



## The Political Foundations of Democracy and the Rule of Law

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## The Political Foundations of Democracy and the Rule of Law

BARRY R. WEINGAST *Stanford University*

**T**his paper develops a game-theoretic approach to the problem of political officials' respect for political and economic rights of citizens. It models the policing of rights as a coordination problem among citizens, but one with asymmetries difficult to resolve in a decentralized manner. The paper shows that democratic stability depends on a self-enforcing equilibrium: It must be in the interests of political officials to respect democracy's limits on their behavior. The concept of self-enforcing limits on the state illuminates a diverse set of problems and thus serves as a potential basis for integrating the literature. The framework is applied to a range of topics, such as democratic stability, plural societies, and elite pacts. The paper also applies its lessons to the case of the Glorious Revolution in seventeenth-century England.

**W**hat accounts for the remarkable variation among states in the rule of law, a set of stable political rules and rights applied impartially to all citizens? Why are constitutional provisions easily evaded or ignored in some societies while respected in others? These questions have long been of interest to students of democracy, and the literature addressing them is immense, multifaceted, and compartmentalized. Although the literature has vastly improved our knowledge, it has not produced a general theory with well-accepted answers to the above questions.

This paper provides a new, synthetic treatment of the problem of democratic stability and the rule of law. I begin with a series of puzzles. The first concerns the absence of consensus about the role of interests and values in democratic stability. The early post-World War II literature studied the relationship between political culture and democracy (Almond and Verba 1963, Dahl 1966, Lipset 1960; see also Huntington 1968), emphasizing the role of values in maintaining democracy. Almond and Verba (1963, chapters 1, 13), for example, argue that stable democracy results from a "civic culture," a social consensus over a specific set of values. Barry (1970, 48–52), among others, turned Almond and Verba's logic on its head, arguing that stable democracy is not sustained by a set of values; instead, it engenders them. Barry used this logic to dismiss both the role of values in democratic stability and Almond and Verba's work.

In contrast to the earlier generation of scholars, most political scientists in the last fifteen years have focused on the interests and values of elites (e.g., O'Donnell and Schmitter 1986, Przeworski 1991). The elite-centric approach suggests that mass behavior and citizen

values are secondary or irrelevant (Shapiro 1993). Not all modern scholars emphasize elites, however. Putnam's (1993) influential study stresses a return to the study of values with far less attention to elite behavior. Unfortunately, these disparate contributions fail to explain how elite and mass behavior fit together.

The second puzzle concerns why divided societies cause so much difficulty for democratic stability, as emphasized by Dahl (1971), Horowitz (1985), and Rabushka and Shepsle (1972). Horowitz (1985), for example, concludes that democracy has little chance in severely divided societies. Yet, as Lipjhart (1968, 1984) observes in a series of contexts, many divided societies are characterized by stable democracy (e.g., Belgium, Switzerland, mid-twentieth-century Netherlands) or nearly so (as in India).

The third puzzle concerns elite pacts, agreements among competing (and often warring) elites that initiate a transition to democracy. Although many comparativists point to them (Burton, Gunther, and Higley 1992; Karl 1986; Rustow 1970; O'Donnell and Schmitter 1986), no widely accepted approach explains precisely what problem pacts solve or what distinguishes successful from failing pacts.

The purpose of this paper is to present a new approach to the political foundations of democracy. By encompassing the three seemingly unrelated puzzles, it suggests a means for synthesizing several disparate components of the literature. The approach rests on a simple game-theoretic model of the stability of limited government. Because democratic survival requires that political officials observe limits on their behavior—for example, abiding by election results, rules governing policy choice, and a set of political rights of citizens—democracy is a form of limited government. As Przeworski (1991) argues, students of democracy have given too little attention to the issue of how democracy's limits are enforced. As shown below, an analysis of enforcement problems affords a deeper understanding of democratic stability, pacts, and democratic transition.

To study political officials' respect for limits on their behavior, I make two assumptions. First, all citizens have preferences and values about the appropriate limits on government. Second, each citizen, based on his or her preferences and values, is able to classify state actions into two mutually exclusive categories:

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legitimate actions and fundamental transgressions. Notice that I define these concepts for an individual, not for the society. No automatic mechanism is assumed to create a societal consensus about values. Citizens may have widely different views about limits on the state, legitimacy, and fundamental transgressions.

The model abstracts from the institutions of representative government by focusing on the relationship between a single political official, called the sovereign, and the citizenry. The model assumes that a necessary condition for a citizen to support the sovereign is that he not transgress what that citizen believes are her fundamental rights. To remain in power, the sovereign must retain sufficient citizen support.

To see the consequences for sovereign behavior, suppose that on a particular issue a consensus exists about the legitimate boundaries of the state and that citizens are willing to withdraw their support from a sovereign who violates them. The sovereign will avoid violating these boundaries because doing so risks losing power. The sovereign's self-interest leads him to respect limits on his behavior; that is, these limits are self-enforcing. In contrast, if citizens hold different views about limits on the state—or if they are unwilling to defend these limits—then the sovereign can violate these limits and retain sufficient support to survive. In this case, limits on the sovereign are not self-enforcing.

The approach implies that maintaining democracy is in part a coordination dilemma among citizens. Democratic stability requires that citizens agree on the limits on the state that they are to defend. Such agreement is neither natural nor automatic. Because citizens