to win and the opposition does in fact win the next election, then the regime is classified as democratic only from the time of the first election held under the new rules (Przeworski et al. 1996, 2000).

Clearly, this problem of regime classification is a difficult one: the enormous variety and controversy in the scholarly literature across the past fifteen years attests to this.⁹ In any case, one significant and exciting research agenda that these debates have spawned is the study of so-called “gray zone” or “hybrid” regimes. Given that this study takes as its empirical focus precisely these types of regimes, I will proceed next to a brief overview of this subject.

Entering the “Gray Zone”

During the last few decades scholars have devoted much attention to political regimes that are neither clearly democratic nor clearly authoritarian: in other words, political regimes that are in the so-called “gray zone” between fully liberal democracies and fully closed authoritarian regimes. A distinctive feature of these regimes is the combination of formal democratic institutions alongside authoritarian practices and the absence of party alternation. Many of the regimes that are in the gray zone were once fully closed authoritarian regimes that started a transition from authoritarianism to democracy. Since many transitions from authoritarian rule took place after the fall of the Soviet Union, scholars have traditionally viewed these political regimes as a post-cold war phenomenon. However, hybrid regimes have a long history.

Indeed, political regimes combining democratic institutions with authoritarian practices

⁹ See Munck and Verkuilen (2002) for a good survey.

existed as early as in the 1960s and the 1970s in Mexico, Singapore and Malaysia, not to mention the early history of democratization in Europe and Latin America (Diamond 2002: 23-24). The increasing scholarly attention that hybrid regimes have received over recent decades is rooted in the important political events which took place during the last quarter of the twentieth century, starting from the early 1970s to the mid-1990s. Among these political events was the breakdown of many authoritarian regimes in Southern Europe during the 1970s, the collapse of military rule and the replacement of civilian rule through elections in many of the Latin American countries during the 1980s and 1990s, and finally, the collapse of the Soviet Union in the 1990s (Carothers 2002: 5-6). As a consequence of these events, many authoritarian regimes all over the world started to move away from dictatorial rule and towards democracy. These events constituted what Huntington (1992) described as "the third wave of democratization." Unfortunately, many of these "transitional regimes" either stagnated in their process of democratization or moved backwards in a more authoritarian direction. The result was political regimes where the incumbents neither practiced democracy nor resorted to naked repression. Hence, they entered a political "gray zone," creating difficulties for scholars attempting to place them in a distinct regime category. As Diamond (2002: 23) put it "...the time when there was a simple way to classify a political regime was over." Consequently, it became apparent to some scholars that these "transitional regimes" needed to be placed in a category of their own instead of being classified as either democratic or authoritarian (Levitsky and Way 2002; Diamond 2002; Brownlee 2009).

Classifying Hybrid Regimes

The concept "hybrid regime" covers all regimes that lie somewhere in the gray-zone between democracy and full scale authoritarianism. Not surprisingly, this has meant that there emerged a variety of labels for such hybrid regimes including "illiberal democracies", "pseudo-democracies", "soft authoritarianism", "semi-democracy", "semi-authoritarianism" "dominant party regimes", and "competitive authoritarianism" (Collier and Levitsky 1997; Schedler 2002; Levitsky and Way 2002; Wigell 2008). This ambiguity contributes to making classification both complicated and difficult. Moreover, these regimes differ in their respective democratic and authoritarian features: in some cases there is no obvious repression, no allegations of fraud, and more than one party competes during elections (Mexico during the later decades of the PRI's reign; Botswana since independence), while in other cases the dominant party may exercise both obvious repression and electoral fraud, and there is no real competition between parties (Belarus since the fall of communism; Zimbabwe in recent

decades) (Przeworski et al. 2000: 23; Magaloni 2006).

According to Levitsky and Way (2002), hybrid regimes should be viewed as diminished forms of authoritarianism rather than as diminished forms of democracy. Their argument is based on the fact that most “transitional regimes” have either stagnated or moved in a more authoritarian direction. The authors argue that many former studies on hybrid regimes suffer from a “democratic bias”. They thus develop the term “competitive authoritarianism” where “formal democratic institutions are widely viewed as the principle means of obtaining and exercising political authority...incumbents violate those rules so often and to such an extent, however, that the regime fails to meet conventional standards of democracy” (p. 52). In contrast to fully closed authoritarian regimes, however, elections in these regimes are not a sham. Elections are regularly held, opposition parties and candidates are allowed to participate, and there are no obvious signs of electoral fraud. Hence, the incumbents face considerable uncertainty during elections, and there is no absolute guarantee that they will win. In contrast to hegemonic authoritarian regimes where the ruling party wins almost all the seats, elections are meaningful in competitive authoritarian regimes in the sense that the incumbent’s actually face significant parliamentary opposition (Diamond 2002: 519).

The term “competitive authoritarianism” has been criticized on many grounds. Møller and Skaaning (2013: 150) argue that it makes little sense to talk about authoritarian governments that are competitive, since electoral competitiveness is in fact what is missing in authoritarian regimes. If authoritarian governments feel the need to allow real competitive elections to take place, then the rulers have already surrendered to democracy. This is the case even if they abuse state resources in order to create an asymmetric electoral playing field. When there are real competitive elections, Møller and Skaaning argue, they have crossed the line from authoritarianism to democracy. By contrast, if there exists an extensive use of electoral manipulation and fraud, which makes electoral victory impossible for the opposition “then we are stretching the concept of authoritarianism by using the adjective ‘competitive’” (p. 146). Furthermore, by including countries in their analysis where there is obvious certainty of who wins, Levitsky and Way are simply inconsistent when they label these countries as “competitive authoritarian.”¹⁰

¹⁰ I agree with Møller and Skaaning that the term “competitive authoritarianism” is problematic due to the weight that is put on the adjective “competitive”. However, I also agree with Levitsky and Way that these hybrid regimes should be viewed as diminished forms of authoritarianism rather than as minimalist democracies. In my view, the presence of “competitive” elections is not sufficient for a regime to be classified as a democracy, not

Schedler (2002) has argued that electoral authoritarianism is a political system in which *opposition parties* lose elections. In these authoritarian regimes, incumbent autocrats use elections simply as a tool to create democratic legitimacy, while in reality elections are placed under very strict authoritarian control: “their dream is to reap the fruit of electoral legitimacy without running the risks of democratic uncertainty” (Schedler 2002: 37; 2009: 179). However, in contrast to fully closed authoritarian regimes, authoritarian rulers in electoral authoritarian regimes are *unable to control electoral outcomes*. They decide upon strategies and “electoral manipulations to implement” (Schedler 2009: 179), but since they rely on infrastructure, personnel, and resources to implement their strategic moves, they are vulnerable to “agency losses”. Moreover, in these regimes, the implementation of authoritarian strategies does not solely depend on state agents alone. In fact, opposition actors are important parts of the game. In contrast to fully closed authoritarian regimes (military; totalitarian; many monarchies; many personalistic dictatorships), voters in electoral authoritarian regimes may actually benefit from opposition protest. On the other hand, opposition forces may help legitimize the authoritarian regime by competing in elections: it can serve to make the regime seem more competitive than it really is, and hence autocrats will gain democratic legitimacy. In order to reach a precise description of the types of political regimes discussed in this thesis I will refer to them as *electoral authoritarian regimes*. The reason is that I find the latter term to be more demanding than “competitive authoritarianism”, and therefore the risk of conceptual stretching will be lower.¹¹

By using the term “competitive authoritarianism,” Levitsky and Way are stretching the concept by including some cases in their category in which there is obvious certainty of who wins. Schedler, on the other hand, adds more dimensions to the concept *electoral authoritarianism* by making a clear distinction between competitive and hegemonic electoral authoritarian regimes. This way, he increases the concept’s intension and reduces its extension. This study focuses on what Schedler describes as *competitive electoral authoritarian regimes*. In these regimes, elections generate at least some uncertainty, and although the chances are slim, there is a real chance that opposition parties may win elections.

even as a minimalist one. I thus agree with Schedler’s (2002) argument that, “the idea of democracy has become so closely identified with elections that we are in danger of forgetting that the modern history of representation is a tale of authoritarian manipulations as much as it is a saga of democratic triumphs” (p.36).

¹¹ When defining concepts, there is a trade-off between intension (which refers to the variety of dimensions of the concept) and extension (which refers to the variety of cases that fall under the concept). In operational terms, conceptual stretching means eliminating some dimensions. Hence, by loosening the concept, the researcher makes the concept applicable to more cases and inevitably increases the distance it can travel (Sartori 1970). The danger is that by subtracting secondary level dimensions, the researcher runs the risk of stretching the concept beyond recognition (Sartori 1970; Goertz 2006:69).

In hegemonic electoral authoritarian regimes, by contrast, elections are merely a facade, and there is no real competition between parties (Singapore, Uzbekistan). Although the line between these two types of electoral authoritarian regimes is sometimes hard to draw, Schedler (2002: 54) argues that “it is essential to distinguish between regimes in which democratic institutions offer an important channel through which the opposition may seek power from those regimes in which democratic rules simply serve to legitimate an existing autocratic leadership.”

In both of the cases under investigation in this study, elections have been meaningful and fraud has not been a decisive factor for the dominant parties’ electoral dominance. That is not to say that fraud has been completely absent in these regimes. Indeed, evidence suggests that both fraud and repression have been used by the dominant party both in Mexico and Malaysia to secure their own victory, but only at certain periods of time. Moreover, although corrupt, elections within these regimes are real: elections are bitterly fought and there is a small, but real chance that opposition parties will win as a consequence of elections. Hence, it is important to emphasize that in this study I do *not* include those regimes which Schedler (2002) describes as “hegemonic electoral”, that is, electoral authoritarian regimes where there is an absolute certainty of who wins elections. Rather, Mexico (at least from the beginning of the 1980s until 2000) and Malaysia fit well into Schedler’s description of “competitive electoral authoritarian regimes.” Nevertheless, I will throughout this thesis refer to them as “electoral authoritarian” without adding the adjective “competitive”.¹²

This conceptualization is consistent with that of Greene (2007), who defines “dominant party regimes”, or electoral authoritarian regimes as:

“...hybrids that combine meaningful electoral competition with continuous executive and legislative rule by a single party for at least 20 years or at least four consecutive elections. The key feature of dominant party systems is that elections are meaningful, but manifestly unfair. Meaningful elections induce opposition actors to form parties and compete for votes. Unfair elections means that biases in partisan competition tilt the playing field so much in the incumbent party’s favor that opposition parties are extremely unlikely to win” (p. 12).

¹² Although elections in these regimes are real and meaningful they are nonetheless highly unfair, with violations of civil rights and liberties as well as limitations on press freedom, financial advantages for the incumbent party, and gerrymandering (Ufen 2006: 605), meaning elections actually lack competitiveness. Moreover, referring to authoritarian regimes as “competitive” is confusing because *contestation* is the crucial factor that determines a democratic outcome (Przeworski et al. 2000).

In sum, notwithstanding the overwhelming variety of details and labels found in the scholarly literature on hybrid regimes, one can identify points of general agreement. At the risk of oversimplification, these points of agreement can be summed up in the following characteristic of these regimes: “unfair elections.” What does it mean that elections are *unfair*? In all political regimes, both democratic and authoritarian, some parties are more resource-rich than others and hence, all elections are unfair to one degree or another (Greene 2007). Nevertheless, there are good reasons to believe that the level of electoral unfairness is qualitatively higher in authoritarian regimes than in democratic regimes. For fully closed authoritarian regimes, the reason is obvious. In times of electoral uncertainty, these autocrats will not hesitate to use brutal repression against opponents and resort to electoral fraud. For that reason we can expect that elections are neither meaningful nor fair. The line may be more difficult to draw, however, between unfair elections in electoral authoritarian regimes and democracies. Still, there is an important difference. In electoral authoritarian regimes, dominant parties usually have full control over the government, and therefore have monopolistic access to public resources. This monopolistic access to resources enables dominant parties to transform public resources into patronage goods (Greene 2007: 40). In democracies, by contrast, the limited tenure in office for incumbents reduces their ability to transform patronage goods for partisan use. Hence, in this context, unfair elections mean that the absence of alternation in power in electoral authoritarian regimes gives the incumbents the opportunity to access an unlimited amount of resources that they can generate and spend for partisan use. This is what Greene (2007) calls “hyper-incumbency advantages” (p. 39).

Measurement of Electoral Authoritarian Regimes and the Validity Considerations

According to Adock and Collier, (2001: 529) measurement validity refers to the extent to which a researcher manages to operationalize and score his observations in a way that reflects the concept that the researcher wants to measure. Cheibub and Ghandi (2010: 90) have argued that different measures of political regimes have great impact on “the conduct of empirical research and understanding the world”. With this in mind, I identify electoral authoritarian regimes by using Przeworski and colleagues’ (2000) classification and draw my universe of cases from those identified by their “type-2” variable.¹³ This is a dummy variable which is coded 1 for those observations excluded from the set of democratic countries because they violate the “alternation [of parties] rule”. If the only criterion for democracy was holding

¹³Publicly available in the dataset used for the Przeworski et al. (2000) book and the development of this data set in the article “Democracy and Dictatorship Revisited” (Cheibub, Ghandi and Vreeland 2010).

multi-party elections, these cases would have been classified as democratic. However, as I hope I have made clear by now, elections are not enough. As Przeworski et al. explains, some countries hold multi-party elections because they know for certain that the opposition will not win, while other countries hold elections because they know that even if the opposition won, they would not be allowed to enter office. In other words, in some regimes, elections are merely a façade. The alternation rule, together with the type-2 variable identifies cases in which there does not exist sufficient information to decide, based on the classification rules presented above, whether these regimes are democratic or not. However, since the dependent variable (dominant party resilience) is defined by the *alternation rule*, I consider all regimes that violate this rule as non-democratic, a judgment that is perfectly consistent with the criteria used in Przeworski et al. for a score of 1 on the “type-2” variable.¹⁴

In order to increase concept-measure consistency, Goertz (2006: 95) suggests that one needs to focus on the “degree to which the structure of the measure matches well the structure of the concept”. When there is a difference between the structure of the measure and the structure of the concept then it is a measure of a different concept. Goertz points to Polity IV as an example of the most common form of measurement inconsistency: a necessary and sufficient condition concept with an additive measure. More precisely, while the polity concept of democracy is an essentialist one, the measure belongs to the family resemblance group. My objective in this chapter has been to maximize concept-measure consistency, based upon solid theory. After all, concepts should be theory driven (Gerring 2001; George and Bennett 2005; Goertz 2006).

¹⁴I choose not to employ the very commonly used Freedom House or Polity IV regime classifications. These measures have been criticized for measurement inconsistency. The Freedom House Index, for example, has been criticized for including too many components under its two attributes of democracy (“political rights” and “civil rights”): there are 9 attributes in the former and 13 in the latter. Furthermore, criticism is also based on the fact that there seems to be little thought about the relationship between components and attributes. Regarding the selection of the level of measurement, there seems to be no justification for why each of the components listed in the Freedom House Check list is measured on an ordinal 5-point scale. Moreover, due to the lack of coding rules, it is impossible for scholars to know precisely what it is that distinguishes a case that score 1 point on this scale from a case that score 2, or 3 points. Finally, it is difficult for scholars to reanalyze the sources of information because they are not identified with enough precision. Cheibub and Gandhi therefore conclude that “in the end, the aggregate data offered by FH has to be accepted largely on faith (p. 26). See also Munck and Verkuilen (2002).

The conceptualization of democracy described above is intimately linked with the theoretical scope of this study because *party alternation* is in fact what defines my dependent variable: *the electoral resilience of dominant parties*. If no party alternation takes place, then the dominant party is electorally resilient. Conversely, if party alternation does take place, the dominant party has lost, and has lost its electoral resilience. However, as mentioned above, transitions may take place without being followed by democracy. Sometimes, there may be chaotic elections where the dominant party loses, but where the new party is not democratic (Møller and Skaaning 2013). Hence it is very important to emphasize that the focus of this study is on *dominant party resilience* and not democratization *per se*. Therefore, in this context, it does not matter whether transitions from authoritarian rule are followed by democracy or not. What matters is what causes stability and instability among dominant parties under electoral authoritarian regimes under conditions of economic crisis. Therefore I will refer to “transition” as “the interval between one political regime and another, whatever nature or type of the new regime that is installed” (O’Donnell and Schmitter 1986: 6).

In sum, what is important in this study is whether dominant parties in electoral authoritarian regimes survive elections or not. In other words, what matters is whether or not a *party alternation occurred*, and not whether there has been a transition from authoritarian rule to democracy.

Chapter 3 -Theoretical Framework

What Can Explain the Resiliency of Electoral Authoritarian Regimes?

The main purpose of this study is to explain what influences the electoral resilience of dominant parties in electoral authoritarian regimes under conditions of economic crisis. Clearly then, I assume that a country's economic conditions have some sort of effect both on dominant parties' abilities to survive and hence on the stability of electoral authoritarian regimes. This assumption flows from a large range of theories and empirical studies that find such a relationship to exist. Based on relevant theory (Haggard and Kaufman 1995; Przeworski and Limongi 1993, 1997; Geddes 1999), one would expect a negative relationship between poor economic performance and dominant party resilience. In other words, an alternation in office is more likely to occur under conditions of economic crisis. However, more recent studies show that the characteristics of electoral authoritarian regimes make them remarkably resilient under conditions of economic crisis, in contrast to military or personalist authoritarian regimes (Geddes 1999; Schedler 2002, 2009; Diamond 2002). This study looks at how some dominant parties in electoral authoritarian regimes manage to survive under conditions of economic crisis despite holding relatively free elections. Clearly, then, the task of this chapter is to address theoretically the question of *why* such regimes would be more resilient than other varieties of non-democracy.

I focus primarily on two different hypothesized explanations for dominant-party resilience in electoral authoritarian regimes: those offered by Magaloni (2006) and Greene (2007). In fact, one objective of this thesis is to compare and evaluate these two explanations with respect to the case of Mexico (the case under examination in these books) as well as to explore whether their theories can travel to the case of Malaysia. Magaloni (2006) and Greene (2007) offer two excellent analyses of dominant party persistence and failure that run parallel in many ways. In their study of Mexico's long lasting dominant party, the PRI, they focus on many similar factors affecting the ruling party's dominance. First, both emphasize the role of economic crisis and macroeconomic conditions. Second, both arguments are sensitive to the incumbency advantages created by a highly uneven electoral playing field, which naturally decreases the chances that the dominant party will lose in an election. Finally, both argue that opposition coordination failure was an important factor in explaining the PRI's long-lasting political dominance.

However, the authors offer different hypothesized explanations about the relative causal significance of *voters* versus *party elites* for explaining the breakdown of dominant party rule in Mexico in the year 2000. Magaloni's main argument is that voter dissatisfaction stemming from systematic economic recessions not only will make voters turn their backs on the dominant party, but it will also cause splits within the ruling elite because incentives to remain united within the ruling party have diminished along with mass support for the incumbents. Greene argues that although voter dissatisfaction is important, what *really* matters is opposition parties' capacity to *take advantage* of this dissatisfaction. Unfortunately, for opposition parties in electoral authoritarian regimes this is not an easy task. Greene argues that the problem with many existing theories on party system competitiveness is that they fail to recognize the disadvantageous position of opposition parties under these types of regime: he criticizes other theories for assuming a level electoral playing field where both incumbents and challengers have the same opportunities to appeal to voters. In electoral authoritarian regimes by contrast, resource advantages for the dominant party limit the electoral competitiveness due to the dominant party's "hyper-incumbency advantages" (pp. 3, 39). This blatant unfairness and imbalance has a further consequence: the resultant resentment and frustration often inclines opposition elites to form parties that are radical in nature and out of step with the average voter's preferences. The opposition parties' radical nature makes them un-attractive to the median voter (Downs 1957).

Both Magaloni and Greene presume that voter dissatisfaction is a necessary condition for dominant party instability. However, they agree that it is not a sufficient one. Magaloni argues that repeated economic recessions will increase the likelihood of defection from the ruling party because factions within the ruling elite may seize the opportunity to mobilize support when voter dissatisfaction is sufficient. Greene, on the other hand, notes that although voter dissatisfaction seems to be a necessary condition for dominant party breakdown, regime challengers will not have the ability to take advantage of this voter dissatisfaction unless there is sort of economic restructuring where the state's role in the economy is limited and the hence the dominant party's access to resources is reduced. Hence, privatization and liberalization of the economy can have crucial consequences for dominant party survival or breakdown if they reduce the party's resources. In Greene's view, most of the time opposition parties in electoral authoritarian regimes do not have the opportunity to take advantage of voter dissatisfaction as long as the state's involvement in the economy is large. Regarding this issue, Greene (2007: 9) notes that "the dynamics of dominance compel opposition elites in

electoral authoritarian regimes to build challenger parties that are out of step with the average voter's preferences.”

The theories on dominant party persistence and breakdown developed by Magaloni (2006) and Greene (2007) will be discussed in more detail below. But before I proceed with the more detailed features of these theories, I will first present a survey of some other relevant literature on what matters for the survival and breakdown authoritarian regimes.

Divisions within the ruling elite

Many transition theorists have emphasized the strategic choices of actors in the discussion of determinants of the stability of authoritarian regimes. As O'Donnell and Schmitter (1986: 19) put it, “there is no transition whose beginning is not the consequence – direct or indirect – of important divisions within the authoritarian regime itself”. Until the 1990s, this was a widely accepted generalization. Indeed, divisions within the ruling elites in many Latin American and some Soviet bloc countries led to transitions from authoritarian rule during the 1980s and the 1990s, as a number of military and communist regimes broke down and were replaced by civilian rule through elections (Smith 2005). Similar to O'Donnell and Schmitter's approach, Howard and Roessler (2006) have argued that elite strategies as opposed to structural factors are important in explaining regime-transitions.

With regards to elite defection in times of economic crisis, Reuters and Ghandi (2011: 90-91) have argued that there are at least two reasons why economic crisis makes defection from the regime more appealing: firstly, incentives to remain united within the ruling elite may decrease as the access to governments spoils decreases; secondly, there may be internal disputes related to other things besides economic conditions. In times of prosperity, factions within the ruling elite have less incentive to defect from the party because they know they will not stand a chance against the regime. During economic crisis, however, potential defectors may seize an opportunity to mobilize support due to voter dissatisfaction. Even when internal disputes are not related to economic performance, economic crises may increase the incentives of ruling elites to leave the dominant party.¹⁵

¹⁵Other theorists have claimed that pacts between elites will lead to successful democratic transitions (Rustow 1970; Karl 1997). When pacted transitions occur, there is no “collapse” of authoritarian institutions. Instead, agreements and negotiations are made by the opposition and the authoritarian incumbent in order to move policies from authoritarian to democratic rule (O'Donnell 1989: 6). However vital body of literature it is not central to the cases under examination in this study.

Although it is true that many of the Latin American transitions occurred due to strategic choices of elite actors, there are also many examples of transitions occurring from below. To borrow the title of Elisabeth Wood's (2000) excellent analysis of such processes, democracy has been "forg[ed] from below" in many African countries in some other Soviet bloc countries (Bratton and van de Walle 1997: 83).

Economic development and regime transitions

Moving from strategic, actor-oriented approaches to the more structurally-oriented approaches often encountered, such as in the famous studies on political development, one widely accepted assumption in the field of political and social science is that economic factors affect the stability of authoritarian regimes. Seymour Martin Lipset (1959) argued that economic development is positively correlated with democracy because it creates a shift from agrarian to industrial capitalist society, something which weakens the power of the traditional landed elites and broadens the middle class. Thus, the growing level of per capita income creates an inherent source of *instability within authoritarian regimes* due to the expansion of education, communication, industrialization and urbanization that occurs as a consequence of economic development. According to Lipset, the broadening of the middle-class will reduce extreme poverty and promote democratic values of legitimacy and social tolerance. Hence, in this view, authoritarian regimes will eventually break down and undergo a transition to democracy as they develop economically (Lipset 1959, 1960, 1994; Rustow 1970; Bollen and Jackman 1985). More recently in their seminal study, Rueschemeyer, Stephens and Stephens (1992) demonstrated the role of social class in this process of modernization. Based upon a medium-N study, they argue that capitalist development increases the chances of democratization to the degree that such modernization enhances the potential for dominated social classes to organize and shifts the balance of class power to the working class and middle class, classes which, they argue, have been historically more pro-democratic than the capitalist class.

These arguments are consistent with Dahl's (1971: 64) notion that "the higher the socio-economic level of a country, the more likely it is to have a competitive political regime." Dahl argued that a country's economic conditions determined how that country was governed politically: a competitive economy and competitive politics go hand in hand due to the emergence of a pluralistic order and private ownership in the economy. In socialist economies, by contrast, the government typically had access to a large amount of public resources, something which created a centrally dominated order (see also Hayek 1944 for a

classic statement of this argument). As a result, hegemonic regimes are more likely to emerge and sustain in socialist economies. However, Dahl made it clear that although private ownership in the economy may be a necessary condition for economic competition, it is not sufficient for democracy. Indeed, private enterprise and private ownership was promoted by dictators such as Mussolini (1930-194) in Italy and Hitler (1934-1945) in Germany, and we all know that the politics they led ended with tragedy, to say the least (Dahl 1971: 57).¹⁶ Hence, for a country to develop and maintain competitive, other factors associated with modernization such as the expansion of literacy, education, and communication are critical, but not sufficient for democratization.

This argument that economic growth and development have democratizing effects in authoritarian regimes is what is called the “endogenous” theory in Przeworski et al. (2000). They show, and numerous other studies on the topic have confirmed, the positive and strong correlation between economic development and democracy (Bollen 1979, 1983; Bollen and Jackman 1985; Vanhanen 1997; Barro 1999 and Przeworski et al. 1993, 1996, 2000). However, scholars disagree on what *causes* this relationship between development and democracy. Does democracy emerge as a consequence of economic development, or is economic development caused by democracy? Does economic development cause democracy or does it strengthen it? Based on their study of economic and political development in 141 countries in the period from 1950 to 1990, Przeworski et al. (2000) argue that democracy is not *caused* by economic development, but once established, economic growth and wealth helps consolidate and *sustain* democracy. In fact, they find that when economic development reaches a threshold of \$7000 (as measured in real 1985 dollars adjusted for purchasing power parity), democracies are never reversed. However, this threshold also includes authoritarian regimes. This means that both democracies and autocracies are more likely to survive after reaching the threshold of \$7000. In fact, amongst poor political regimes, authoritarian regimes are more stable than democracies. Hence, according to the finding of their study, authoritarian regimes are most likely to break down at the middle levels of income. This finding is consistent with those of Huntington (1968) as well as O’Donnell (1973).

¹⁶ Furthermore, as of 1971, when *Polyarchy* was published, the broad wave of military and other dictatorships throughout Latin American had not yet emerged in full, a process which in its early stages motivated the seminal critique of modernization theory, O’Donnell’s *Modernization and Bureaucratic-Authoritarianism* (1973).

The breadth and contradictory findings in this body of research lead us to be very careful in making assumptions concerning the effects of development upon democracy. While some studies find economic growth strengthening authoritarian regimes, it is certainly the case that growth may also have democratizing effects because voters, as they become wealthier, can afford to make “ideological investments” in other parties (Magaloni 2006: 22). In other words, voters may realize that they no longer have to depend upon the incumbents for economic security and support, and thus they will no longer feel obliged to vote for the incumbents, something which may cause party members to defect from the ruling elite in times of prosperity (Reuter and Ghandi 2010: 91).¹⁷ However, if the growing level of socio-economic development is the primary cause of democratization, then all authoritarian regimes would be expected eventually to undergo a transition to democracy at a certain level of per capita income. Unfortunately, the endogenous theory of development fails to explain why there are rich autocracies such as Singapore, Kuwait, and Saudi-Arabia (Norris 2008), as well as, clearly, why there is democracy in India. To repeat, other studies show that authoritarian regimes are often most resilient in times of prosperity (Haggard and Kaufman 1995; Przeworski and Limongi 1997; Magaloni 2006; Greene 2007; 2010), something which does not fit well with the predictions of modernization theory. Indeed, the cases of Mexico and Malaysia indicate that economic growth and modernization can have conflicting effects on the stability of authoritarian regimes. In Mexico, by the end of the 1980s and during the 1990s, it seemed that wealthier, more educated and enlightened citizens did choose to make “ideological investments” in opposition parties, especially in specific localities in the north (Magaloni 2006: 22). In Malaysia, by the end of the 20th century, wealthier and more enlightened students protested against prime minister Mahathir, claiming that the government’s policies felt like an intellectual insult (Case 2001). Yet, for the most part support for both the UMNO and the PRI was strongest when the economy grew and weakest when the economy deteriorated (Magaloni 2006; Pepinsky 1997).

The performance legitimacy approach

According to Geddes (1999: 138), “economic crises threaten the survival of all kinds of government, democratic and authoritarian.” Still, there are several reasons for expecting that authoritarian regimes would be more vulnerable than democracies when facing economic crisis. The *performance legitimacy approach* posits that economic growth should help sustain authoritarian regimes, while economic recessions should cause authoritarian regimes to

¹⁷For an outstanding strategic, actor-oriented analysis, see Svolik 2012.

collapse due to *voter dissatisfaction*. In this view, economic crisis causes voter dissatisfaction because the government's access to resources usually declines. This has negative consequences for the stability of authoritarian regimes because, much more than under democratic regimes, autocrats are dependent on their capacity to deliver material resources to gain support. Hence, as the access to public resources declines, so will the incumbent's ability to transform public resources into patronage goods for partisan use (Greene 2007). Secondly, although autocrats have the ability to intimidate opponents and manage electoral rules, they still rely on support from the masses in order to survive. It is thus expected that the general discontent that arises among voters in times of economic hardship will have negative effects on the stability of authoritarian regimes (Haggard and Kaufman 1995). Moreover, many previous studies on regime transitions show a high correlation between poor economic performance and authoritarian regime breakdown (Haggard and Kaufman 1995; Przeworski et al. 1996; Geddes 1999). It is also expected that economic crises will damage the relationship between political leaders and key economic support groups because in times of economic hardship "the private sector would want to defect from that bargain" (Haggard and Kaufman 1995: 7). Consequently, ruling elites are not able to manage the distributive conflicts which are rooted in protest from below. Political protest from below combined with economic recessions will thus cause the regime to break down (Haggard and Kaufman 1995; Magaloni 2006).

As the discussion above indicates, there exist many different theoretical approaches to the question of what influences the stability of authoritarian regimes in general. However, it is important to keep in mind that "authoritarian regimes differ from each other as much as they differ from democracy" (Geddes 1999: 121). As mentioned earlier in the thesis, it is the specific characteristics of electoral authoritarian that seems to make them remarkably resilient in the face both economic and political crises. Hence, because different types of authoritarian regimes draw on different groups to staff government offices and different segments of society for support, these different characteristics affect regime stability in different ways. This overlaps with Greene's (2007: 37) argument that authoritarian regime survival or breakdown ultimately depends on the "character of the broader political system."

I proceed next to focus on theories that are directly relevant for dominant party survival in electoral authoritarian regimes.

The importance of repression, resources, and economic crisis

Magaloni (2006) argues that dominant party survival or breakdown is determined by the strategic interaction between elites and masses. Similar to Geddes (1999), she claims that elites possess strong incentives to remain united as long as the population supports the ruling party. Hence, incentives to remain united with the ruling party will decline as electoral support declines. In her view, no authoritarian regime can survive without mass support from voters. For dominant parties in electoral authoritarian regimes, this means that *unless* there exist sufficient voter dissatisfaction, party splinters will not have any real chance of achieving office by challenging the regime on their own. In electoral authoritarian regimes, Magaloni argues, mass support for the dominant party depends on three factors. First, long term economic growth will incline citizens to reward the government by casting their vote for the dominant party. Second, resource advantages for dominant parties enable them to reward supporters by buying votes and distributing government transfers and punishing opposition voters by excluding them from the party's spoils system. Finally, dominant parties' use of electoral fraud and force increases the likelihood of dominant party survival (Magaloni 2006: 15).

If voters care about the government's economic performance, then why would the median voter continue to cast a vote for the dominant party in times of economic hardship? One explanation is that dominant parties survive by using repression against their opponents (Kuran 1991). This may be particularly true for citizens living under fully closed authoritarian regimes where the incumbents will not hesitate to use naked repression against regime-challengers. In electoral authoritarian regimes, however, "repression is truly the last resort" (Castaneda 2000). In fact, in these regimes, incumbents usually do not have to resort to repression because they win by such big margins. In addition, dominant parties in electoral authoritarian regimes usually do not practice the violent means of repression that are common in fully closed authoritarian regimes. Repression in electoral authoritarian regimes is characterized by socio-economic sanctions "in the form of control over economic resources, means of communication and processes of education and political socialization" (Dahl 1971: 48-49). Although there are exceptions to this pattern, in general, incumbents in electoral authoritarian regimes do not *normally* resort to brutal and naked repression. Hence, fear of repression cannot be the sole explanation of why citizens continue to vote for the dominant party in spite of being dissatisfied with their performance.

According to Przeworski (1991), one of the reasons why citizens continue to vote for autocrats in times of great voter-dissatisfaction is because, most of the time, there are no other realistic alternatives. In electoral authoritarian regimes, although there are no restrictions on opposition parties to form parties and compete during elections, the electoral playing field is very heavily tilted in the favour of the ruling party. Hence, opposition figures in these regimes may be discouraged from organizing because they know that they will not stand a chance against the ruling party (Greene 2007). The median voter will then continue to cast a vote for the ruling party in spite of being dissatisfied with its policies because they would be better off voting than abstaining from voting or casting their vote to a radical party. This usually means that the only ones willing to pay the price of not voting for the incumbents are the radical, ideology-driven opponents. These radical opponents will form what Greene (2007) calls “niche-parties”. Due to the politically radical or extremely narrow nature of “niche-parties”, they will not generate support at the mass level. Hence, during elections, the dominant party is safe. The only way in which opposition parties will be able to take advantage of voter dissatisfaction in the face of economic crisis is by moderating themselves ideologically and coordinating so they can become a stronger and bigger challenger against the incumbent (Levitsky and Way 2006: 4-5; Magaloni 2006: 24-25; Greene 2007).

In her analysis of four different types of authoritarian regimes, Geddes’ (1999) findings show that economic crises make all types of authoritarian regimes more vulnerable, but that some are more vulnerable than others. Military regimes are most vulnerable when facing economic turmoil, while single party-regimes are least vulnerable under conditions of economic crises. Geddes’ (1999) analysis of regime transitions in different authoritarian regimes shows that electoral authoritarian regimes (what she calls single party autocracies) are relatively robust in the face of economic crises relative to military or personalistic regimes. She points to the institutional differences of these regimes and argues that in contrast to military and personal dictatorships, party autocracies seem to be relative immune to elite splitting because in the latter all factions are better off if they remain united:

“...this is why co-optation rather than exclusion is usually the rule in established single-party regimes...neither faction would be better off ruling alone, and neither would voluntarily withdraw from office unless *exogenous events change* the costs and benefits of cooperating with each other” (p. 11).¹⁸

¹⁸ My literature review, while utilizing some quantitative studies, is much more heavily focused on previous qualitative studies. However, it is important to mention in some detail the significant findings presented in Brownlee (2009), a quantitative analysis 158 regimes, 1975-2004. Brownlee’s regression analysis finds strong support for the hypothesis that military regimes and single-party regimes significantly reduce the likelihood of democratic transition. But Brownlee makes a distinction between more openly authoritarian single-party regimes

Further, Geddes argues that what makes single-party regimes distinct from other types of authoritarian regimes is their ability to remain resilient in the face of economic recessions and crisis. One explanation for this, she argues, is that single-party regimes are able to use their enormous resource advantages to manage the conflicts that arise between political leaders and protest from below. However, when dependent on external power for enforcement, these regimes become vulnerable if the external power chooses to withdraw its support. Hence, she concludes that single-party regimes (which include electoral authoritarian regimes) are able to remain resilient in the face of economic crises when not dependent on external power for support. This is consistent with the view that regimes with strong international support are more likely to remain stable in times of economic crisis than regimes that lack this kind of support. Examples include the Soviet Union and the United States, which lent international support to a large number of authoritarian regimes (Li and Resnick 2003; Levitsky and Way 2005).

Similar to Geddes (1999), Magaloni (2006) thus argues that dominant party survival can be explained by the elites and masses' incentives to remain united with the ruling party, and by the opposition parties' participation costs. In electoral authoritarian regimes, opposition parties are usually better off voting for the ruling party than rebelling against it. Hence, dominant parties sustain dominance through their monopoly of mass support. This monopoly of mass support is secured through dominant parties' oversized coalitions that give voters the impression that the ruling party is invincible. Oversized coalitions are sustained through the distribution of government spoils and patronage (p. 15). Not only do dominant parties strive to sustain oversized coalitions in order to give the impression that they are invincible, but also to discourage party splits. The institutional benefits of having an oversized coalition – such as the access to government spoils and patronage – are so great that potential party splinters and voters are better off remaining loyal to the dominant party. As Lust-Okar (2009: 235) notes, “in electoral authoritarian regimes, citizens recognize that elections are primarily about gaining access to state resources. Hence, citizens will vote for candidates whom they believe can deliver services.”

and electoral authoritarian regimes. He finds that the latter type of non-democracy has *no* effect upon the likelihood of democratic transition. In any case, both Brownlee's and Geddes's findings show that there is a real *difference* between the durability of electoral authoritarian regimes as compared to more openly authoritarian regimes. Note that Brownlee does not interact his economic crisis variable with his regime variables, so these effects refer to the effects of regime variety under all types economic conditions. Brownlee also finds support for the hypotheses that economic growth stabilizes non-democratic regime survival and that richer non-democracies are less likely to break down. For a sweeping survey of the literature generally, see Gandhi and Lust-Okar (2009).

Dominant party advantages

The notion that resources matter for authoritarian regime survival can be traced all the way back at least to Dahl's (1971) influential work on political regimes. Dahl argued that diminishing power-disparities between incumbents and their challengers in authoritarian regimes increase the likelihood of authoritarian regime breakdown, meaning that the most favorable circumstances for competitive politics takes place when an autocrat's access to either violence or socioeconomic sanctions declines. By contrast, the least favorable circumstances for competitive politics exist when access to violence and socioeconomic sanctions are exclusively available to the ruling elite, and denied to the opposition (p. 50). This is consistent with Greene's (2007) argument that "party competitiveness is primarily determined by two types of dominant party advantages: the incumbent's resource advantages and its ability to raise the cost of participation in the opposition" (p. 5).

Greene (2007) further argues that resource-rich parties are in a better position than other parties to communicate more effectively with voters, hire a huge number of party workers, and buy large amounts of time in the mass media. Moreover, resource-rich parties have the ability to buy electoral support by distributing public resources to specific constituencies. Hence, dominant parties in all comparative systems may use legal mechanisms "for partisan advantage" such as targeted legislation and attempts to manipulate the economy to improve the welfare of their core constituencies in the electorate (p. 40). The difference between dominant parties in democracies and autocracies, however, is that in democracies such behaviour is usually limited by divided governments or limited tenure in office. Dominant parties in electoral authoritarian regimes, by contrast, have full control over the government, and therefore have monopolistic access to public resources. This monopolistic access to resources enables these non-democratic, dominant parties to transform public resources into patronage goods. By contrast, the limited tenure in office for incumbents in democracies reduces their ability to transform patronage goods for partisan use. The opportunities for dominant parties to generate patronage, Greene argues, depend on the size of the public sector and the government's political control over the bureaucracy. This means that when the state is strongly involved in the economy, the dominant party's access to resources increases. By contrast, when the state withdraws from the economy, access to resources will decline. Hence, according to Greene, the dominant party's ability to translate patronage goods for partisan use will rise and fall with the state's control over the economy.

Why is the size of the public sector so important? Greene shows how dominant parties generate resources from the public budget in four illicit ways: 1) dominant parties have the ability to divert funds from the budgets of state owned enterprises, which are usually run by political appointees, 2) the control over a large public sector enables dominant parties to offer a large amount of patronage jobs to its supporters at the same time as they can withhold them from opponents, 3) the state's large involvement in the economy encourages businesses to make economic contributions to political campaigns in return for economic protection by the state, and finally, dominant parties in electoral authoritarian regimes mobilize support by transforming public agencies into campaign headquarters. They do this "by using office supplies, phones, postage, vehicles, and public employees themselves to inform and mobilize voters" (Greene 2007: 40).

Resource advantages not only help the dominant party win elections, but also raise the cost of participation for the opposition, since voters know they would be "better off" voting for the incumbents. If voters choose to challenge the dominant party in elections they must be willing to accept that they will be missing out on the material advantages they would have received if they had cast their vote for the ruling party. These material advantages include "a stipend, kickbacks, or access to a network of business contacts and favors" (Greene 2007: 5). Moreover, the cost of participation in the opposition is also raised due to the fear of repression by the government. However, as mentioned above, repression in these regimes is usually characterized by socio-economic sanctions, and not the brutal and violent forms of repression that are common in fully closed authoritarian regimes (Dahl 1971; Schedler 2002).

In sum, Greene's hypothesized causal process is that when dominant parties' access to public resources decline as a result of economic reforms aimed to reduce the size of the public sector and expand the private sector, voters will no longer feel obliged to vote for the ruling party since the material benefits they once received has declined. Furthermore, the cost of joining the opposition is lowered because the electoral playing field automatically becomes more level as resource advantages for the ruling party diminishes. Moreover, moderate voters that previously supported the ruling party may choose to join opposition forces now that there is a greater chance of winning office. Since a more ideologically moderate opposition attracts a larger base of voters than radical niche parties, this increases the chances that the dominant party will be defeated in elections.

Based on Greene's hypothesized explanation of dominant party survival and breakdown, one might expect that dominant parties' access to public resources will decline in times of economic crisis and that this will negatively affect the resilience of dominant parties. However, empirical evidence from the two cases under investigation, Mexico and Malaysia, tells a different story. Before the Mexican PRI eventually lost in year 2000, the party had managed to survive three severe economic crisis, including the debt crisis (1982-1983), the "oil shock" (1985-1986), and the Peso crisis (1994-1995) (Magaloni 2006). In Malaysia, although many companies went bankrupt, foreign investment dropped significantly, and the government's massive spending created huge deficits as a consequence of the Asian economic crises of 1997-1998 (Krugman 2008: 94-97), the dominant party managed to survive, and is still in control of Malaysian politics today. The evidence indicates that even in the face of economic crisis, the dominant party's access to resources will not necessarily decline. This is why Greene emphasizes the economic role of the state in his theory of dominant party persistence and breakdown by arguing that under conditions of economic crisis, it is the state's involvement in the economy together with the dominant party's ability to utilize its resource advantages for political survival that best determines whether a dominant party survives or not.

The role played by opposition parties in electoral authoritarian regimes

Dominant parties in electoral authoritarian regimes usually range across the political spaces in order to satisfy the preferences of the median voter (Greene 2007; Reuters and Gandhi 2011). This means that they move their relative position on either, respectively, the left or right side of the median voter on the political scale. At the same time, the logic of the model expects that the parties would tend to gravitate towards the ideological center (Gel'man 2007; White 2010). This ideological flexibility enables dominant parties to appeal to a broad base of voters. Dominant parties' "catch all" character (Greene 2007), does not only serve the purpose of attracting a lot of voters, but most importantly, it creates enormous disadvantages for opposition parties competing for votes. Opposition parties are not only disadvantaged by dominant parties' access to public resources, but also because they are forced to form opposition parties with relatively extremist appeals. Moreover, since most careerist politicians want to win office, "resource advantages for the dominant party discourage all but the most anti-status quo citizens from serving as candidates and activists in the opposition" (Greene 2007: 137). The extremist political views of opposition parties appeal to much smaller constituencies, and hence opposition parties usually do not stand a chance against the ruling

party. In such a political environment, the only ones willing to fight against the incumbents are the small and radical niche parties. Due to the radical and extremist nature of these niche parties, they will not generate support at the mass level.

According to Magaloni (2006), opposition parties in electoral authoritarian regimes face coordination dilemmas that play two fundamental roles for dominant party survival. First, in order to defeat the incumbent, opposition parties must successfully mobilize mass support, something which requires mass coordination on the part of voters. This is possible when opposition party elites are successful in forming “all-encompassing opposition electoral fronts” (p. 26). However, when opposition party elites fail to unite, mass-coordination by voters is much harder, if not impossible, to achieve. Second, opposition parties in electoral authoritarian regimes face coordination dilemmas due to electoral fraud. Magaloni thus asks: “under what conditions would a dominant party steal elections and get away with it?” (p. 26).

In times of economic recession and crisis, it is expected that the dominant party’s access to public resources will decline and that dominant party rule will be threatened. The expected relationship between diminishing access to public resources and dominant party instability is based on assumptions that as the dominant party’s access to public resources declines, the government will not be able to deliver material benefits to their supporters, at least not to the same degree as before. Hence, the government’s poor economic performance may cause great voter dissatisfaction which again may lead voters to turn their backs on the ruling party. Moreover, potential splits within the ruling elite may contribute to making the ruling party vulnerable and fragile (Magaloni 2006). In times like these, when voter dissatisfaction is high, it is plausible that protest against fraud will be higher than during “normal times”.

The significance of elections in electoral authoritarian regimes

In contrast to full-scale authoritarian regimes, elections in electoral authoritarian regimes are not a sham. Indeed, elections are regularly held, opposition parties and candidates are allowed to participate, and there is usually no extensive use of electoral fraud (Levitsky and Way 2002; Magaloni 2006; Greene 2007). Hence, dominant parties face considerable uncertainty during elections, and there is no absolute guarantee that they will win. However, incumbents in these regimes share common strategies in order to maintain their political dominance. One is their political flexibility which enables them to appeal to a broad base of voters. Second, their access to state resources makes it easy to control and monopolize the media and thus

strengthen their hold on power, something in which enables them to mobilize key socio-economic groups. Finally, by marginalizing the opposition, dominant parties are capable of generating support at the mass-level (White 2011: 660). All of these strategies make it extremely difficult for the opposition to win, even if elections are regularly held and are free of massive fraud. So what role do elections play in these regimes?

Scholars differ in their opinion of how elections may affect the stability of electoral authoritarian regimes. Some argue that holding repeated elections has positive effect on democratization regardless of their relative freeness or fairness (Lindberg 2006), while others have observed that elections have the exact opposite effect: by holding elections, rulers can manage their opponents, and more easily win elections (Geddes 1999; Gandhi and Przeworski 2007:1280). Others again, argue that elections have conflicting effects on the stability of electoral authoritarian regimes. Howard and Roessler (2006: 380) argues that an electoral authoritarian system

“... rests on a paradox: it is stable as long as the incumbent is capable of controlling the electoral process, yet inherently unstable since regularly held elections provide a significant opportunity for opposition movements to effectively challenge authoritarian incumbents. In other words, major political change is never certain, but it is often possible. And while incumbents have become deft at securing reelections, opposition movements can, and do sometimes overcome the fundamentally flawed process.”

According to Levitsky and Way (2002: 54), elections create a source of instability in electoral authoritarian regimes (what they call competitive authoritarian regimes) because although incumbents frequently violate democratic rules, there are still meaningful democratic arenas within these regimes where the opposition may pose significant challenges against the dominant party: one is the *electoral arena*, where elections are competitive and for the most part free of massive fraud. The *legislative arena* in electoral authoritarian regimes often serves as a meeting place for the opposition. Here, the opposition has the opportunity to organize and plan opposition activity. The third democratic arena in electoral authoritarian regimes is the *judicial arena*. Although governments usually seek to subordinate the judiciary “via bribery, extortion, and other mechanisms for co-optation” (p. 54), the judiciary is formally independent and not completely controlled by the executive. Finally, the *media* serves as an important democratic arena in electoral authoritarian regimes. In these regimes, media outlets are usually independent, legal and also quite influential. Hence, in electoral authoritarian regimes journalists are often important opposition figures. In sum, the presence of these four arenas in electoral authoritarian regimes creates a source of instability because autocrats are

faced with a dilemma: if they choose to repress the challengers it will be costly because opposition parties in these regimes are perceived as both legal and legitimate. However, if they choose not to repress, they might eventually lose power. Brownlee (2009) claims that repeated elections in electoral authoritarian regimes have a positive impact on democratic values and human freedom. However, elections in these regimes do not necessarily create a source of instability. In other words, elections may have democratizing effects, but they do not necessarily spur regime change. Yet, if electoral authoritarian regimes do break down, they are “significantly more likely to be followed by electoral democracy” (p. 51).

In electoral authoritarian regimes, incumbents routinely manipulate elections in order to sustain their dominance, something which opposition forces are aware of. Opposition forces thus mobilize protest in order to prevent manipulations. They do this by either not participating in politics at all, or by provoking contentious mass action. Hence, in contrast to fully closed authoritarian regimes, there exists an electoral uncertainty for both the incumbent party and opposition party in electoral authoritarian regimes. Moreover, in these regimes, electoral manipulations and electoral support are substitutes. If the dominant party has more of the one, it needs less of the other. The effect that political participation has in electoral authoritarian regimes is particularly interesting because in contrast to fully closed authoritarian regimes, these regimes enjoy legitimacy because opposition parties are legal and allowed to compete during elections. Moreover, since opposition parties under electoral authoritarian regimes are formally legal, the incumbents may damage their legitimacy if they choose to repress, something in which might turn against them in the next election round. While dominant parties wish to gain electoral legitimacy without making democratizing concessions, opposition parties wish to participate in the “democratic game” of elections without legitimizing the regime’s manipulations of elections. Hence, this is a complex game where democratic voters cannot have one without the other. By entering the electoral game they legitimize the incumbent’s authoritarian manipulations, but if they choose to not participate, they might miss out on opening up spaces for liberty and plurality. In other words, participation in elections may help the dominant party perpetuate authoritarian rule. On the other hand, it may be the only way of defeating the dominant party and democratize. In general, opposition forces in electoral authoritarian regimes more often choose to participate in elections than to protest against them. Hence, elections are complex, two-fold games that only exist in these types of authoritarian regimes (Schedler 2009: 187).

In sum, multiparty elections in electoral authoritarian regimes may have stabilizing effects. However, elections may also cause instability within these regimes if they produce unintended results. Nevertheless, strong opposition parties may raise awareness among the public that alternation in office possible, which may also lead to a defections within the ruling elite (Ufen 2006: 621).

Summary and Presentation of Hypotheses

In order to explain what influences the resilience of dominant parties in times of economic crises, I look for the “observable implications of these hypothesized explanations” (Bennett, 2010: 208), and examine the evidence at a detailed level to establish whether the chain of events within each case fit those predicted by the alternative explanations presented by, respectively, Magaloni (2006) and Greene (2007). I focus primarily on three main independent variables drawn from these relevant theories: 1) *the presence of an economic crisis*, 2) *the degree of resource advantage possessed by the dominant party*, and 3) *the degree of strength of and strategies adopted by the opposition parties*. Recall that based upon the findings of previous research, I *assume* that dominant party electoral prospects are negatively affected by the presence of economic crisis. Furthermore, within the cases of Malaysia (UNMO) and Mexico (PRI), my observations are limited to periods of economic crisis and their immediate aftermath. Therefore, I effectively hold this first variable constant. While I will certainly take account of the consequences of economic crises, I focus primarily upon their *indirect* effects upon party longevity as they work via their *direct* effects upon my two key independent variables: party resources, and opposition strength and strategies, which are expected to affect party longevity directly. In this, my primary objective is to analyze the relationship between these respective independent variables and my dependent variable by focusing on identifying the intervening steps in the hypothesized causal process. This will be done by using the method of process tracing and the strategy of “paired comparison” (George and Bennett 2005; Tarrow 2010).

The variables identified above can be encapsulated in the following two hypotheses drawn, respectively, from Greene and Magaloni.

First, regarding the first independent variable, viz. the resource advantages possessed by the dominant party:

H1: *Incumbency advantages create an uneven electoral playing field in electoral authoritarian regimes.* “Dominant party resources primarily come from diverting public funds for partisan use...Where... institutional constraints do not operate, the magnitude of the incumbent’s resource advantage rises and falls with the degree of state ownership in the economy. In this context, state owned enterprises are particularly important because they are prone to politicization...When privatization deprives incumbents of access to illicit resources, dominant party rule is threatened” (Greene 2007: 6).

In short, H1 expects that economic crises, which require governments to increase expenditures while reducing the flow of revenues, thus pushing the budget into deficit (and, in a worse-case scenario, causing a currency crisis), also might compel states to privatize state enterprises (due to the need for funds or at the behest of international lending organizations), resulting in a decrease in public resources accessible to the dominant party, thereby reducing its advantage and increasing its electoral vulnerability.

Second, regarding the second independent variable, viz. opposition parties’ strength and strategies:

H2: “...[P]arty hegemony must be understood as resulting primarily from a behavioral equilibrium where elites and masses are better off uniting with the ruling party, and where opponents are trapped in investing in the survival of the autocratic electoral game rather than rebelling against it” (Magaloni 2006: 16). This remark calls attention to the importance of government spoils and patronage, which are expected to decrease during and in the wake of an economic crisis, motivating both elites and the masses to shift their support away from the dominant party.

In short, H2 expects that economic crises reduce the size of the pool of patronage resources available to the dominant party and thus reduce the incentives of former supporters to remain in alliance with the ruling party, thereby increasing the electoral vulnerability of the dominant party.

Before I test these hypotheses empirically in chapter five, I will explain my method of investigation in chapter four, to which I now proceed.

Chapter 4 Method - Paired Comparison and Process Tracing

Why is it interesting to study dominant party resilience under conditions of economic crises?

Much of the democratization literature as well as elections literature places emphasis on the impact that economic crises have on authoritarian regime stability. Indeed, central findings suggest that there is a positive relationship between economic crises and transitions from authoritarian rule (Geddes 1999; Haggard and Kaufman 1995; Lewis-Beck and Stegmaier 2000). The argument that economic crises are linked to regime transition is based on the notion that economic deterioration causes voter-dissatisfaction, something which in turn creates tensions among ruling elites. Although authoritarian regimes have the ability to intimidate opponents and manipulate electoral results, they are still reliant on support from the masses in order to survive. It is thus reasonable to assume that the general discontent that arises among voters in times of economic hardship also will have negative effects on the stability of authoritarian regimes. In situations like these, where the ruling party is vulnerable and fragile, opposition forces see an opportunity to mobilize. For *electoral authoritarian regimes* trying to win re-elections, economic crises should have the same effect. In addition to the emergence of voter dissatisfaction and elite divisions, during times of economic crises the dominant party lacks the resources which are the key to affording it an electoral advantage and thus is not as able to tilt the electoral playing field in its favor. Specifically, in times of economic crises, dominant parties lose a degree of their ability to buy votes and “co-opt opposition leaders” (Howard and Roessler 2006: 373). As the autocrat’s access to resources decline, so will their ability to transform public resources into patronage goods for partisan use (Greene 2007: 40). Based on this, we would also expect that incentives for elite actors to remain united within the ruling elite decrease, and hence that economic crises have a *negative* effect on the stability of authoritarian regimes. Despite these expectations, however, recent studies on democratic transitions have shown that some types of authoritarian regimes are more resilient than others in times of economic crises, in particular those authoritarian regimes which combines democratic and authoritarian features, known as scholarly literature as hybrid regimes (Geddes 1999; Schedler 2002; Magaloni 2006; Greene 2007).

Hence, the goal of this thesis is to investigate why – notwithstanding the assumption based upon prior research that poor economic performance has negative effects on regime-stability – some dominant parties in electoral authoritarian regimes have remained successful in retaining power. In investigating this matter empirically, my task is to choose cases of dominant party rule which are “appropriate” for the conceptualization, viz. cases where the

opposition's chances of winning are *not* decided by fraud or repression. I can thereby control these variables and focus on the effects of economic crisis and other variables upon incumbent survival. Furthermore, I have chosen to concentrate my attention upon economic crises' indirect effects, such as upon dominant parties' access to public resources and opposition parties' capacity to mobilize effectively against the authoritarian regime, and how these latter variables matter for party dominance within my temporal focus, namely periods of economic crisis between 1980 and 2000.

Economic crises can have both direct and indirect effects on authoritarian regime survival. The direct effects that economic crises have on regime survival mean that, *ceteris paribus*, the likelihood of an electoral loss of a dominant party is greater during periods of economic crisis. In this view, economic growth should help sustain authoritarian regimes while economic recessions should cause authoritarian regimes to collapse due to *voter dissatisfaction*. Moreover, as mentioned in chapter 3, economic crises might damage the relationship between political leaders and key economic support groups, because in times of economic hardship “the private sector would want to defect from that bargain” (Haggard and Kaufman 1995:7). This study, however, looks at the *indirect effects* that economic crises have on *dominant party survival in electoral authoritarian regimes*. While I recognize that there are a variety of other factors that may affect the resilience of dominant parties – such as international and domestic pressures that are not directly related to economic crises (O'Donnell and Schmitter 1986) – I designate these as exogenous to my model. I limit my study's scope based on the assumption that economic crises have an effect that operates through *intermediate variables* such as the *dominant party's access to resources* and *opposition party viability*: these variables, in turn, more directly affect regime-stability. The reason why resources and opposition parties are expected to affect the resilience of dominant parties is because conflicts within the ruling elite are thought to be most likely to appear when material circumstances dictate. In other words, under conditions of economic crisis, defections within the ruling elite seem to be more appealing than under “normal” circumstances (Reuters and Ghandi 2011). As Levitsky and Way notes (2012): “in party-based authoritarian regimes ...while access to spoils and power may ensure elite cooperation in normal times, it often fails to do so under crisis” (p. 869).

In sum, assuming that economic crises reduce the likelihood of party survival (for the reasons identified in H1 and H2 above), I am interested in finding out what significant actors in dominant parties and oppositions do under such conditions? Most straightforwardly, I ask: Why do some parties in electoral authoritarian regimes survive economic crises while others do not, notwithstanding the negative effect upon electoral viability of economic crises as identified in H1 and H2? One essential key to being able to address this question reliably is appropriate case selection.

Case Selection: external validity, the possibility principle and scope conditions

The most important thing to consider when choosing cases in both qualitative and quantitative studies is the study's theoretical background. Hence, case-selection should be theory-driven (Reuschmeyer 2003; Bennett 2005; Tarrow 2010). In other words, the number one criterion for case-selection should be relevance to the research objective of the study, regardless of research design. Although this may seem like a relatively simple task, selecting cases for research involves more than just choosing cases that are interesting to the researcher (George and Bennett 2005: 83). In the case-selection process researchers usually face two central challenges. Firstly, there is the challenge of selecting a sample of cases from a larger population that is appropriate for the study's research question. Secondly, there is the challenge related to "drawing the boundaries between different kinds of cases" (Mahoney and Goertz 2004: 654; George and Bennett 2005: 83). Moreover, the way in which researchers deal with these challenges depends on the study's research design. Large-N quantitative researchers usually share the notion that all cases are relevant for testing theories. Here, excluding cases may lead to a loss of important information. In qualitative small-N studies, by contrast, the purpose is usually to explain a set of positive cases which share the outcome of interest. But in order to avoid selection bias (Geddes 2003), this requires that the researcher contrast these positive cases with negative cases that "lack the outcome" (Mahoney and Goertz 2004: 655; Goertz 2006).¹⁹ Since this study seeks to explain the electoral stability of

¹⁹ It is important to clarify that the number of cases, which usually constitutes the N in a research design, should not be confused with the number of observations in a study. Although qualitative case studies are typically small-N studies, this does not necessarily mean that there are fewer observations. In fact, a case study of a country may have more observations than a quantitative study with many country cases (King et al. 2004). To clarify, a *case* is defined by Collier et al. (2010) as "one instance of the unit of analysis employed in a given study" (p. 182). An *observation* can be viewed as a piece of information drawn from the specific phenomenon under investigation (Collier et al. 2010:182). In this study, the unit of analysis is a political party in a specific country and hence I have two cases: the PRI in Mexico and UNMO/BN in Malaysia; my observations are defined by the scope conditions of distinct periods of economic crisis wherein I examine the electoral durability of the dominant party.

dominant parties (which are defined precisely by their tendency *not* to lose elections), the positive case is the one which has maintained party dominance in the face of economic crises, namely Malaysia. The negative case is Mexico, where the dominant party broke down and where the electoral authoritarian underwent a transition to democracy.

One of the most common criticisms against case study research is their potential lack of external validity, which refers to the “representativeness between the sample of cases you study and the population of cases that you wish to generalize” (Gerring 2007: 43). This criticism is based on the fact that a general phenomenon cannot be explained based on the study of only a few cases. It is therefore often argued that cross-case quantitative research is always more representative of the population of interest. Moreover, because qualitative researchers usually construct populations themselves, they face issues regarding the relationship between concepts and case selection in a different way than quantitative researchers (Goertz 2006). Another problem related to the degree of representativeness is related to the fact that case-study researchers sometimes deliberately choose cases that share a particular outcome. In other words, they choose cases which all have the same value on the dependent variable, $Y=1$ (where for example in my study, Y would be coded as “high dominant party resilience”). Selection on the dependent variable can bias results in regression and qualitative studies because it can lead to an overrepresentation of positive cases in the sample (Mahoney and Goertz 2004: 654; Geddes 2003). This is problematic because it may create systematic error when evaluating the effects of causal mechanisms. If we only include cases that have the same value on the dependent variable, we cannot know whether the values of the causal mechanisms which explain the selected outcome of the variable of interest would not also have been present during a different outcome of the variable of interest (George and Bennett, 2005: 22-23). In some cases, however, selecting cases based on the value of the dependent variable may be useful because one can more easily identify which variables are irrelevant for the selected outcome (Van Evera 1997).

While selection on the dependent variable usually leads to the inclusion of too many positive cases, the inclusion of too many negative cases creates a problem of bringing irrelevant cases into the population. The purpose of small-N research is to explain the outcome of interest through the set of positive cases by contrasting them to the set of negative cases where the outcome is absent. “The possibility principle” serves as a helpful tool in order to avoid selecting irrelevant negative cases. It helps us to identify relevant cases and exclude irrelevant

cases. Similarly, *scope conditions* exclude cases where causal patterns are not homogenous based on the study's theoretical framework. Scope conditions are highly theory laden because they refer to the identification of similar variables shared between the cases under investigation. In the examination of positive and negative cases, Przeworski and Teune (1970) suggest that in order for a study to constitute the "optimal samples for comparative inquiry," positive and negative cases should be "as similar as possible with respect to as many features as possible constitute the optimal samples for comparative inquiry" (p. 32). Hence, scope conditions are related to most similar system design, where the purpose is to compare cases that are similar in almost all respects, except for their value on the dependent variable (Skocpol 1984).

In this study, scope conditions are defined by the research question: I am selecting cases from a population of dominant parties existing in non-democratic regimes which have experienced economic crises. These are all necessary criteria for case selection. This means that if any of these criteria are missing, these cases are considered irrelevant for my study. In addition, it is also important to emphasize that dominant parties that are characterized by the consistent use of repression and electoral fraud in order to sustain dominance are also excluded from this study. The purpose is to explain the *electoral survival* of dominant parties in electoral authoritarian regimes and not their survival through fraud and repression. Since dominant parties exist in both democratic and authoritarian regimes it is also important to clarify that the political regimes under investigation in this study are non-democratic. As mentioned above, these regimes are considered non-democratic because they violate the alternation rule introduced by Przeworski et al. (1996).²⁰ My method thus follows King, Keohane, and Verba (1994) when they show that there is no point in investigating cases that do not meet the scope conditions the theory. For example, in this study it would be pointless to explain the resilience of *military regimes* under conditions of economic crises because regime stability in these

²⁰They argue that although we witness many periods of party "dominance" under democracy (the Conservatives in the UK and the Christian Democrats in west Germany during the 80s; the Swedish social democrats during much of the postwar period), these regimes are classified as democratic because there had existed at least one instance where these parties in the past had *lost and stepped down, allowing party alternation*. Such *party alternation* is not observed in cases of dominant party authoritarianism. This argument has emerged as a rule of thumb in much of the subsequent literature on political regimes. To cite a recent example, Schedler (2012: 31) writes: "We can circumvent the complexities of multidimensional concepts if (and only if) we can come up with reliable 'litmus tests,' that is, if we can identify specific symptoms whose presence firmly indicates the presence of the general concept we wish to measure. If we can observe such symptoms, we need not observe the underlying condition that produces them. Here, in the compelling logic of symptoms, resides the ingenuity of Adam Przeworski and his collaborators' designation of alternation in executive power as a key indicator of the democratic quality of elections".

regimes is based on different theoretical assumptions than the stability of dominant parties existing in electoral authoritarian regimes.

Why the PRI and the UMNO/BN?

The two cases under investigation in this study are interesting because they are perhaps *the* classic cases of long lasting, one-party hegemony: the Partido de la Revolucion Democrática (PRI) in Mexico ruled for over seventy years, from 1929 to 2000; the United Malays National Organization (UMNO) in Malaysia was formed in 1946, and since the first general elections was held in 1959, the party has dominated Malaysian politics (Ahmad 1989: 354), first through the Alliance coalition (1951-1973), and later through a broader coalition named Barisan Nasional (1974-2013) (Crouch 1996: 34).²¹ Furthermore, these cases are theoretically interesting because empirical evidence shows that the dominant parties in both Mexico and Malaysia survived severe economic crises, something which seems to contradict the theoretical assumption that there is a negative relationship between poor economic performance and regime stability (Haggard and Kaufman 1995; Przeworski and Limongi 1997; Geddes 1999), at the same time as it is consistent with findings that show these regimes as more resilient than other varieties of authoritarian regimes when facing both economic and political crises (Geddes 1999; Magaloni 2007; Greene 2007; Norris 2008). Hence we face the puzzle which this thesis addresses.

Although Mexico's dominant party system eventually broke down and underwent a transition to democracy in the year 2000, the PRI survived two serious economic crises: the debt crisis in 1982 and the recessions that followed, as well as the peso crisis in 1994. Although the economic crises weakened the PRI significantly, "it managed to survive where other regimes would have fallen victim to economic disintegration" (Magaloni 2006: 31). The same could be said about Malaysia. The economic crisis that hit Asia in 1997-1998 was expected to have devastating effects on the UMNO's party hegemony. Indeed, the UMNO-led government, then led by Prime Minister Mahathir (1981-2003), had become increasingly unpopular, as many companies went bankrupt, foreign investment dropped significantly, and the government's

²¹ In contrast to the PRI in Mexico, the BN is a ruling coalition consisting of several parties. Yet, it has never been a coalition between equals. Indeed, the UMNO has always been the dominant party within the coalition with the largest share of seats in parliament. Hence in this study I refer to the ruling coalition as a dominant party because the smaller and less influential parties are coopted into a larger whole. As Crouch (1996: 34) has argued, "parties joined the BN on UMNO's terms; and when they could not accept those terms, they were forced out. The BN was merely a façade for UMNO rule". My approach is thus consistent with Przeworski et al. (2000:20): "By 'party,' we mean an independent list of candidates presented to voters in elections."

massive spending created huge deficits (Krugman 2008: 94-97). However, the great amount of voter dissatisfaction that arose as a result of the economic crisis did not seem to have any serious negative effects on the stability of the dominant party.

Furthermore, the two cases under investigation are also interesting because they are similar in many important respects: both have experienced severe economic crises, the countries are (or have been) ruled by dominant parties in electoral authoritarian regimes (Mexico until 2000) with long tenures in office, the incumbent party came to power during the twentieth century, the countries have relatively similar levels of economic development, the political regimes in each case have been characterized by weak opposition parties, none of the cases have been characterized by civil war, and finally, the dominant parties in each case have in general not resorted to heavy handed repression or an extensive use of electoral fraud in order to sustain power. However, in spite of their many similarities on so many of these “control variables”, the cases have different values on the dependent variable, *the electoral resilience of the dominant party*. In Mexico, the dominant party, PRI, was defeated through elections in the year 2000. As a result, the authoritarian regime broke down and underwent a transition to democracy. In Malaysia, by contrast, the dominant party managed to survive, and still dominates Malaysian politics to this day.²²

The main objective of this study is thus to explain the following: what accounts for the continuation of dominant party resilience in Malaysia and the breakdown of dominant party rule in Mexico in year 2000? Of course, there are many variables to account for, such as cultural, historical, political, economic, and contextual variables. However, this study’s methodological approach (process-tracing) forces me to limit the variety of independent variables affecting the resilience of dominant party regimes. Hence, I will focus only on a small subset of causal variables, related to the state of the organized party opposition and the dominant party’s behavior towards that opposition. Before I proceed to more detail concerning my method of analysis, I present some descriptive background on the cases.

²²In the aftermath of the Asian financial crisis in 1998, the political situation has changed substantially in Malaysia. Although at the time of writing this thesis (May 2013) the UMNO/BN is still in power, national opposition forces have become much more cohesive than before. In the later 1990s when Malaysia was hit by the worst economic recession since independence in 1957, a new opposition force was formed which to a large degree altered the dynamics of party politics. Indeed, the Reformasi movement, led by former Prime Minister deputy Anwar Ibrahim, has been successful in mobilizing large segments of civil society and in making elections more competitive (Ufen 2009:609). Hence the emergence of a stronger civil society over the past few decades has had meaningful consequences (Giersdorf and Croissant 2011:9-10). Nevertheless, since this thesis only focuses on the period from 1980-2000, I will not take the recent political changes into account in my analysis of dominant party survival.

Partido Revolucionario Institucional (PRI)

The PRI was formed in March 4th, 1920 as PNR (Partido Nacional Revolucionario), which later on March 30th in 1938 was renamed PRM (Partido de la Revolución Mexicana). On January 18th in 1946, the party was one again renamed PRI (Partido Revolucionario Institucional). Compared to other Latin American autocracies, the Mexican PRI was highly inclusive from the beginning. There were no restrictions on opposition parties to organize, and elections were open, free and frequently held. Since its formation in 1929, the PRI was composed by three formal sectors representing workers, peasants, and government employees –a broad, solid, social base of support. In return, the PRI distributed direct material support its corporatist groups.²³ Moreover, the ISI state- led growth model²⁴ that lasted from 1940 until the mid-1980s, allowed the PRI to access an enormous amount of public resources, something in which created an *uneven electoral playing field* where opposition parties were left with little or no resources to run political campaigns or mobilize against the incumbents. Thus, these resource advantages put the PRI in a position where they were able use government funds to reward their supporters and punish their opponents by denying them access to these resources. After facing two severe economic crises, the debt crises of the 1980s and the peso crisis of 1994, the policy shift to the right in the 1980s which involved reduced government spending and a liberalization of the economy, and the PRIs split in 1988 which resulted in a new left-wing political party (the PRD), the PRI eventually lost the presidential elections to the PAN's candidate, Vicente Fox in 2000, and underwent a transition to a fully competitive democracy.

The United Malays National Organization and the Barisan Nasional (UMNO/BN)

In Malaysia, the United Malays National Organization (UMNO) was formed in 1946 and later formed the coalition, *Alliance*, with the Malayan Chinese Association (MCA) and the Malaysian Indian Congress (MIC) in 1951. As the successor of *Alliance*, a new UMNO-led coalition, Barisan Nasional (BN), was formed in 1974 (Crouch 1996: 34). This coalition, consisting of several of the UMNO's previous opposition parties, was formed in order to prevent the kind of social riots that occurred in May 13th in 1969 as a consequence of economic inequality that was reflected in communal disparities. As a result, the authorities declared emergency rule and closed the national legislature from 1969 to 1971, a successful attempt at further consolidating UMNO's dominance. Now that former opposition parties

²³ These corporatist groups were “The National Confederation of Peasants” and “The Confederation of Mexican Workers” (Reding 1988: 628).

²⁴ See chapter five for a more detailed discussion of Mexico's political economy prior to the 1980s.

were brought into the government through the BN, the leaders of the coalition hoped that potential conflicts could be solved “behind closed doors” (Crouch 1996: 33). Moreover, this new coalition protected UMNO from being seriously challenged in elections. Hence, the BN served the purpose of allowing the UMNO to consolidate its control over the government. As it turned out, the UMNO/BN won every national election after its formation. In addition, the ruling coalition was able to retain a two-thirds parliamentary majority that allowed them to make amendments to the constitution as they wished.²⁵

As in Mexico, there have also been certain periods in Malaysia where repression and fraud have been more extensive than other periods. One example is the period under Prime Minister Mahathir Mohamad (1981-2003), where the arrest and jailing of Mahathir’s deputy Anwar Ibrahim took place in 1998 after internal dispute over how to solve the Asian economic crisis of 1997 (Case 2001: 47-49). However, in general, elections have been held regularly held with no restrictions on opposition parties to compete, and the resilience of UMNO/BN can for the most part be explained by the ruling party’s ability to retain mass support, and not by their repressive actions (Case 2001; Maurzy 2006). Malaysia’s UMNO/BN has managed to survive despite facing several economic crises, including the serious Asian crisis of 1996, occasional upheavals, and constant political tensions (Crouch 1996: 32; Case 2001: 47-49).

We see that for the case of Mexico we have several observations of economic crisis, ultimately resulting in defeat for the dominant party. For the case of Malaysia, the dominant party has survived despite observations of economic crisis. Why? In the next section, I explain why the method of paired comparison is useful for answering this question.

The method of paired comparison

The objective of this thesis is to explain what influences the stability of dominant parties in electoral authoritarian regimes under conditions of economic crises. The dependent variable is thus *dominant party resilience*, while the context or scope conditions are electoral authoritarian regimes and economic crises. When researching the causal mechanisms affecting dominant party stability, it is important to consider the contexts under which these causal mechanisms unfold. Hence, my research question requires a cross-case comparison of two cases rather than a within-case analysis of just one case. Although I will compare across

²⁵ Recall that I am referring to elections that took place in the period from the coalition was formed in 1974 to 2000. As already mentioned in chapter one, in the general elections of 2008 and 2013, the BN lost its two-thirds parliamentary (Ufen 2009; BBC News, 2013).

cases, the focus will still be on a qualitative case study.

The main reason for doing a comparative study of two cases rather than an intensive study of one single case is based on the wish to maintain the advantages of case studies, such as the ability to dig deeper into each case and make the research holistic (thus gaining more knowledge and depth about each case) in order to utilize a particular type of evidence, while at the same time getting a more balanced in-depth analysis and thus reducing the possibility of making wrongful generalizations (Ragin 1987: 2; George and Bennett 2005: 109; Tarrow 2010: 243-44). This way, I am in a better position to understand, explain, and interpret historical outcomes and processes than is possible with statistical analysis.²⁶ Furthermore, doing a case study allows me to examine in detail the “operation of causal mechanisms in each individual case” (George and Bennett 2005: 21), something which enables me to look at a large number of intervening variables in each individual case and identify which conditions activate the causal mechanism. Moreover, by going beyond one single case, I am able to investigate factors that are held constant within that case (Reuschmeyer 2003: 320).

By employing the method of paired comparison the objective is to identify the values on the independent variables and the dependent variable, asking if the values on the pairs are consistent or inconsistent with the predictions of the theory. The method is useful for qualitative case studies because it provides an intimate analysis of each case, something which is difficult in large N-analysis. Furthermore, paired comparison will allow me to do a “causal-process analysis”, in contrast to the data-set observation that is common in correlational and regression analysis. In this way, one can distinguish paired comparison from both single-case and multi-case analyses. If I were to include more cases in the analysis, the ability to dig deep into each case would decline. As Tarrow (2010: 247) put it, “the moment we go from one case to two, we are in the realm of hypothesis-generating comparative study, while also enabling ourselves to examine how *common mechanisms* are influenced by the particular features of each case.” “Common mechanism” is precisely what I am searching for in my comparative analysis of Mexico and Malaysia.

²⁶ One of the strengths of doing case studies is that they are “generally strong where statistical methods are weak” (George and Bennett 2005: 3). Concerning measurement validity, in case studies, the researcher can carry out “contextualized comparison”, something which requires looking at detailed contextual factors in each case. Of course, this is hard to do with statistical studies since they usually constitute a large-N. This way, statistical studies run the risk of conceptual stretching “by lumping together dissimilar cases in order to get a larger sample” (George and Bennett 2005: 19). In case studies, by contrast, the researcher can reach a higher level of validity over a smaller number of cases.

Causal Mechanisms and Process tracing

The comparative study of only two cases requires the capacity to address causal complexity in order to explain the outcome of interest (George and Bennett 2005: 19-23). A good way to analyze the interplay between variables, mechanisms and context within each case is to use *process tracing* to explain the chain of events that link X to Y. This requires an identification of the causal mechanisms linking X to Y (Bennett 2005: 209). By applying the method of process tracing, the main goal is to find a “critical juncture” within each case “that fits those predicted by alternative explanations” (Bennett 2005: 208). By mapping the process carefully, one is able to explore whether or not the process coincides with the expectations derived from the theories which the study is based upon (Checkel 2005: 2). My focus will be placed on only the narrow spectrum of causal variables that are expected to affect the stability of dominant parties in each case, as presented in chapter three above. My approach in this study is to demonstrate the impact that economic crisis have upon dominant party survival by focusing on how crises have consequences for other factors which have a more direct impact upon party survival, and how these factors help to explain why some parties in fact manage to survive economic crises. This method of process-tracing has primarily two goals. First, it examines multiple pieces of evidence within each case and looks for the underlying processes that give rise to a phenomenon. Second, the method establishes how the different pieces of evidence fit with the alternative explanations and hypothesis, using historical narratives (George and McKeown 1985). Hence, tracing the process of causal mechanisms that leads X to Y can be quite challenging.

As a helpful tool to make process tracing more systematic and analytical, Van Evera (1997) presents four tests to make it easier to evaluate the pieces of evidence under scrutiny. The weakest of these tests are called “straw in the wind tests”, where the pieces of evidence collected are by themselves not sufficiently strong to either affirm or disconfirm hypotheses. These tests allow the researcher to gain insight into evidence in favor or in opposition to one hypothesis. Yet, the evidence is not decisive. He therefore presents three additional tests that yield stronger evidence, namely “hoop tests”, the “smoking-gun tests”, and “the doubly decisive tests”. The former can be used to evaluate observations that must be satisfied in order for an explanation to hold. Failing a hoop test thus means failing to meet a necessary condition. This way, the researcher can rule out a given hypothesis from consideration. However, passing the test only means that the hypothesis is still relevant for the study. The “smoking-gun” test is considered to be the next strongest test. Passing a smoking gun test

means that the pieces of evidence under evaluation are so uniquely confirmatory for a given explanation that they affirm the validity of the hypothesis. Hence, the passing of a “smoking-gun test” is, in contrast to hoop tests, sufficient to accept a given explanation. However, the failing of a smoking-gun test is *not* a sufficient reason to disqualify it. Finally, the “double decisive tests” are the strangest in Van Evera’s framework. Passing the doubly decisive tests means that the pieces of evidence under evaluation are so uniquely applicable and important for a given explanation that passing the tests will confirm the hypothesis, while failing the tests will disqualify it (Zacks 2011).

In order to understand how the process tracing method proceeds, we must reach a precise definition of causal mechanisms. To put it simply, mechanisms offer a more “fine-grained” explanation for why the independent variable(s) is linked to the dependent variable (Johnson 2002: 230-31). In other words, mechanisms connect the “recurrent processes linking specified initial conditions and a specific outcome” (Mayntz 2003: 4-5). A causal relationship exists if there are at least two elements involved: a cause and an effect (Gerring 2001: 128). Scholars usually refer to the effect as the dependent variable, and causes as independent variables. Identifying the causal mechanisms at work by using process tracing reduces the distance between cause and effects in a qualitative analysis. In order to determine the relationship between the independent variable and the dependent variable, we must be able to identify these variables. A causal analysis thus rests on descriptive analysis because in both types of analysis, “*inference rests upon comparative reference points*” (Gerring 2001: 155).

According to George and Bennett (2005: 145), the effect that causal mechanisms may have depend on how they interact with other mechanisms under certain conditions. Their definition thus implies that a causal mechanism may be necessary, but not sufficient in explaining the outcome. *Hence*, when studying causal mechanisms, it is important to define the scope since contextual elements will vary from case to case. In this study, the scope is relatively well defined since the objective is to explain what affects the stability of dominant parties in electoral authoritarian regimes under conditions of economic crises. Hence, the cases under investigation are relatively similar since both have (or have had) dominant parties in electoral authoritarian regimes. Moreover, both cases have experienced severe economic crises. Given their relatively similar conditions and experiences, it is easier to identify the causal mechanisms at play than it would be if I was studying regime stability in two very different types of political regimes (Glennan 1996; George and Bennett 2005).

My goal is to examine historical explanations of Mexico and Malaysia and “test” whether they are valid or not. My findings may therefore “establish, weaken, or strengthen” previous hypothesized explanations on the relationship between economic crisis and dominant party resilience (George and Bennett 2005: 109). Moreover, the process-tracing method is useful because it allows me to examine evidence at a more finely grained level of detail than that was initially done in relevant theories. This way, I am able to “establish if the processes within the cases fit those predicted by alternative explanations” (Bennett 2010: 208). In statistical analysis, the researcher can find that X and Y are correlated, but it is almost impossible to figure out if X caused Y or if Y caused X. Hence, the process-tracing method is beneficial if the researcher is interested in establishing a causal direction between X and Y. Moreover, careful process tracing can help reduce potential spuriousness. Spuriousness occurs if the researcher finds a correlation between X and Y and draws a wrongful conclusion that X caused Y, when in fact there was a third variable that caused both X and Y. By using process tracing one can avoid spuriousness by establishing a causal chain connecting X to Y and thus easier find evidence for other variables that may have caused both X and Y. However, as Bennett (2010) notes, the process-tracing method does not guarantee that the researcher will include these variables in her analysis. Still, tracing the process backwards (from observed outcomes to potential causes) and forward (from hypothesized causes to outcomes) will help the researcher to uncover variables that have not previously been considered in alternative hypothesized explanations of the phenomenon under investigation (Bennett 2010).

As we have seen, the two hypothesized explanations of dominant party survival and breakdown developed by Magaloni (2006) and Greene (2007) are quite similar and hence possibly related. To remind, H1 expects that economic crises may cause governmental budgetary crises, compelling governments to raise revenue, perhaps by privatizing state enterprises, which thus causes a decrease in public resources accessible to the dominant party, thereby reducing its advantage and increasing its electoral vulnerability. H2 expects that economic crises reduce the size of the pool of patronage resources available to the dominant party and thus reduce the incentives of former supporters to remain in alliance with the ruling party, thereby increasing the electoral vulnerability of the dominant party. It is important to be sensitive to the fact that “confirmation of one hypothesis does not necessarily dismiss the other” (Zacks 2011: 11). Hence, one important thing to remember when using the method of process tracing is that there are usually many potential causal paths by which outcome could have occurred. Following the process tracing method, it is therefore important to critically

assess alternative hypotheses (George and Bennett 2005). Indeed, more often than not, the phenomena we study exhibit over determination, wherein there are too many variables that may affect the outcome and we cannot isolate causality into only one or a subset of variables. The strategy of paired comparison helps me to reduce the degree of over determination by adding a second case into the analysis. Indeed, As Tarrow (2010) has argued, the benefit of doing a comparative study of two cases rather than a single case study is that it allows the researcher to eliminate variables and thus reduce the possibility of over determination. In this context, the point of doing a comparative case study of two cases rather than a study of one single case is to determine whether Magaloni and Greene`s theories on dominant party survival are generalizable to other cases than Mexico.

Methodological challenges

While case study researchers typically seek to identify within-case variations, large-N statistical studies look for across-case variation (Gerring 2001: 157). When doing a qualitative comparative study of only two cases, the most obvious weakness is that it does not necessarily present results that can be generalized to other cases, something in which is easier with large-N analysis. Indeed, when a case study researcher seeks to generalize from just one or two cases to a larger sample of cases there will be problems of representativeness. Still, stronger evidence is sometimes available from small-N case studies than from large-N statistical studies. What matters the most in qualitative comparative studies is that the causal arguments are combinatorial, not the number of cases (Ragin 1987: 9-12).

Furthermore, with process-tracing it is important that the researcher is aware of the many challenges in store. Indeed, the pitfalls may be many and big. Firstly, the method requires an enormous amount of data, and by tracing each process it is easy to lose sight of the big picture. Secondly, because of the data requirements it is also very time-consuming and intensive. Another challenge linked to the method of process-tracing concerns *infinite regress*: when does the chain of causal mechanisms stop? Because “every cause is a cause in its own right” (Slater and Simmons 2010: 888), the causal chain never stops. Infinite regress is thus one of the worst pitfalls for process-tracers and must be avoided. Finally, process tracing has been criticized for taking the form of storytelling. Tilly (2002: 239) argues that stories, although they may be real and true, do not always work well in producing causal analysis. However, since narratives can be broken into mechanisms, researchers employing the method

of process tracing have the ability to identify what is key in political processes (McAdam, Tarrow, and Tilly 2001; Caparaso 2009: 71).

In order to try to avoid falling into the trap of infinite regress, I have chosen to focus on a very limited set of independent variables. This means that tracing the process that links these independent variables to the dependent variable will be less time consuming than if I had chosen to focus on a larger set of variables. In addition, by trying to identify critical junctures in the process-tracing, it will enable me to avoid focusing on irrelevant causal chains and mechanisms linking the independent variables to the dependent variable. In this context, critical junctures are characterized by “a situation in which the structural, that is, economic, cultural, ideological, and organizational influences on political action which are significantly relaxed for a relatively short period, with two main consequences: the range of plausible choices open to powerful political actors expands substantially and the consequences of their decisions for the outcome of interest are potentially much more momentous” (Capoccia and Kelemen 1967: 342). Economic crises can have precisely such consequences.

Another challenge is related to “the degrees of freedom problem” mentioned above. In statistical studies, the number of cases in a data set must be far greater than the number of variables in order to test the model through frequency statistics. Since small-N qualitative studies usually focus on a small number of cases with a larger number of variables, some have worried that this kind of research suffer from a “degrees of freedom” problem, namely that the large range of possible explanatory variables cannot be held constant. Therefore, it becomes difficult if not impossible to confirm the explanatory significance of any one factor. However, Bennett (2010) argues that while infinite regress and the degrees of freedom problem should indeed be taken seriously, qualitative researchers are usually aware that not all data are of equal value. This means that in discriminating between alternative explanations, by using process tracing, it is not necessary to examine all evidence in equal detail. It is quite possible that there are numerous pieces of evidence that either affirm or disconfirm alternative hypothesized explanations, while one piece of evidence may strongly discriminate among alternative explanations. Hence, collecting large amounts of evidence does not necessarily mean that each piece of evidence matters equally. What matters is whether the evidence contributes to “adjudicating among alternative hypotheses” (Bennett 2010: 210). In other words, by using the method of process tracing, the researcher focuses on evidence with different kinds of value.

A long-established and widely used method for “controlling” for some possible explanatory variables in a small-N analysis is the most similar system research design (Przeworski and Teune 1970; Lijphart 1971; Moses and Knusten 2012). The comparison of two geographically very distant countries might lead some to mistake it for a most different system design (MDSD). However, the cases (Mexico and Malaysia) match on a number of explanatory variables which are relevant for explaining party survival: 1) both cases have experienced severe economic crisis; 2) both countries are ruled, or have been ruled by dominant parties in electoral authoritarian regimes (Mexico until year 2000); 3) the parties have had long tenure in office; 4) either case have been characterized by civil war; 5) the countries’ electoral authoritarian regimes have been characterized by weak and polarized opposition parties, and 6) the dominant parties in each case have had unlimited access to public resources for partisan use due to the control over a large public sector. However, the cases differ on the dependent variable: *the electoral stability of dominant parties*. The Mexican PRI was defeated through elections in year 2000, and underwent a transition to democracy. The UMNO in Malaysia, however, remains in power to this day, and hence the party can be considered to be electorally stable. Hence, this study is based on a most similar system (MSSD) research design.

The methodological approach to this study (process tracing) indicates that the data is overwhelmingly qualitative in nature. Qualitative data includes historical memoirs, interviews, academic journals, books, press accounts and documents (Gheciu 2005). I only use secondary data, including published material such as academic articles, reports and books. The data also include observations such as relevant media articles. The amount of data required by the process-tracing method can be very time consuming. Thus, the greatest challenge with process tracing is the amount of time and data it requires. My task in the next chapter is to widely yet judiciously make productive use of this data.

Chapter 5 Analysis: Paired Comparison of the PRI and the UMNO/BN

In this chapter, I look for the observable implications of the two alternative theories on dominant party survival and breakdown (Bennett 2010: 208), offered by Magaloni (2006) and Greene (2007), and examine the evidence at a detailed level to establish whether the causal chain of events within each case fit those predicted by these alternative theoretical models. I trace historical events in Mexico and Malaysia where I focus on key variables, including: 1) the presence of an economic crisis; 2) the amount of and control over key material resources by the dominant party; and 3) the strength of opposition parties. The primary objective is to analyze the relationship between these variables by focusing on identifying the intervening steps in the hypothesized causal process. Although one could easily consider ways in which economic crises have a *direct* effect upon the electoral chances of the dominant party, my interest is in exploring the *indirect* effects as they operate through the level of material resources available to the dominant party and the strength of the opposition parties, which in turn affect my dependent variable (see figure 5.1).

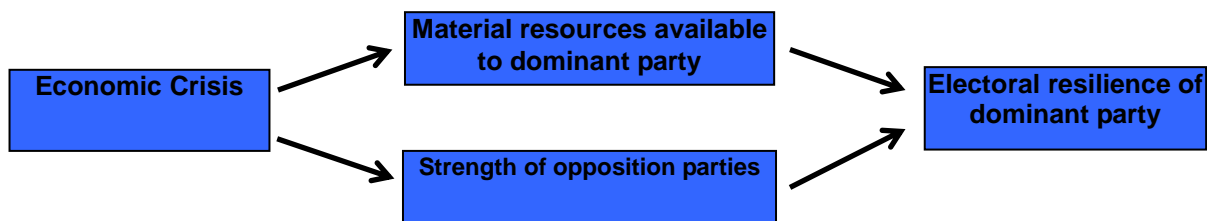


Figure 5.1

By conducting a comparative study of two cases rather than just one, the strategy of paired comparison allows me to examine how common mechanisms are influenced by the particular features of each case (Tarrow 2010), and thus test whether Greene and Magaloni's theories are generalizable to cases other than Mexico.

My analysis is organized as follows. I begin by evaluating the relative explanatory power of these two theoretical models with respect to the case of Mexico. Through process tracing, I look at how critical events (critical junctures) in the past had consequences for later party strength and hence survival under conditions of economic crisis. I then identify the chain of events that took place under conditions of economic crisis in Mexico in the period between 1980 until the PRI's electoral defeat in year 2000, testing the degree to which these models are useful for explaining this negative outcome on the dependent variable.

Given that the contributions of Magaloni and Greene focus on the single case of Mexico, I present a relatively brief analysis of this case, using it both for comparing the two theories and allowing it to serve as a classic illustration, given its status as the paradigmatic case of a non-democratic dominant party regime. My more *extensive analysis* is applied to the case of *Malaysia*, where I explore whether the variables that are useful for understanding the case of the loss of the PRI in Mexico have explanatory power for explaining the non-loss of UMNO/BN in Malaysia.

Third, in addition to the task of *theory-testing*, my examination of the case of Malaysia will also be sensitive to the possibility of *generating* hypotheses which can contribute to explaining some variance in my dependent variable left unexplained by the Magaloni and Greene models.

Tracing the Process I: The Case of the Mexican PRI

The Mexican miracle: 1930-1980 (consolidation and strengthening of the PRI)

Before the restructuring of the economy took place in the 1980s, Mexico's political economy was based on import-substitution which involved state-led growth through a highly protectionist economy where foreign imports were replaced with domestic production (Hirschmann 1968; Frieden 1981: 413-415). The origins of Mexico's protectionist economy before 1980, however, can be traced further back to the Mexican revolution (1910 to 1920). The year 1917 was key, as the Mexican "social contract" was defined in the constitution, oriented towards the social and economic rights of workers and peasants. Through this "social contract", workers and peasants were granted land through agrarian reform, the right to form unions, the right to an adequate minimum wage, and the right to work an eight hour work day. The social contract provided benefits for the *entire nation*, as they gained materially from natural resources used to spur inward economic development and growth. To a large degree, it was President Lazaro Cardenas (1934-40) who put these measures into effect. During this period, one-tenth of Mexico's land was distributed to the peasantry, labor organization was promoted, and oil fields were nationalized. Indeed, these policies contributed to social peace and long-term economic growth in Mexico. But even more critically for the purposes of this study, these measures also contributed to legitimizing and consolidating single party rule via the construction of a base of constituent support which had significant consequences for almost half a century (Reding 1988: 618).

We see that during this period the Mexican government was heavily involved in the economy through nationalization, increased taxation, and highly protectionist trade policies (Bannister 2008: 24-25). Such state-led growth (Wade 1990; Kohli 2004) under ISI seemed to work well for the country, as the economic record during 1940 to 1982 for the most part was very positive. Indeed, from 1940 into the 1970s, Mexico's political economy was characterized by successful national development plans that provided massive investment on infrastructure. As a result, this period was marked by economic growth and low inflation (Philip 2002: 134-135).

We have seen that one of the main characteristics of successful dominant parties in electoral authoritarian regimes is their political flexibility, which enables them to attract a broad mass of voters (White 2011: 660). This means that they usually move back and forth slightly more to the left or the right of center on the political scale in order to appeal to the preferences of the median voter (Downs 1957; Schedler 2002; Lust-Okar 2009). In Mexico, this was illustrated in that the PRI sometimes favored state intervention in the economy, and sometimes it did not. However, to appease radical forces on the left and on the right, the PRI always favored fundamentally centrist politics. In the early 1970s, the PRI faced massive protests from radical forces on the left after implementing right wing policies in the late 1960s. In order to prevent a broader left-wing movement against the dominant party, President Luis Echeverria (1970-1976) responded by once again expanding the state's role in the economy. Once the left felt like their interests were protected through redistributionist policies, the radical forces moderated and the PRI's dominant position was safe. In order to finance Echeverria's radical expansion of the state, however, the government decided to impose heavy taxes on wealthy Mexicans, something which created serious discontent among economic liberals (Philip 2007: 23-27). In addition, the Echeverria administration had failed in generating the revenues needed to finance its sharp increase in real spending. Hence, in the last half of the 1970s, Mexico experienced accelerating inflation, a rising public sector deficit, and an increasing foreign debt (Nazmi and Ramirez 1997: 67; Philip 1998: 27-30; Morales and Young 1999: 298 -302). This outcome is not inconsistent with that experienced by many other populist governments around the world.²⁷

²⁷For a good case illustration from contemporary Greece, see Pappas (2013).

Economic crises in the 1980s

In addition to the difficult economic consequences of populism discussed above, Mexico's economic success began to unravel during the early 1980s when the country was hit by a serious debt crisis in 1982.

The 1982 debt crisis came about as a combination of poor adjustment policies, inflationary public finance, and the discovery of oil and gas reserves in the late 1960s which made it possible for the government to postpone much needed economic reform that, among other things, involved loosening restrictions on imports. Moreover, after the breakup of the Organization of Petroleum Exporting Countries (OPEC) in the 1980s, there was a sudden constriction of credit on the international market. As a result, interest rates on existing foreign debt increased significantly (Bannister 1998: 24; Philip 1998: 27-30). The crisis, which affected many of the Latin American countries, hit Mexico especially hard since the government had financed its policies during the 1970s through extensive international borrowing. Furthermore, the oil and gas boom that lasted throughout the 1970s expanded the state's role in the economy and thus increased government spending. As a result, this created even greater structural imbalances in its fiscal balance and productive apparatus.

The de la Madrid administration (1982-1988) initially implemented policies aimed at reducing public spending and encouraging investment. However, foreign debt kept increasing and inflation soared until the mid-1980s. In 1982, Mexico declared that it would not be able to meet its payment due dates, and since refinancing of the loans was refused, the PRI-led government had no choice but to change its economic program and abandon the ISI model. Mexico thus accepted the IMF's "rescue package" which encouraged internationally open markets and a dramatic reduction in government spending, something which very much reflected a free market ideology. Opening the economy to foreign competition compelled the government to withdraw from key sectors of the economy (Nazmi and Ramirez 1997: 66-67; Bannister 1998: 24). This withdrawal had significant consequences for the party's ability to generate resources which had traditionally been used for patronage: both directly (due to drops in public employment) and indirectly (resources from firms used for other types of patronage spending).

Although the implementation of neoliberal economic policies helped the Mexican government to reduce the foreign debt due to trade imbalance in the 1980s, it failed in reducing inflation. In addition, economic growth remained at low rates. Indeed, given that the government was forced to reduce spending, it seemed like an impossible task to resume satisfactory rates of economic growth. As inflation remained out of control until the mid-1980s, the government decided to introduce microeconomic reforms in order to enhance export growth (Kehoe and Ruhl 2010). By the mid-1980s, Mexico was hit by two external shocks that complicated the situation further. The most serious came about as a consequence of a dramatic decline in the international price of petroleum in 1986,²⁸ which itself was preceded by another external shock caused by a serious earthquake in Mexico City in 1985. The economic consequences of these shocks was a further depreciation of the exchange rate, which contributed to continued high rates of inflation, reaching 63.7% in 1985 and increasing to over 100% in 1986 (Bannister 1998: 28).

The aftermath of the 1982 crisis - opposition strength and elite defection from the PRI

The economic crisis of the early 1980s thus brought the PRI into the late 1980s having experienced significant damage to its ability to generate the resources traditionally used for sustaining its long-standing structures of patronage and party support. Furthermore, the 1982 debt crisis and the PRI's response had not only caused the economy to stagnate, but the drastic reduction in government spending had negative consequences for the average Mexican citizen as spending in health and education fell by 40 percent in the period between 1982 to 1988 (Lustig 1992; Friedmann, Lustig, and Legovini 1995: 359-371). As a result, a broader range of voters became dissatisfied with the PRI's performance. More significantly, these developments were not transitory and cyclical; they involved structural change as well: the liberalization of the economy through market-oriented reforms had significantly changed the political economy in Mexico. Under the traditional ISI strategy, the government had always been heavily involved in the economy through its holdings of state-owned enterprises and a massive federal bureaucracy. As a result, the PRI was able to distribute direct material support to their corporatist groups of peasants and workers in return for votes. By assuring these corporatist groups that their interests would be well protected (Brooker 2009: 110), the PRI was able to rely on a solid, broad, consistent base of constituent support. In addition to these benefits, workers received higher wages along with greater welfare distributions. The PRI

²⁸The international price of petroleum had fallen from US\$25.35 per barrel in 1985 to US\$11.88 per barrel in 1986 (Bannister 1998: 28).

funded their patronage system by diverting money from state owned enterprises. Indeed, the regime's control over a large public sector created huge resource advantages for the dominant party. As a result, the partisan electoral playing field was skewed in the PRI's favor (Levitsky and Way 2006: 4-5).

We thus see that following the implementation of neoliberal economic policies in the wake of the 1982 debt crisis, the PRI's corporate groups to a large degree lost their ability to influence voters, as the privatization of state owned enterprises and reduced government spending on welfare programs made voters less reliant on the dominant party for economic support. Indeed, the market-oriented reforms contributed to a major shift in economic policies, which clearly weakened the PRI's position in power (Brinegar, Morgenstern, and Nielson 2006: 78). The path of dominance forged by the PRI during the earlier 20th century was hence significantly detoured by this critical juncture in the early 1980s. Reversal of the PRI back to the "good old days" would prove to be difficult or impossible, with enormous consequences for its dominance.²⁹

As we have seen, dominant parties in electoral authoritarian regimes are highly patronage based. This means that much of their electoral success can be explained by their ability to distribute the spoils of office, or "patronage," to members of the ruling elite and voters in general in return for support. Hence, patronage is an important source not only of voter support, but also of elite cohesion in electoral authoritarian regimes (Geddes 1999; Magaloni 2006; Brownlee 2007). The PRI in Mexico was no exception. As mentioned above, the "import substitution" strategy allowed the dominant party to control a vast number of state-owned enterprises. This way, the ruling elite could divert funds from the budgets of these enterprises for partisan use. Moreover, through the control over a large public sector, the PRI was able to offer patronage jobs to supporters. Indeed, the dominant party's ability to distribute patronage helped them sustain power for over seventy years. However, although patronage may be an effective tool to enhance elite cohesion in normal times, it may not be as effective in times of economic crisis (Levitsky and Way 2012). Evidence of defection within the PRI in the aftermath of the 1982 debt crisis helps to illustrate this point.

²⁹ Pierson (2004: 20) quotes Margaret Levi, who writes: "Path dependence has to mean, if it is to mean anything, that once a country or region has started down a track, the costs of reversal are very high. There will be other choice points, but the entrenchments of certain institutional arrangements obstruct an easy reversal of the initial choice."

In the mid-1980s there was an internal dispute within the PRI regarding the austerity programs imposed by the IMF in 1984 (Reuters and Ghandi 2011). Cuauhtémoc Cardenas, son of President Lazaro Cardenas (1934-1940), strongly opposed the implementation of new economic reforms which involved reducing the state's role in the economy and favoring privatization. Rather, Cardenas wanted to return to the PRI's populist roots where the state's role in the economy was central. Hence, in contrast to technocrats within the ruling elite, Cardenas and his allies prioritized distribution over growth. In response, Cardenas formed the Democratic Current (CD) inside the PRI in 1986 in order as a base of support for his own nomination for the presidency. Cardenas' timing could not have been better: the pre-1988 period was marked by successful attempts by the CD faction to democratize the PRI and the presidential election process, something which President de la Madrid strongly opposed, prompting him in 1987 to choose Carlos Salinas de Gortari to succeed. Knowing that Salinas would not change the PRI's economic policies, at least not in a way that would mean increasing the state's role in the economy, the CD left the PRI the same year and joined forces with previous forces of the independent left, namely the PCM, PSUM, PMS, and PRT. In 1988, these forces formed the National Democratic Front (FDN) and competed against the PRI in the 1988 elections with Cardenas as its candidate (Reding 1988: 619). What explains this split within the PRI? The split within the ruling elite in 1987 cannot solely be explained by the presence of an internal dispute. Indeed, disputes over promotion and positions were more or less present at all times within the PRI. This time, however, the situation was different. The past seven years of crises, starting in 1982 with the debt crisis and the "oil-shock" of 1986, had caused massive dissatisfaction among Mexican voters. Hence, the combination of internal disagreements and voter dissatisfaction increased the incentives for the CD to split from the PRI. The government's poor economic performance during this period together with voter dissatisfaction stemming from the 1982 debt crisis gave Cardenas and his followers an opportunity to mobilize support on this issue (Philip 2002: 137-139).

In the presidential election of 1988, the FDN contested with Cardenas as its candidate. The results showed that Cardenas had been successful in mobilizing support on economic issues, as he won 31 percent of the vote (Bruhn 1996: 155), even in the face of widespread accusations by observers of electoral fraud committed by the PRI (Castaneda 2000: 232-239; Reuters and Ghandi 2011: 85-86).³⁰ Nevertheless, although Cardenas had been successful in

³⁰Despite these widespread accusations of electoral fraud in the 1988 elections, there exists no clear evidence of systematic fraud so large that the PRI could have changed the electoral outcome. In addition, it is impossible to

forming a viable opposition party, the PRI won the 1988 elections, albeit by margins. One year later, in 1989, Cardenas founded what would turn out to be Mexico's leading left-wing party, the PRD (Dresser 1992: 20).

After the 1988 elections - The legitimacy crisis

As we have seen, the PRI had managed to survive the economic turmoil that had lasted for over a decade, but the party was now facing a legitimacy crisis with accusations of committing electoral fraud in the 1988 elections. Although there is no doubt that the PRI did resort to fraud in 1988, this was nothing new in Mexico. In fact there had been numerous incidents of electoral fraud before the 1988 elections. However, public protest against it had been limited up to this point. Reding (1988: 617) has argued that the large amount of public discontent after the 1988 elections was rooted in more than just "a simple outrage over fraud." The abandonment of the ISI and liberalization of the economy that took place in the mid-1980s had made voters turn their backs on the PRI. Indeed, the de la Madrid administration's decision to restructure the economy had serious macro-economic consequences. Economic growth had stagnated, unemployment rose significantly, and inflation increased (Lustig 1992). As a result, Mexicans viewed the restructuring of the economy by the government as a violation of the "social contract" that was defined in the Mexican constitution of 1917 that involved protecting the social and economic rights of peasants and workers. The protection of the poor and the middle class through economic nationalization did not only lay the foundation of social peace and long-term economic growth in Mexico, but it also gave rise to a national consensus that legitimized the PRI's authoritarian measures to maintain its hold on power (Reding 1988: 618). Hence, when the de la Madrid administration decided to abandon this "social contract" by liberalizing the economy in the 1980s, the dominant party's legitimacy was, for the first time, seriously questioned by the public.

As we have seen, the 1980s was marked by both economic and political turmoil in Mexico. Indeed, the structural adjustment programs implemented in the last half of the 1980s had caused economic stagnation and social unrest (Campos 2003: 78). As Mexico had dealt with the external debt problem through most of the 1980s, the Brady bonds were created in 1989 in order to convert bank loans to Mexico and many other Latin American countries that had

know whether the PRI ever needed to commit fraud in order to retain its hold on power, even in the 1988 elections when they were seriously challenged by the PRD. Indeed, some have argued that the PRI committed fraud simply to boost their vote share over 50 percent in order to sustain its image of invincibility, and not because it was necessary for them to win elections (Magaloni 2006).

defaulted on their debt following the 1982 debt crisis. As it turned out, The Brady debt restructuring was successful as it led to improved market expectations, lowering of the financial requirements of the public sector, and eventually led to a decline in domestic interest rates (Lees 2000: 877). Now that the economic situation had improved in Mexico, the country experienced huge inflows of foreign capital. Moreover, the entry of Mexico into NAFTA also attracted foreign investment. The North American Free Trade Agreement (NAFTA) was an agreement between Mexico, USA and Canada which came into force in January of 1994. Through this agreement, the Mexican government moved away from its previous regulatory regime as NAFTA instituted changes designed to attract foreign and private investors to a much larger degree than before. After the passage NAFTA, Mexico inevitably became more dependent on access to foreign markets and foreign investment for future economic growth, especially the United States since it was the closest export market (Bannister 2008: 27; Lees 2000: 882-883). Moreover, through its economic dependency on the US through NAFTA, the Mexican government was subject to American political pressure (Campos 2003: 78).

Although economic opening, market deregulation, and huge capital inflows led to improvements in the Mexican economy in the early 1990s, the Salinas administration (1988-1994) had not taken into account the negative consequences of financial liberalization, such as macro-economic imbalance followed by the large capital inflows. Indeed, the increased investment that followed financial liberalization in Mexico was characterized by short term speculative portfolio investment rather than to manufacturing or production areas. This meant that although a more open market economy had been effective in allocating resources, it had been ineffective in promoting social development such as job creation, educational and cultural development, which requires management through fiscal and monetary policy. Hence, the fact that the government failed to take action through fiscal and monetary policies during this period meant that the external payment deficit actually grew in period between 1993 and 1994 (Campos 2003: 78; Kwon 2012: 40-41). As a result, the high levels of capital inflows that the country had experienced in the beginning of the 1990s diminished (Lees 2000: 878). In addition, foreign investors were skeptical to make future investments in Mexico due to the political assassination of PRI's presidential candidate Luis Donaldo Colosio that took place in 1994.

In sum, the peso-crisis of 1994 was largely a result of trade-deficits. In the early 1990s there had been too much foreign capital inflows in Mexico over a very short period of time, something which led to a rapid increase in foreign exchange reserves. As a result this led to “false optimism” in Mexico’s economic prospects. The government thus failed to take action through fiscal and monetary policies, something which allowed the external debt to move into even deeper deficit. By the time Ernesto Zedillo (1994-2000) came into office, Mexico was facing a serious economic crisis which resembled the Great Depression of 1929. When devaluation failed to renew confidence in the viability of Mexico’s payment position, the peso was floated (Lees 2000: 903-904; Campos 2003: 72; Kwon 2012: 32).

Policy responses to the peso-crisis of 1994

In 1997, the economy began to recover as a result of a massive Mexican financial assistance package provided by the United States, the IMF and others in 1995. However, notwithstanding an improved economic situation, it seemed as if the continuing economic crisis since 1982 had destroyed the PRI’s credibility. In the 1997 legislative elections, the PRI for the first time failed to win a majority in the Chamber of Deputies (Philip 2010: 133). Prior to this, the PRI had lost a series of local and regional elections in 1995. However, although support for the PRI decreased significantly after the peso-crisis, the party continued to receive mass support in Mexico’s rural areas. Indeed, throughout the entire Zedillo period (1994-2000), the PRI remained strong in the poorest and rural states of Mexico. In the main urban areas, however, such as in the towns of the north, most of the votes went to the right-wing party PAN. The towns of the north (where voters were generally wealthier) were the ones that had benefited from the economic restructuring since the 1980s and from integration with the United States. In the Federal district, however, the situation had been quite different, as residents had suffered greatly from reduction in public spending that followed the abolition of the ISI and the implementation of neo-liberal economic policies after the 1982 debt crisis. Hence, in the Federal district most votes went to the left-wing party, the PRD led by Cuauhtemoc Cardenas. As it turned out, the PAN and the PRD had become the biggest and most serious challengers to the PRI, and in the national elections of 2000, the PRI’s seventy-two years of political hegemony came to an end, as Vicente Fox from the PAN won the presidency (Philip 2010: 142-143).

Tracing the Process II: The Case of the Malaysian UMNO/BN

Past history and the Origins of UMNO/BN

In contrast to Mexico, Malaysia has always been a plural society with ethnicity as its major political, economic, and social cleavage. Furthermore, as in other plural societies these ethnic divisions has been reinforced by cultural, religious, and religious divisions (Crouch 1996: 13). While Malaysia has always been an ethnically divided society, pluralism was enhanced under British colonialism when the large and unrestricted immigration of Chinese and Indians was encouraged in order to exploit Malaysia's natural resources, such as the tin fields, which were reported to be one of the world's richest at the time. The large immigration into Malaysia started in the second half of the 19th century and lasted until the 1930s (Faaland et al. 1990: 2-3). When Malaysia was under British rule, the method of production was organized into two types of economic activities, one based on modern technology and one based on traditional agriculture. The Malays (collectively called *Bumipatras*, or the sons of the soil) who resided in the rural areas, were largely engaged in agriculture and fishing, while the non-Malays (consisting of Chinese and Indians), located in the more industrial parts of the country such as the main towns and urban centers, were engaged in large scale production and commercial activities, using modern technology (Crouch 1996: 15). Since the British relied upon large numbers of ethnic Chinese and Indians to work at their mines and plantations, this created large social and economic divisions between ethnic Malays and non-Malays. The profits and wages from the production of palm and rubber performed by Chinese and Indians were generally high and had modernizing influences on their respective communities. The economy that was based on peasant agriculture, by contrast, was one that had evolved over centuries in Malay communities. This type of peasant agriculture consisted of coconut farming, coffee farming, and fishing. Given that this was not a well-organized, modern economy, the ethnic Malays were generally poor (Faaland et al. 1990: 7-8; Case 2004: 86-87). The modern method of production performed by Chinese and Indians and owned by Europeans, expanded into the urban, commercial, and industrial sector. The traditional sector, however, stagnated and even deteriorated. The large immigration of Chinese and Indians which had been encouraged by the British had worsened the situation for ethnic Malays due the pressure of population on land that followed immigration. Clearly then, economic differences, such as differences in wealth, jobs, and income, increased the economic gap between the Malays and non-Malays, and as it turned out, these differences would soon be extended to cultural and sociological differences. Since the Chinese and Europeans were the only ones who were in a position to seize the new opportunities created through economic

development, the Malays felt socially and economically discriminated by the non-Malays. Indeed, the Malay community was poor and disadvantaged while the non-Malays clearly benefited from the rapid economic development that took place in Malaysia during the first half of the 20th century (Crouch 1996).

Ever since immigration into Malaysia started in the second half of the 19th century, the three major ethnic groups in the country have consisted of ethnic Malays (Bumiputras), the Chinese and the Indians. When Malaysia gained independence from Britain in 1957, the Malaysian population was almost evenly divided between Malays and non-Malays. Around 50 % of the country's inhabitants were ethnic Malays, while 37 % were Chinese and 12 % were Indians (Crouch 1996: 14). Since then, the Malays have remained the pre-dominant ethnic group in Malaysia, the Chinese remains the second largest, with the Indians being the third largest ethnic group. However, the number of ethnic Malays has increased to around 60 %, while the Chinese and Indian groups have decreased since 1957 to respectively, 30% and 10%. In addition, there exists a small minority of Malaysians that do not fit into the broader ethnic groups, such as people of European and Middle-Eastern decent (Haque 2003: 244-245). The Malays are not only the largest ethnic group, but in terms of language, religion and culture, it is also the most homogenous group. The other ethnic groups, by contrast, are internally divided along religious and linguistic lines. Within the Chinese community, people practice at least three different religions such as Buddhism, Confucianism, and Taoism. Indians, although they practice the same religion (Hindu), are divided into castes. Furthermore, they are also divided along cultural and linguistic lines. Nevertheless, notwithstanding their ethnic, religious, cultural, social, and economic differences, these communities have for the most part lived together without violence (Crouch 1996:14; Freedman 2004: 115).

The UMNO and the Federation of Malaya

In contrast to Mexico's presidential system, Malaysia is a parliamentary system similar to the Westminster model (Lijphart 2012). It is a federation of thirteen states where power resides within the federal government. The Malaysian parliamentary system has a weak upper house and a very strong executive that dominates parliament (Maurzy 2006: 60). In 1946, the UMNO was formed in order to strengthen the position of the Malay community as well as to oppose the Malayan Union, a proposal by the British Colonial government that involved placing all nice Malay states under one government. The Malays strongly opposed this settlement, as they feared that the UNION was an attempt by the British to abolish the Malay

Sultanate (Gomez 2007: 6). As a result, mass demonstrations and protests were organized by the Malays, and eventually, the UMNO managed to convince the British that the Malayan Union Scheme should be replaced by a Federation agreement that was more favorable to ethnic Malays. Under this agreement, called the Federation of Malaya, citizenship was made more restrictive, and the Malay's rights were protected (Faaland et al. 1990: 11). The Federation agreement had turned out to be a success for the UMNO, as it now received mass support from Malays everywhere, especially in the rural areas. Indeed, after the Federation agreement in 1948, the UMNO became the leading political force in Malaysia. In 1955, the UMNO formed a ruling coalition with two other raced-based parties, the Malayan Chinese Organization (MCA), and the Malaysian Indian Congress (MIC), called the Alliance. This way, the ruling leaders were able to both protect the Malays dominant political position, as well as the economic prominence of the non-Malays, especially the Chinese. Furthermore, through this ethnically inclusive coalition, Malaysia managed to avoid social and political turmoil in the first part of the post-colonial period. In 1957, the Alliance obtained independence from Britain (Gomez 2007: 6-7).

After the 1969 election, race riots broke out in Malaysia's capital, Kuala Lumpur. The Alliance Coalition won the election, yet only by margins. Since independence in 1957, Malaysia had experienced rapid economic growth under the UMNO-dominated Alliance coalition. Despite this fact, however, unemployment increased during the 1960s, something which caused economic and social inequality in the country. As a result, tensions grew between the three major ethnic groups, especially between the Malays and the Chinese (Gomez and Jomo 1997: 21-22). Moreover, these tensions were enhanced by the fact that many Malays had perceived the electoral results of the 1969 election as a non-Malay challenge to the political dominance of the UMNO, something which they viewed as a violation of the original communal settlements that had been made under the Federation agreement in 1948, namely that the economic prominence of the non-Malays would be protected in return for continued political dominance by the Malays. Fearing that their political hegemony would be threatened, the patriotic Malays made it clear that they wanted the non-Malays expelled from the country. As a result, on May 13th 1969, fighting between the Malays and the Chinese took place on the streets, leaving 196 dead and 439 injured (Bowie 1991: 82).

Following the May 13th events, the UMNO-led government declared a state of emergency and closed the national legislature from 1969 to 1971. Furthermore, the government introduced censorship of television, radio, and newspapers, and all political activities were banned. Indeed, during this period Malaysia resembled a fully closed authoritarian regime. This critical period marked what Przeworski et al. (2000) call the UMNO's "consolidation of [dominant party] incumbency."

The dissolution of the Alliance and the formation of Barisan Nasional

The brutal fighting between the Malays and the Chinese in 1969, as well as the government's decision to close the national legislature for two years following the riots had made voters question the Alliance's ability to protect the interests of their respective communities. As a result, the Alliance made the decision to co-opt former opposition parties into the government, and in 1974 the Alliance was enlarged and renamed the Barisan Nasional (Crouch 1996: 33). In reality, the formation of the BN was to a large degree based on a power struggle between ruling elites as much as it was an effort to represent the interest of the three major ethnic groups (Wong et al. 2010: 927). Through the formation of the BN, the UMNO managed to sustain its political hegemony by bringing Malay opposition into the government, and to successfully diminish the influence of the MCA by co-opting a second Chinese party into the government. Moreover, by co-opting former opposition parties, the government was able to avoid the kind of political instability that had taken place in the 1969 riots. This way, conflicts could be solved "behind closed doors" rather than on the streets (Crouch 1996: 43). As it turned out, the BN-structure enabled the ruling coalition to draw support from both ethnic groups as well as from different classes within the society (Gomez 2007: 6-7). Since its formation in 1974, the UMNO/BN has won every national election, including the most recent general election (at time of writing), which was held on May 5th 2013.

The New Economic Policy (NEP) - When the tables were turned

The formation of the Barisan Nasional, which now consisted of fourteen political parties, was not the government's only response to the 1969 riots. In addition, a new social contract called the New Economic Policy (NEP)³¹ was negotiated in 1971 among the various ethnic groups. The NEP had two primary objectives: 1) to eradicate poverty, and 2) to restructure the society. The latter referred to the redistribution of the country's wealth among the various ethnic groups (Lee 1997: 30). However, given that the UMNO was still the dominant party within the new ruling coalition, and since Malays dominated the poor population of Malaysia, it was clear that Malay communities would benefit disproportionately from the policies embodied in the NEP. Hence, despite the effort of political leaders to present NEP as a means to improve the social and economic situation for all Malaysians, irrespective of race, in reality, the NEP clearly represented policies that strongly discriminated non-Malays and favored Malays (Bowie 1991: 92-93). To a large degree the NEP was designed in a way that greatly expanded the state's role in the economy. Through the NEP the government clearly focused on empowering the Malay community economically by helping Malays go into business. This was done through the expansion of existing agencies and the establishment of new ones in order to help develop Malay entrepreneurship by distributing licenses, concessions, contracts and credits, a massive expansion of secondary and tertiary education in order to guarantee high Malay participation,³² and a new language policy adopted that favored Malay. In addition, efforts were made by the government to bring commercial and industrial opportunities within reach in Malayan rural areas (Bowie 1991: 92-93; Crouch 1996: 25-27).

The growth of the public sector that followed the NEP inevitably led to the development of a huge patronage network between ruling politicians, the bureaucracy, and influential Malay businessmen. Moreover, the UMNO's increasing hegemony over the state made party leaders exploit the dominant party's unlimited access to economic resources by distributing patronage to groups and individuals in return for votes. Indeed, the flourishing patronage networks within the UMNO gave rise to a "subsidy mentality" among ethnic Malays, who increasingly saw the state as a protector of their interests. Such political patronage also gave rise to a large group of influential "new rich", including many ethnic Malays, who had close ties with influential politicians. As a result, they gained access to government rents to enhance and develop their corporate holdings. These businesses were expected to return the favor, of

³¹ For an extensive analysis on the NEP's effect on Malaysian politics, see Faaland et al. (1990).

³² See Lee (1997)

course, by funding their political patrons (Gomez and Jomo 1997: 24-27). Hence, with the favoring of ethnic Malays, the development of an extensive patronage network, and the dominant position of the UMNO within the BN coalition, the implementation of the NEP had led to an increase in intra-ethnic inequality. This is ironic considering the fact that the NEP was implemented in order to improve the social and economic situation for all Malaysians, irrespective of race. Furthermore, the emergence of the “new rich” (Malay business men) changed the composition of UMNO’s grassroots leadership. Since the party’s formation in 1946, the grassroots leadership had been dominated by rural teachers. However, since the implementation of NEP and the development of Malay businesses, this had changed. As Gomez and Jomo (1997) note:

“By the 1980s, businessmen had begun to gain control over party branches and divisions. The rise in UMNO of such rentier elements and the increasing use of money to secure positions in the party hierarchy contributed to the development of “money politics”, blurring the distinction between corporate and political power. This pattern of clientilism involved much unproductive deployment of economic resources, growing political corruption and cronyism, and the increased use of money in party, state, and federal elections” (p. 27).

Given the changes in Malaysian political economy, these historical developments indicate that the riots of May 13th 1969 and the implementation of NEP proved to be a watershed in Malaysian politics, marking a change in Malaysia’s political economy.

1980-1990: economic crisis and the commodity shock of 1984-1986

As we have seen, the UMNO-led government used state power to intervene in the economy after 1970. In the mid-1980s, however, the country experienced an economic recession that made the government change its policies from state-led industrialization to a more open, competitive economy where industrial exports were emphasized, and where incentives to attract foreign investors to locate export industries in the country were strengthened. Hence, similar to Mexico, Malaysia also liberalized the economy during the 1980s, and the government offered more contracts to the private sectors (Bowie and Unger 1997: 87).

Prior to the privatization schemes that took place in the mid-1980s, however, the state had been directly involved in managing businesses through the “Heavy Industries Corporation of Malaysia” (HICOM)³³ policy, an initiative aimed to reduce the country’s reliance on foreign

³³According to Mahathir, HICOM would help diversify the industrial sector through the development of industries in steel, iron and cement production (Gomez 2009: 358).

countries supply of machinery and intermediate inputs. It was then Minister of Trade and Policy, Mahathir Mohamad, who announced the policy initiative in 1980. The heavy industry policy was meant to achieve economic, social and political goals simultaneously as it would force the pace of industrialization at the same time as it would improve the economic position of the Malays (Bowie 1991: 112). The protective barriers that followed the heavy industry policy led to a capital-intensive, import substituting economy where the flow of less expensive foreign cars, and steel were heavily reduced while domestic prices for such products were increased. Hence, in the early 1980s, this policy change was towards a less open economy (Bowie and Unger 1997: 84-85). The government's heavy industrialization strategies succeeded in generating economic growth in Malaysia until 1985. During this period, the government had the ability to "recruit bureaucratic managers into new state enterprises, and it promoted new businessmen and professionals with state contracts, licenses, and scholarships, swelling the country's middle class with white-collar workers" (Case 1993: 190).

By the mid-1980s, however, Malaysia suffered greatly from the "commodity shock" where the commodities that Malaysia produced in abundance (such as rubber, tin, and palm oil) lost much of their value, respectively a one-quarter decrease for rubber between 1983 and 1985, and two-thirds decrease in value for palm oil in the period 1984-1986. In addition, a rapid decline in oil prices in 1986 enhanced the crisis. In the period 1984- 1986, the value of merchandise exports fell by 17 per cent and trade as a proportion of GDP fell from 90 per cent to 88.6 per cent during the same period. These trade effects inevitably affected economic growth, as real GDP declined for the first time since the mid-1970s. The sectors and industries that were most affected by the commodity shock were the state's new heavy industries. The commodity shock came at a very bad time, as demand fell as soon as they put their first products into the market (Bowie and Unger 1997: 86-87).

As a result of the economic recession that followed the commodity shock, the government decided to change its policy towards heavy industries. Mahathir, who now served as the country's Prime Minister, was convinced that the success of the heavy industries were based upon competitiveness, profitability, and exports. Hence, the government abandoned its direct management of the heavy industries, and offered more contracts to the private sector. However, privatization did not mean that the state was no longer involved in the economy.

Indeed, as UMNO leaders offered more contracts to the private sector, the winners of these contracts were often UMNO-linked. Although the policy change followed by the commodity shock was designed to present better opportunities economic competition by opening up the economy to inflows of foreign investment, the allocation of an increasing share of government contracts to UMNO-linked companies actually discouraged foreign investment in Malaysia. Furthermore, given that the government still owned “the golden share” in privatized public enterprises, it had veto powers over all management decisions (Gomez and Jomo 1997: 89-90).

Political consequences of the policy changes and the 1989 UMNO split

In the late 1980s, many Malays were dissatisfied with the government’s policy changes in the wake of the commodity shock. With the implementation of NEP in 1971, the government had encouraged a subsidy mentality among the Malays where the state would serve as a protector of their interests. As the government abandoned the state-led industrialization strategy in the mid-1980s, the distribution of patronage to the Malay middle class fell short. Furthermore, the so-called subsidy mentality that the Malays had developed over the past decade did not fit well with Prime Minister Mahathir Mohamad’s (1981- 2003) vision that Malay capitalism was to privilege those most capable of generating further wealth. This combined with the policy change that favored privatization over direct state-involvement in the economy in the aftermath of the commodity shock led to a more unequal distribution of wealth among Malays (Case 1993). As a result, the Malay middle-class was dissatisfied with the government’s performance during the last half of the 1980s. The government’s policy response to the economic crisis in 1986 did not only cause voter dissatisfaction, but “as soon as the cash flows came to a halt” (Ufen 2009: 608), serious disputes also occurred within the ruling elite. After a long power struggle between ruling elites that had lasted for almost a decade, the UMNO split into two parties in 1988: the UMNO Baru and the Semangat 46. Although the conflict was not directly related to the events that took place in the mid-1980s, it was intensified in the face of the 1986 economic recession, as UMNO-leaders found it increasingly difficult to satisfy all of their business supporters. The long-lasting conflict within the UMNO was rooted in a personal power struggle between elite actors that took place in 1981. The minister of education, Dukat Musa Hitam and the minister of finance, Tengku Razaleigh, fought over the position as deputy presidency of the party, and when Musa, who was allegedly Prime Minister Mahathir's favorite, won with 722 votes against Razalaeigh’s 517 votes, the UMNO was divided between supporters of the rival camps

(Crouch 1996: 117). As it turned out, this was only the beginning of years of internal conflict. When the party's General Assembly election was held in 1987, Mahathir's leadership was seriously challenged by former finance minister Tengku Razaleigh. Mahathir managed to win a narrow victory. However, after years of internal struggle, he had lost support from half of UMNO's members. The conflict was deepened after the 1987 general election when Razaleigh and his supporters filed a suit where they demanded that the results be invalidated on the grounds that delegates from 30 unregistered branches had attended the UMNO General Assembly (Case 1993: 188-189). The court did not invalidate the electoral results, but instead ruled UMNO an illegal organization due to the presence of these unregistered branches. Mahathir responded by forming the UMNO Baru (New UMNO) where he would deny membership to his critics (Gomez and Jomo 1997: 122-123).

In October 1989, due to irreconcilable differences between the two factions, Razaleigh left the party and went into opposition with Semangat 46. Similar to Cardenas in Mexico, who wanted to return to the PRI's statist and populist roots, Razaleigh wanted to restore the original UMNO by focusing more on Islamic values. Razaleigh and his allies received support from around half of the UMNO membership and thus half of the voters, but this was not enough to defeat Mahathir and his allies in the 1990 election. In order to attract enough voters, Semangat therefore aligned itself with two of the UMNO's most serious challenger parties, the DAP and the PAS, which historically had been the most serious challengers to the BN. However, the alliance turned out to be more challenging than first expected. The Democratic Action Party (DAP) was a social democratic party fighting for economic and political rights for the non-Malays. As a result, many ethnic Malays considered the DAP to be anti-Malay and thus felt betrayed by Semangat for cooperating with this party. The Pan-Malayan Islamic Party (PAS), by contrast, had traditionally worked to establish Islamic Law and it appealed mostly to conservative Muslims, and historically there had been serious rivalries between the UMNO and the PAS regarding this issue. The PAS' main objective was to establish an Islamic state, something in which DAP strongly opposed. In fact, DAP had made several public statements they would refuse to work with the PAS unless they abandoned that goal. The PAS, on the other hand, responded that as long as the DAP remained a secular party and continuously opposed the PAS's objective to establish an Islamic state, they would never be able to cooperate politically (Case 1993; Crouch 1996).

However, notwithstanding their ethnic and religious differences, the parties managed to attract many voters, albeit from different constituencies. By publicly taking a stand against the DAP's secular political position, the PAS attracted many rural Malay supporters. The DAP, on the other hand, appealed to its urban Chinese and Indian supporters by strongly opposing the creation of an Islamic state (Crouch 1996: 123-124). In 1990, the Semangat 46' won 49 out of 180 seats. These results indicated that "religious and ethnic cleavages complicated the creation of a cohesive coalition" (Ufen 2009: 607). Moreover, the conflict between Semangat 46 and its allies opened an opportunity for the UMNO to mobilize support on this issue, arguing their obvious political differences made them unfit leaders of the country.

Although Tengku Razaleigh managed to increase votes for the opposition by drawing upon Malay discontent that occurred in the wake of the 1986 recession, he did not succeed in transforming the political system in Malaysia, as the UMNO Baru won an overwhelming victory in the 1990 election. Although it is clear that the opposition failed due to the political differences within the Semangat itself, there were also other factors involved, such as the control over and access to patronage. Indeed, many of Razaleigh's supporters had joined the Semangat '46 in the belief that UMNO dissidents were about to take control of the patronage network. As the economy began to recover in the later 1980s, due to direct foreign investment and improved commodity prices, the UMNO Baru regained control over government spoils and patronage, something which enabled them to reincorporate bureaucratic managers and businessmen into the party. Hence, once voters realized that the access to government spoils and patronage jobs was still in the hands of the UMNO/BN, incentives to support the opposition decreased significantly. As a result, by the 1990 election, the Malay middle class no longer felt the need for government change. As Case (1993) put it:

"...one thus assesses that the new Malay middle class understood democracy less as strengthening civil society against the state apparatus than as enabling it to regain access to state patronage. Once this was accomplished, democratic values - and their advocates - were quickly forgotten" (p. 197).

The UMNO's impressive electoral victory in 1990 sent signals of "invincibility" to the opposition. This stood in stark contrast to the 1988 election in Mexico, where the PRI won the election only by margins, and that only after being accused of committing massive electoral fraud. Moreover, by comparing the two cases, evidence suggests that joining the opposition

came at a higher cost in Malaysia than in Mexico in the late 1980s. Clearly, the fact that so many of UMNO dissidents decided to return to the dominant party after being defeated in the 1990 election indicates that Malaysian citizens were more dependent on receiving direct material benefits from the ruling elite than Mexican citizens. Some years later, in 1996, Tengku Razaleigh abandoned the Semangat 46 and re-joined the UMNO (Chin and Wong 2009: 73).

Finally, and quite obviously, the ethnic, linguistic, religious, and cultural divisions in Malaysia made it more difficult for the opposition to mobilize support on social issues. In addition, as long as the opposition was split along communal lines, electoral victory for the UMNO was safe (Crouch 1996: 129). In Mexico, although opposition parties traditionally had been ideologically polarized, the absence ethnic, religious or linguistic divisions made it easier for opposition parties to form and work together against the regime.

The 1997 Financial Crisis

In the period from 1991 to 1997, Malaysia experienced years of rapid economic growth, low inflation, and low unemployment rates. These favorable economic circumstances gave rise to a large middle class at the same time as they led to a dramatic reduction in poverty as it fell from 16.5 percent in 1991 to 6.1 percent in 1997 (Cheng and Hossain 2001: 129). Moreover, this impressive economic growth also attracted large capital inflows. Hence, during this period Malaysian living standards improved significantly.

In the late 1990s, however, Malaysia would come to face the most serious economic crisis since independence in 1957. In short, the financial crisis that hit Malaysia in 1997 began with sudden withdrawals of short-term capital from the country as a consequence of the floating Thai's Baht in July 1997. This created a panic behavior among investors as they began to pull out short term capital, something which caused a depreciation of the currency, which again forced interest rates to skyrocket. As a result, many companies went bankrupt, foreign investment dropped significantly, and the government's massive spending created huge deficits (Krugman 2008: 94-97). As the crisis unfolded, inflation rates rose to over 5% and unemployment rose from 2.6% in 1997 to 3.9 % in 1998 (Cheng and Hossain 2001: 129). Moreover, the 1997 financial crisis negatively affected companies that were owned by people with close ties to the government, as they "found themselves holding corporate stock worth far less than their acquired values" (Gomez 2009: 362). In sum, the 1997 Asian crisis

occurred as a consequence of a financial panic due to the sudden outflow of short term capital combined with weak macro-economic performance by the government (Johnson et al., 2000: 142).

How did the UMNO-led government respond to the financial crisis, and how did these policy responses affect resilience of the dominant ruling coalition? As we have seen, since the implementation of NEP in 1971, Malaysia's economy was heavily state-directed, even after the government decided to privatize many of the previous state-owned enterprises following the commodity shock in the mid-1980s. In Malaysia, privatization only meant that UMNO leaders offered more contracts to the private businesses that were somehow UMNO-linked. Malaysia's state-led economy through the NEP therefore meant that people looked to the state to solve economic problems, and when they failed to do so under the 1997-1998 crises, citizens began to question the UMNO-led government's legitimacy and state power. Indeed, as will be discussed below, the financial crisis of 1997 was compounded by political turmoil (Freedman 2004). The expulsion from the UMNO and imprisonment of then Deputy Prime Minister Anwar Ibrahim stands out as an example.

Mahathir's response to the crisis was to implement measures similar to the IMF's assistance package for economies in need. This involved reducing government spending, raising interest rates, and tightening monetary policy. While the IMF-assistance package helped Mexico get its economy back on track in the aftermath of the 1994 peso crisis, Malaysia did not turn to the IMF for help. Instead, Prime Minister Mahathir chose to close off Malaysian capital markets (Pempel 1999; Freedman 2004: 107). As we have seen, the NEP had allowed the UMNO to develop Malay entrepreneurship and thus to distribute patronage to Malay communities. In return, the UMNO received strong electoral support. Mahathir realized that the IMF assistance package would pose a great challenge to the socio-economic power base on which the dominant party so heavily relied for electoral support. In electoral authoritarian regimes, the patronage links that exist between political and economic elites are crucial for the survival of both the economic and political system. Indeed, the austerity measures that followed the IMF rescue package meant that the government would lose control over a considerable amount of monetary and fiscal policy making, something which would damage Mahathir's close relationship with economic elites.

Deputy Prime Minister, Anwar Ibrahim strongly disagreed with Mahathir's policy responses to the crisis. Anwar supported the IMF's plan for economic recovery and argued that increased foreign investment and trade liberalization would be the right measures to get Malaysia's economy back on track. Mahathir, on the other hand, supported tighter regulations on foreign investment and capital controls. As it turned out, disagreements between Mahathir and his deputy on how to resolve the economic crisis would lead to one of the most devastating factional conflicts in UMNO- history (Case 2001: 51-52).

Mahathir and Anwar - The 1998 dispute

In Malaysia, the 1997 financial crisis had negatively affected companies that were owned by people with close ties to the government. As a result, discontent arose among business leaders who expected the government to bail them out. It was in this atmosphere that the conflict between Prime Minister Mahathir and his deputy Anwar intensified. Mahathir's everlasting concern with pursuing his economic vision through NEP involved improving the economic position of the Malays through the development of Malay entrepreneurship, an initiative aimed to reduce the country's reliance on foreign capital (Bowie 1991: 112). Hence, by turning to the IMF for help, receiving outside aid such as the rescue package from IMF meant that Mahathir would have his hands tied, as the IMF's austerity measures would make the government lose control over a considerable amount of fiscal and monetary policy. Moreover, Mahathir feared that accepting outside aid would make the government seem vulnerable and fragile. As Freedman (2004) notes:

“In bypassing an outside bailout, Mahathir was much freer to go against liberal economic doctrine. This way, he could continue to protect and reward his supporters, both within the party and within the business community” (p. 114).

Anwar, by contrast, was a figure who over time had fought for individual liberty and rights and thus advocated a free market approach to the crisis. In his demand for liberal reform, and his wish to turn to the IMF for economic assistance, Mahathir felt threatened by Anwar (Case 2001). As the bitter struggle between Mahathir and Anwar unfolded in the wake of the economic crisis, Mahathir announced in September 1998 that Anwar would be removed from office due to “homosexual conduct” that had been discovered by the police's investigative unit. The timing of the allegations was hardly coincidental. Now that Anwar had been sacked, Mahathir's hands were freed to implement capital controls without being constrained by liberal economic policy. Anwar was arrested on September 20th the same year, and was

reportedly beaten by the police in custody (Slater 2003: 91-93).

In sum, the 1998 dispute within was rooted in Mahathir and Anwar's different nationalist ideologies. Mahathir refused to step away from his nationalist collectivist vision where the nation's interests defined by incumbent political elites were to be upheld and defended at all costs. As we have seen, Mahathir was more than willing to use authoritarian controls to sustain political stability. Anwar, by contrast was a reform minded politician who emphasized the importance of democratic politics, including a strong civil society and the protection of individual rights. The conflict was intensified when Malaysia was hit by the Asian financial crisis in 1997. As we have seen, Anwar supported the IMF's plan for economic recovery, and thus favored a free market approach to the crisis, while Mahathir supported tighter regulations on foreign investment and capital controls (Lee 2005: 246).

The Reformasi Movement and the formation of Barisan Alternatif

Although the removal of Anwar from office had made it easier for Mahathir to implement capital controls, the factional dispute within the UMNO was by no means over. Indeed, Mahathir's treatment of Anwar had alienated many Malays, something which opened for a coalition between conservative Muslim groups and reform-minded middle-class advocates of democracy (Rodan and Jayasuria 2009: 34). The Reformasi movement had been initiated by Anwar prior to his removal and arrest in 1998, and through this movement he had successfully mobilized support on the promise of political and economic reforms. The rallies were primarily held the states of Penang, Melacca, Pahang, Kedah, Kelantan, Johor, and Kuala Lumpur, where tens of thousands of people showed up to support Anwar (Lee 2005: 259-260). After Anwar's arrest, the Reformasi movement expanded into a political conflict between the UMNO-led BN and the opposition coalition. The new opposition coalition, the Barisan Alternatif, consisted of the PAS, DAP and the PKR. While the PAS was an Islamist alternative to the UMNO, the DAP and PKN were regarded as forces of reform. Not surprisingly, the PAS received most support from Malays residing in the northern states of Kelantan, Terengganu and Kedah. The PKN consisted of former UMNO officials supporting Anwar Ibrahim, functionaries of Angkatan Belia Islam Malaysia, an Islamic youth movement, and NGO activists. The party received support mostly from urban areas in west Malaysia, and from both middle-class and lower-class constituencies. The DAP got most of its support from the ethnic Chinese community that was dissatisfied with the diminishing influence of the MCA within the BN coalition. What was remarkable about the Reformasi movement was that

for the first time in Malaysian history, an opposition coalition was formed that crossed ethnic lines. Although cross-ethnic alliances had existed before, such as Tenku Razaleigh's formation of Semangat 46 in 1989-1990, the kind of anti-government movement that the BA represented was unprecedented (Lee 2005: 259-260). Indeed, the Reformasi movement and the Barisan Alternatif coalition did contribute to the strengthening of civil society in Malaysia during the late 1990s and in the beginning of the 2000s. Through the creation of more than fifty Reformasi-related websites, the opposition coalition used the internet as a medium both to mobilize support and to reveal "monkey business" within the ruling coalition, such as the unfair trial against Anwar Ibrahim (Ufen 2009: 609-611).

Economic recovery and the 1999 election

With Anwar out of the way, Mahathir was free to pursue his adjustment strategy that involved imposing capital controls with a fixed exchange rate. As discussed above, the government's refusal to accept the IMF's austerity measures for economic recovery had caused political discontent among many Malays, especially those who supported Anwar. However, the expansionary macroeconomic policies quickly stabilized the economy, and by mid-1999 Malaysia experienced a remarkable economic recovery. By not turning to the IMF for help, Mahathir's regime was able to rescue UMNO-linked businesses without having to worry about being punished by foreign traders (Pepinsky 2006).

The government managed to get the economy somewhat back on track just in time for the 1999 parliamentary election, and cozy relations between political and economic elites were maintained. As a result, the BN once again won a two-thirds majority in parliament, enough seats to change the constitution at will. However, leading up to the 1999 election, the UMNO's position in office had been significantly weakened as the BA consistently criticized Mahathir and his colleges for authoritarianism and corruption (Kim 1998: 64). Moreover, the jailing and arrest of Anwar had alienated many Malays who had previously supported the UMNO. The BA's protest against Mahathir as an abusive, authoritarian leader turned out to be a success: for the first time since 1959, the UMNO won fewer votes than its coalition partners combined. In the 1999 election the BN won 148 out of 193 seats, which meant that the ruling coalition was still able to maintain a two-thirds majority in parliament. However, the BN's vote share had dropped 10% since the 1995 election. The BA won 45 seats in parliament, in which 27 of these went to the PAS. The PAS was clearly the biggest party within the opposition coalition as it was also able to maintain control over the state Kelantan

at the same time as it gained control in Terrengganu (Ufen 2009: 609-611; Pepinsky 2006).

The 1997-1998 financial crises made people protest against the regime on the streets, and Mahathir faced both domestic and international criticism for his unfair treatment of Deputy Prime Minister Anwar Ibrahim, as well as for his handling of economic problems. In response to the protest, Mahathir argued that the reformasi movement was a source of instability, chaos and violence. Moreover, the BN consistently made efforts to discredit the PAS as a radical and dangerous Islamist party. Nevertheless, notwithstanding the economic and political turmoil that followed the 1997-1998 Asian crises, the ruling coalition still managed to win an overwhelming electoral victory in the 1999 election and thus maintained its two-thirds parliamentary majority. Still, the electoral results were a setback for the UMNO as the party lost 22 seats and four cabinet ministers to other BN parties (Freedman 2004: 114). Clearly, the emergence of the reformasi movement and the formation of Barisan Nasional in the wake of Anwar's arrest and jailing made many Malays turn their backs on the UMNO, and previous supporters of the UMNO thus turned to the PAS and the BA (Balasubramaniam 2006: 35). Hence, the 1999 general elections showed that the UMNO's resilience had been significantly weakened in the aftermath of the 1997 financial crisis. Yet, it was not the economic crisis itself that brought people to the streets to demonstrate against Mahathir and his regime. In fact, the economic situation in Malaysia had started to recover in time for the election. Rather, it was the Mahathir's unfair treatment of Anwar, triggered by the economic crisis, that had alienated so many Malaysians (Slater 2003: 90). Hence, in contrast to Mexico where the opposition mobilized support based on economic conditions, mass mobilization in Malaysia was more a result of a collective feeling of political injustice.

Given the economic and political turmoil that followed the 1997 financial crisis, one would expect Malaysia to be more vulnerable to political change in the 1999 election. Yet, no transition occurred. The UMNO, although it had been significantly weakened, maintained its position as the dominant party within the BN coalition, and continued to enjoy the kind of patron-client relations that it had developed for almost half a decade in office (Slater 2003: 90).

A Comparative Analysis of the Processes

What does this paired contextualized analysis of Mexico and Malaysia tell us about dominant party survival under conditions of economic crisis? What have we learned by extending the analysis to the case of Malaysia? In this chapter I will interpret and explain the historical processes and outcomes for each case, and highlight similarities and differences between them, asking whether the causal processes within the cases fit those predicted by Greene's and Magaloni's models. If so, under which conditions were the causal mechanisms or processes activated?

This section is organized as follows: First, I discuss whether my findings from studying the case of Malaysia weaken or strengthen the hypothesized explanations of dominant party survival and breakdown offered by Magaloni and Greene. Second, I present and discuss my own hypothesis as a "bi-product" of my paired contextualized comparison of Mexico and Malaysia. I conclude and extend this discussion in my concluding chapter 6.

Economic crisis, voter dissatisfaction and elite defections

How do the causal processes within each case fit those predicted by H1 and H2?

Similar to the PRI in Mexico before democratization in 2000, empirical evidence from Malaysia shows that UMNO/BN has also perpetuated elite level cohesion and thus regime durability by delivering patronage to its supporters. But when access to patronage decreased under conditions of economic crises, already existing conflicts within the ruling elite were intensified as political leaders found it increasingly difficult to satisfy members of the political and economic elite. The UMNO split of 1988 and the following defection by former Finance Minister Tengku Razaleigh in 1989 serve as examples. When Malaysia was hit by a serious economic recession in 1985 (the commodity shock), many voters were dissatisfied with the government's policy responses to the crisis which involved privatization of previous state owned enterprises. Citizens thus complained that the abandonment of direct state-directed economic growth had led to increased inequality in the distribution of wealth, especially within the Malay community. As voter dissatisfaction increased, Razaleigh and his allies saw an opportunity to mobilize support on this issue. As a result, Razaleigh defected from the UMNO in 1989 and ran against the UMNO in the 1990 election with his new opposition party, the Semangat 46. Similarly, a decade later, in the aftermath of the 1997-1998 Asian crisis, citizens who had been mobilized from appeals made by politicians within the ruling elite engaged in protests. Recall that the dispute between Prime Minister Mahathir and his

deputy Anwar Ibrahim was rooted in different nationalist ideologies and had existed for almost a decade. A new trigger was provided by the Asian crisis of 1997-1998, in which this long-lasting conflict was intensified, as the two opponents strongly disagreed over how to solve the crisis. When Anwar was sacked in 1998, protests emerged from both within the UMNO and from below. As a result, the Reformasi movement, initiated by Anwar himself while still in office, continued to mobilize support on the promise of political and economic reforms. Moreover, Mahathir's unfair treatment of Anwar opened up potential for a coalition between conservative Muslim groups (consisting primarily of ethnic Malays, and reform-minded advocates of democracy). Hence, the UMNO's factious reformasi movement defected from the ruling elite and formed a new opposition coalition called the Barisan Alternatif. Indeed, these events were similar to the ones that took place in Mexico in the aftermath of the 1982 debt crisis. Cuauhtémoc Cardenas and his faction (the democratic current) split from the PRI in 1988 and formed their own opposition party, the PRD. Here too, disputes within the dominant party had been pre-existing, but the government's poor economic performance during this period, combined with voter dissatisfaction stemming from the 1982 debt crisis gave Cardenas and his followers an opportunity to mobilize support on this issue.

Hence, when extending the analysis to the case of Malaysia, empirical evidence shows (just as Magaloni would expect) that when access to government spoils decreases under conditions of economic crises, so will the incentives to remain united within the ruling elite. In these circumstances, the combination of decreasing patronage and public discontent will make defection from the ruling elite much more likely than in times of non-crisis. Indeed, in both Mexico and Malaysia, citizens seemed to tolerate the dominant parties' corrupt practices and "monkey business" as long as they benefited for it materially. However, when patronage fell short, citizens soon began to question the government's legitimacy. Thus, in "normal times" dominant parties enhance elite cohesion by delivering patronage. In times of economic crisis, however, when access to government spoils and patronage decreases, so will incentives to remain united within the ruling elite.

As we have seen, in *both* Mexico and Malaysia, elite defections took place during times of crisis when political leaders were unhappy with the distribution of government spoils and when voter demand for new parties was high. Hence, this evidence strongly supports Magaloni's theoretical prediction that economic crises have negative effects on the stability of dominant parties in electoral authoritarian regimes. However, she fails to explain the variance

on the dependent variable, namely why the UMNO/BN managed to remain electorally resilient in the face of economic crisis, while the PRI in Mexico did not. Recall that the outcomes of these cases are different. In the 1988 elections in Mexico, the new left-wing opposition party, the FDN (which in 1989 joined forced into a new party, the PRD), led by a former member of the PRI, Cuauhtémoc Cardenas, seriously challenged the PRI, winning 31 percent of the vote (Bruhn 1996: 155). Nearly a decade later, in the 1997 legislative elections, the PRI for the first time failed to win a majority in the Chamber of Deputies. In Malaysia, however, single-party dominance remained intact despite the economic and political turmoil of the 1980s and 1990s. In fact, the UMNO/BN won a *two-thirds majority* in parliament both in the 1990 and 1999 elections. Hence, evidence suggests that these common processes that were activated under conditions of economic crisis had significantly different consequences upon on the electoral resilience of the two respective dominant parties.

Economic crisis, privatization, and opposition parties' ability to take advantage of voter dissatisfaction

Similar to Magaloni, Greene also argues that when access to state resources for the dominant party diminishes, the electoral vulnerability of dominant parties increases. However, Greene focuses more on the role played by the state in the economy, arguing that even under conditions of severe economic crisis, dominant parties survive because of their control over a large public which allows them to politicize public funds for partisan use, which again allows them to skew the electoral playing field in their favour. Greene therefore argues that economic crisis themselves have only *minimal direct effects* upon dominant party survival. What matters more than the direct effects, however, is that under such conditions, governments are often compelled required to *privatize state-owned enterprises* in order to enhance growth. This in turn results in a decrease in public resources accessible to the dominant party, thereby reducing its advantage and increasing its electoral vulnerability. Hence, according to Greene, what matters more than the presence of voter dissatisfaction (which can certainly increase as a direct result of economic crisis) is the opposition parties' capacity to *take advantage* of this voter dissatisfaction. And the latter is extremely difficult if the dominant party has continued access to sources of significant patronage resources. The key, according to Greene, is that unless there is some sort of economic restructuring where the state's role in the economy is limited (and hence their supply of patronage resources), the opposition will be so significantly disadvantaged that they will not stand a chance against the incumbents during elections. Below I will explain how the *absence of economic restructuring* in Malaysia UMNO/BN left

the UMNO/BN relatively unaffected by the serious economic crisis that hit the country in the mid-1980s and the late 1990s.

After Malaysia was hit by the commodity shock in 1986, the government responded by abandoning its direct management of the heavy industries, and thus offered more contracts to the private sector. As in Mexico, Malaysia also liberalized its economy during this period. In contrast to Mexico, however, the Malaysian government retained ownership of “the golden share” of privatized public enterprises. Hence, notwithstanding the privatization schemes that followed the 1986 economic recession, the Malaysian government remained heavily involved in the economy and hence retained access to key resources. Moreover, while the Mexican government actually abolished the state-led ISI model in the mid-1980s, the NEP in Malaysia was retained. The abolition of ISI in Mexico meant that the PRI no longer had the ability (at least not to the same degree as before) to distribute direct material support to their corporatist groups of peasants and workers in return for votes. In Malaysia, however, the UMNO would continue to cultivate its patron-client relations through the NEP.

Furthermore, when the Asian crisis hit in 1997-1998, Prime Minister Mahathir avoided turning to the IMF for economic assistance, something which also contributes to explaining why the UMNO/BN managed to retain its two-thirds parliamentary majority in the 1999 elections. The austerity measures that would have followed the IMF rescue package would have meant that the government would lose control over a considerable amount of monetary and fiscal policy making, something which would damage Mahathir’s close relationship with economic and political elites. Mahathir wanted to pursue his economic vision through the NEP by reducing the country’s reliance on foreign capital. In Mexico, by contrast, the government had no choice but to accept the austerity measures imposed by the IMF, as the country was not able to pay back its foreign debt in the early 1980s. Hence, for Mexico, the market-oriented reforms contributed to a major shift in economic policies which clearly weakened the PRI’s position in power. The 1982 debt crisis thus serve as a critical juncture in Mexico as the reversal of the PRI back to the “good old days” would prove to be difficult or impossible.

Empirical evidence from Mexico and Malaysia thus suggests that IMF constraints may be the missing link that explains why the UMNO/BN was able to remain so resilient through the 1997-1998 economic crisis. By avoiding international aid, Mahathir also avoided external pressure to implement democratic reforms and radically restructure the economy. By contrast, in Mexico, the entry into NAFTA (North American Free Trade Agreement) in 1994 made the country more dependent upon foreign markets and foreign investment for future economic growth, especially the United States. As a result, the Mexican government was made subject to American political pressure.

In sum, we have seen that that the presence of economic restructuring in Mexico, and the absence of economic restructuring in Malaysia did have consequences for further dominance by the incumbents. In Mexico, the market-oriented reforms that followed the 1982 debt crisis contributed to a major shift in economic policies which significantly weakened the PRIs position in power. In Malaysia, the government managed to maintain control over key property and over monetary and fiscal policy discretion, something which enabled the UMNO-leaders to continue to enjoy its patron-client relations through the NEP. Hence, just as Greene would predict, the continued control over public sector resources by the government in Malaysia helped the UMNO/BN perpetuate power: as long as the government is able to politicize public funds for partisan use, economic crises only have minimal effects on dominant party survival.

Opposition party constraints

Both Magaloni and Greene argue that in order for opposition parties to defeat the incumbents, they must successfully mobilize mass support, something which requires mass coordination on the part of voters. In order to do this, opposition parties must moderate themselves politically. While Magaloni argues that ideological polarization was the main reason why opposition parties in Mexico failed to unite until the late 1990s, Greene focuses more on dominant parties' enormous resource advantages which compel regime-challengers to form opposition parties with relatively extremist appeals. Since these extremist political views of opposition parties appeal to much smaller constituencies, opposition parties usually do not stand a chance against the incumbents. As in other electoral authoritarian regimes, the dominant parties in Mexico and Malaysia have been characterized by their political flexibility, which has enabled them to appeal to a broad base of voters. Opposition parties, by contrast, have historically been weak and polarized. However, after the 1982 debt crisis in Mexico, the

opposition grew significantly stronger, and as we have seen, in 1988 a left wing opposition party, the FDN, had successfully mobilized support against the regime, as it won 31% of the popular vote (Bruhn 1996: 155). In Malaysia, by contrast, notwithstanding the formation of new opposition parties in the late 1980s and 1990s, the UMNO/BN managed to retain its two-thirds parliamentary majority in both the 1990 and the 1999 elections. Moreover, we have seen that the cultural, religious, and ideological differences between opposition parties in Malaysia made it difficult for them to cooperate politically. In the late 1980s, when Tengku Razaleigh split from the UMNO and formed his new opposition party, the Semangat 46, he aligned himself with the Democratic Action Party (DAP) and the Pan-Malayan Islamic party (PAS). Although these parties had historically been the main challengers of the UMNO/BN, rivalries between them overshadowed their wish to defeat the dominant party in elections. Moreover, as it turned out, many of the UMNO dissidents who had supported Razaleigh decided to return to the UMNO once they realized that resources were still in the hands of the ruling coalition. In 1996, Tengku Razaleigh himself abandoned the Semangat 46' and re-joined the UMNO.

Another example of UNMO resilience and opposition difficulties concerns the coalition opposition that was formed in the late 1990s, the BA. The BA was constrained by the PAS' refusal to renounce its aims to adopt Islamic law (Shari'a) and thus make Malaysia an Islamic state. Given that almost half of Malaysia's citizens are not Muslim, this turned out to be very problematic for the BA. Out of fear of being associated with the PAS's extremist political views, the DAP decided to withdraw from the BA coalition in 2001 (Pepinsky 2007). This example provides some interesting food for thought, especially when we contrast it with the case of Mexico. Clearly, the absence of such ethnic divisions in Mexico made it easier for opposition parties to coordinate. However, evidence also suggests that in the period between 1980 and 2000, Malaysian citizens were more dependent on receiving direct material benefits from the ruling elite than Mexican citizens. This had to do with the fact that the UMNO/BN in Malaysia still controlled a vast number of state-owned enterprises, and thus still had the ability to politicize public funds. This stood in contrast to Mexico, where privatization of the economy had significantly diminished the government's access to public resources, and thus diminished patronage.

Hence, although the UMNO and Prime Minister Mahathir had become increasingly unpopular in the face of the economic and political crises of the 1980s and the 1990s, the party managed to remain quite resilient. Clearly then, my findings suggest that economic crises, voter dissatisfaction, and defection from the ruling elite are important, but not sufficient factors in explaining the two cases' variance on the dependent variable. Evidence from Malaysia thus fits well with Greene's argument that the electoral resilience of non-democratic, dominant parties is determined by its ability to deliver patronage through the control over a large public sector, and not alone by the amount of voter dissatisfaction that arises in times of economic crisis.

To summarize, by carefully examining the evidence from Mexico and Malaysia through dual process tracing, I found significant support for both theoretical models. However, empirical evidence from Malaysia suggests that Greene's hypothesized explanation for dominant party survival and breakdown can best explain the variance on the dependent variable - *the electoral resilience of dominant parties*. Hence, after adding the case of Malaysia into my analysis, I found that the theoretical model posed by Greene (2007) has the most *general* confirmatory value.

Malaysia - Dominant- party resilience in an ethnically divided society

This paired contextualized comparison study has allowed me to maintain the advantages of a single case study, such as performing an intimate analysis of each case, while at the same time getting a more balanced in-debt analysis, possibly reducing the possibility of over determination. Moreover, by extending my analysis to Malaysia, I have been able to investigate factors that are held constant in the case of Mexico. Dual process-tracing has also allowed me to uncover variables left unexplained by Greene and Magaloni. Below I discuss what I found to be relevant for Malaysia that neither Greene nor Magaloni took into account in their respective analyses of Mexico.

As we have seen, Mexico is an example of how transitions can take place from within the ruling elite during times of economic crisis. When access to government spoils decreases, so will incentives to remain united within the ruling elite (Geddes 1999; Magaloni 2006; Reuter and Ghandi 2011). In these circumstances, potential defectors may seize the opportunity to take advantage of voter dissatisfaction and mobilize support on economic and social issues. However, while all of these mechanisms were also present in Malaysia, no transition took

place. Above I identified some factors that might explain why the UMNO/BN managed to remain resilient during times of crisis, such as the Malaysian government's ability to politicize public funds through the control over a vast number of state owned enterprises through the NEP as well as Mahathir's refusal to accept the IMF assistance package in the wake of the 1997-1998 Asian crisis. This is consistent with Greene's theoretical prediction that unless the state's role in the economy is reduced as a result of privatization, the dominant party is safe.

Hence, patronage appears to be the *sine qua non* for dominant party survival. Dominant parties require a large and consistent recourse base for funding this patronage. Economic crises degrade this resource base, and in turn is support for the party and internal cohesion degraded. However, while the presence of repeated economic crisis, voter dissatisfaction, elite splits, and the formation of new opposition parties may be sufficient for explaining the electoral loss of the PRI, the same mechanisms fail to explain the electoral survival of the UMNO/BN in Malaysia. To repeat words that I wrote above, "these common processes...had significantly different consequences..." Why? Even though the processes operated similarly in the two cases, the outcome was different, because these processes, based upon these particular variables have given effects *ceterus paribus*, "all other factors held constant." But in the complexity of the real world, all other relevant causal factors are *not* constant. And in the case of Malaysia, these other factors were highly relevant for understanding the success of the dominant party.

It may be that if Malaysia had chosen to privatize its economy by accepting the IMF rescue deal in the late 1990s, the UMNO/BN would in fact have lost. However, what Magaloni and Greene fail to take into account in their analysis is that opposition party behavior may be different in countries where the population is divided along ethnic, cultural, religious, and linguistic lines, as is the case in Malaysia. Although there were similarities between the cases regarding the strategic choices made by elite actors, such as defection from the ruling elite under conditions of economic crisis, evidence nonetheless suggests that the reasons for voting against the regime were quite different in each case. In Mexico, repeated economic crises and expectations of a new economic crisis under the PRI were the main reasons for why voters turned their back on the dominant party. Evidence of strategic voting behavior in Mexico suggests that voters were indifferent about ideology, and thus voted for the opposition party that they thought would most likely defeat the PRI, and not necessarily the one they were closest to politically. As it turned out, this strategy was successful, as Vicente Fox from the

PAN won the 2000 presidential election. In Malaysia, however, especially during the time before the 1999 election, protest was not so much about economic crises as it was a result of Mahathir's unfair treatment of Anwar. Indeed, the reformasi movement and the formation of the BA had much more to do with the arrest and jailing of Anwar than it had to do with voter's expectations that the UMNO/BN could be beaten in the 1999 election. Hence, I argue that Greene and Magaloni make wrongful assumptions in claiming that voters in electoral authoritarian regimes are always driven by strategic calculations about which party has the greatest chances of winning.

Mexico and Malaysia's different values on the dependent variable may also be explained by the fact that Malaysia is an ethnically divided society where norms and identities are just as important as gaining access to patronage. It is quite possible then, that even if Malaysia had undergone an economic restructuring in the late 1990s where the dominant party's access to resources had been significantly reduced, this would not necessarily mean that opposition parties would have stepped out of their "ideological niche" in order to defeat the ruling elite. Indeed, evidence suggests that much of the UMNO/BN's electoral resilience comes from non-material sources of cohesion, such as cultural and religious values. Hence, while Greene's model in part explains why the UMNO/BN managed to survive in Malaysia (by avoiding economic restructuring), it might not be as successful in explaining the breakdown of dominant parties in countries where the population is divided along ethnic, religious, and cultural lines. Hence, one additional finding of this research is the tentative generation of the hypothesis that Greene and Magaloni's theories may not have as great explanatory value when it comes to electoral authoritarian regimes where the population is divided along ethnic, religious, and cultural lines, such as Malaysia.

Chapter 6 - Conclusion

What have we learned, how has the research design of this thesis proven to be instrumental for this gain in knowledge, and what limitations were revealed by the application of this design? Since I have placed so much effort into the research design of this thesis, I will structure this conclusion around these questions.

The study of political regimes is inherently problematic and controversial for several reasons. First, the problem is conceptual: What *is* a political regime? What is a *democratic* regime? How do we move from theory to the measurement of regimes? Once we manage to distinguish between democracies and non-democracies, what are the relevant *varieties* of non-democracies? Once we distinguish between clear varieties of non-democracies which are clearly dictatorial such as military, personalistic, and monarchical, how do we deal with those in the “grey zone,” viz. those in which elections are held, opposition parties exist, and where there are no decisive practices of fraud or widespread physical repression? This is major conceptual work, and hence this thesis devoted the whole of chapter two to its treatment and the problem of identifying these regimes in the real world.

We seem to “know” that economic crises have negative effects upon the likelihood of party success in elections, and that this finding is fairly robust across regime types and institutional varieties within regime types. But for electoral authoritarian regimes, this finding is less robust, given the incredible resource advantages possessed by dominant parties, which are often sufficient for counteracting the loss of support due to poor economic performance. If it is less robust for these regimes, then the obvious question is...Why? And more importantly, what differentiates those electoral authoritarian regimes that survive economic crisis and those who do not? This is the question posed in this thesis.

The inherent limitations of the case-study method make it (arguably) impossible to provide answers to this question which extend beyond the case under examination. In fact, many would argue that it is impossible to answer this question for even one case due to the over determination problem: we cannot hold the large variety of hypothetically reasonably important causal variables constant and thus find ourselves unable to identify whether any one variable is in fact significant for explaining variation in the dependent variable. My strategy for dealing with this problem is by no means original, but rather follows lessons taught by the recent explosion of work in qualitative research methods: I choose to identify only *two*

variables for analysis, but to carefully trace the process of causality in order to increase my confidence in the causal explanatory power of these two variables and minimize the likelihood that this “discovered” explanatory power is “spurious.” Chapter three laid out the theoretical backbone which produced my two key hypotheses concerning the effects that dominant party resource advantages and internal party divisions/voter dissatisfaction have upon the likelihood of dominant party electoral success. In order to control for as many potential explanatory variables as possible, I examine only periods of economic crisis and I extend the analysis from a case study to a paired comparison. My country cases – the PRI in Mexico and the UNMO/BN in Malaysia – were chosen in a way that maximized the number of “matched” potential explanatory variables, thereby controlling for as much as possible and reducing, at least to some degree, the likelihood of spurious correlation. However, the cases have different values on the dependent variable – *the electoral resilience of dominant parties*. After more than seventy years in office, the PRI was eventually defeated in the presidential election that was held in 2000. As a result, the long-lasting electoral authoritarian regimes broke down and underwent a transition to democracy. In Malaysia, however, the UMNO/BN managed to survive despite facing several serious economic and political crises in the period from 1980 to 2000, and still dominates Malaysian politics to this day. The details of this careful research strategy are laid out in my chapter four on methodology.

One central lesson in my study of comparative politics that drove the design, organization, presentation, and implementation of this research project is that the findings are only as good as the research design and methodology. Hence, I devote three entire chapters to conceptualization, theory, and method, leading up to my analysis chapter, the longest of the thesis, one nonetheless informed by and structured by the chapters leading up to it.

What have I gained by doing a comparative study of two cases as opposed to a single case study, and what are the limitations to the strategy I have chosen?

Findings

The main objective of this thesis has been to explain the electoral resilience of dominant parties under conditions of economic crises. By including one negative (where the dominant party lost in the face of economic crises) and one positive case (where the dominant party survived under conditions of economic crisis), I have through the method of paired comparison and dual process tracing looked for the “missing links” that might explain these cases’ variance on the dependent variable. By tracing historical events in Mexico and Malaysia, I have focused on key variables drawn from Magaloni (2006) and Greene (2007), including: 1) the presence of an economic crisis; 2) the amount of and control over key material resources by the dominant party; and 3) the strength of opposition parties. By focusing on identifying the intervening steps in the hypothesized causal process, the primary objective has been to analyze the relationship between these variables.

Evidence from Mexico and Malaysia seem to confirm the expected indirect, negative effects that economic crisis have on the electoral resilience of dominant parties. We have seen that in both cases, internal disputes within the dominant party were intensified in the wake of economic crises, as political leaders found it increasingly difficult to distribute patronage to political and economic elites. The combination of internal discontent and voter dissatisfaction caused party splinters to defect from the dominant party and form new opposition parties, which led to increased dominant party vulnerability. Hence, we see that in each case, common causal processes were triggered by economic crisis. However, it was only in Mexico that a transition took place, suggesting that the presence of economic crisis, voter demand for new parties, and elite defection are not sufficient factors in explaining the *non-loss* of the UMNO/BN in Malaysia. As I showed, the latter can be explained by Greene’s (2007) hypothesized explanation for dominant party survival and breakdown, which has the most confirmatory value. By carefully examining the evidence in both cases, I found that the absence of economic liberalization in Malaysia might be the missing link that explains the two cases’ variance of the dependent variable. Just as Greene would predict, the continued control over public sector resources by the Malaysian government enabled the UMNO/BN to politicize public funds for partisan use, which again helped the dominant party perpetuate power. Evidence from Malaysia thus fits well with Greene’s argument that the electoral resilience of non-democratic, dominant parties is determined by its ability to deliver patronage through the control over a large public sector, and not alone by the amount of voter dissatisfaction that arises in times of economic crisis.

In sum, the results of my analysis show significant support for both theoretical models. However, after extending the analysis to the case of Malaysia, I found that Greene's hypothesized explanation for dominant party survival and breakdown can best explain the variance on the dependent variable - *the electoral resilience of dominant parties*.

Based on the particular variables drawn from Magaloni and Greene's theories, the outcome was different because these processes have given effects, *ceteris paribus* (all other factors held constant). However, by comparing the two causes through dual process tracing, I also found that when relaxing *ceteris paribus*, other factors were highly relevant for understanding the electoral durability of the UMNO/BN in Malaysia. Mexico and Malaysia's different values on the dependent variable may also be explained by two other factors: (1) civil society's reaction from below to regime repression; (2) the fact that Malaysia is an ethnically divided society where norms and identities are just as important as gaining access to patronage. With respect to factor (1), we can observe that in the time before the 1999 election in Malaysia, protest against the regime was not directly related to the economic crisis of 1997-1998. In fact, the economy began to recover just in time for the election. Rather, it was Mahathir's unfair treatment of Anwar, albeit triggered by the economic crisis, which had caused public discontent. Hence, in contrast to Mexico where repeated economic crises and expectations of a new economic crisis under the PRI were the main reasons for why voters turned their back on the dominant party, voter dissatisfaction in Malaysia was based more on a collective feeling of political injustice. This had real consequences: there was a tangible loss of support for the UNMO in response to this behavior. With respect to factor (2), we have seen that in the 2000 presidential election in Mexico voters seemed to be indifferent about ideology and thus voted strategically for the opposition party they thought would be most likely to defeat the PRI. In Malaysia by contrast, voters were much less inclined to vote for an opposition party they did not identify with ideologically. Although the DAP and the PAS had historically been the main challengers of the UMNO/BN, it seems like their ideological differences overshadowed their wish to defeat the dominant party in elections. Hence, these parties' cultural and religious differences did not only make cooperation difficult, but given that their supporters had completely different preferences (supporters of the DAP were fighting for economic and political rights for the non-Malays, while supporters of the PAS were mostly conservative Muslims who wanted to establish Islamic Law), it is unlikely that someone who had traditionally supported the DAP would vote for the PAS or vice versa, regardless of prospects for regime change.

Hence, I argue that Magaloni (2006) and Greene (2007) fail to take into account in their analysis that voting behavior may be different in countries where the population is divided along ethnic, cultural, religious, and linguistic lines, as is the case in Malaysia. Indeed, evidence suggests that much of the UMNO/BN's electoral resilience comes from non-material sources of cohesion, such as cultural and religious values. Although Greene's theoretical model in part explains why the UMNO/BN managed to survive serious economic and political crisis (by avoiding economic restructuring), it is possible that even if Malaysia had liberalized its economy in the wake of the economic crises of the 1980s and 1990s, opposition parties still would not have stepped out of their "ideological niche" in order to defeat the dominant ruling coalition. In contrast to Magaloni and Greene, I argue that voters in electoral authoritarian regimes are not always driven by strategic calculations about which party has the greatest chances of winning: rather, in ethnically divided societies such as Malaysia, cultural, religious, and linguistic divisions are highly relevant for understanding why some dominant parties remain electorally resilient despite facing severe economic and political crises.

By adding the second case of Malaysia into my analysis, I gained additional knowledge that allowed me to generate my own hypothesis. The additional finding of this research is the tentative generation of the hypothesis that Greene and Magaloni's theories may not have as great explanatory value when it comes to electoral authoritarian regimes where the population is divided along ethnic, religious, and cultural lines, such as Malaysia. The research design of this thesis (paired comparison) has thus allowed me to conduct both a hypothesis-testing and a hypothesis-generating study. As mentioned in chapter four, one can therefore distinguish paired comparison from both single-case and multi-case analyses. On the one hand, the method has allowed me to do a causal process analysis of each case, something in which is difficult in large-N analysis, while at the same time it has provided a more balanced in-depth analysis, thus reducing the possibility of making wrongful generalizations (Tarrow 2010).

To summarize, the method of paired comparison has allowed me to do the following: 1) I have tested the relative explanatory power of the theoretical models posed by Magaloni (2006) and Greene (2007). 2) By extending the analysis to the case of Malaysia, I have explored whether the variables that are useful for understanding the case of the loss of the PRI in Mexico have explanatory power for explaining the non-loss of UMNO/BN in Malaysia. 3) In addition to the task of *theory-testing*, my examination of the case of Malaysia has also allowed me to uncover variables which can contribute to explaining some variance in my

dependent variable left unexplained by the Magaloni and Greene models, and thus generate hypothesis.

Implications and suggestions for further research

One of the most common criticisms of the case study method is the “representativeness between the sample of cases you study and the population of cases that you wish to generalize” (Gerring 2007: 43). Clearly then, one of the limitations that was revealed by the application of this design was the difficulty of explaining a more general phenomenon through the intensive study of only two cases. Given that the comparative study of only two cases requires the capacity to address causal complexity in order to explain the outcome of interest, this research strategy forced me to limit the scope of independent variables affecting the resilience of dominant parties. Indeed, there are a variety of other factors that may affect the electoral resilience of dominant parties, such as international and domestic pressure that are not related to economic crises. In this study, however, I have designated these as exogenous to my model. Hence, I recognize if I had added more cases into my study, the results of the analysis might have turned out different. Indeed, a medium-N study consisting of five or six cases would have allowed me to increase the number of independent variables to explore, and thus generate more confidence in the *general* explanatory power of those variables found to be important across this larger number of cases. Furthermore, by exploring more cases and hence more causal factors, I could significantly reduce the possibility of making wrongful generalizations which can flow from a case or paired-comparison study. Well known examples of excellent medium-N qualitative studies have been performed by Collier and Collier (1991), Rueschemeyer, Huber and Stephens (1992), and Huber and Stephens (2001). In this study, however, I have only investigated cases that meet the scope conditions of the theories. That is, dominant parties existing in electoral authoritarian regimes which have experienced economic crises. Hence, if any of these criteria are missing, the cases are considered irrelevant for my study.

In order to control for as many potential explanatory variables as possible, I have examined only periods of economic crisis from 1980 to 2000. Since then, the political situation in Malaysia has changed substantially. Civil society has grown much stronger and pressure for democracy is greater than it has ever been (Ufen 2009; Giersdorf and Croissant 2011: 9-10). Although the UMNO/BN is still in power, national opposition forces have become much more cohesive than before. Hence, the democratizing events that are taking place in today’s

Malaysia seem to contradict the notion that democratic transitions are most likely to take place in times of crises. In fact, if a democratic transition is taking place in Malaysia, it seems to be occurring from below and not from above as it did in Mexico. This evidence also seems to strengthen my argument that voting behavior against the regime is different in electoral authoritarian regimes where the population is ethnically divided.

However, notwithstanding the inherent limitations of case studies mentioned above, this thesis has managed to provide evidence indicating just how critically important it is that dominant parties in electoral authoritarian regimes have access to a steady stream of resources. Such resources, converted into patronage, are essential for dominant party survival. This argument was supported by both the case of the electoral survival of the UMNO/BN in Malaysia and the electoral loss of the PRI in Mexico under conditions of economic crises. But I have also discovered that non-material sources of party support are important and help to explain the UMNO/BN's success. Would the PRI have survived in Mexico if it *had been* a divided society and if the PRI *had* founded its base of support at least partly on this non-material basis? We cannot answer this counterfactual question based on the results from this study. But: we can explore it more fully in a larger-N study. Both the findings and the limitations of this thesis point in that direction for future research.

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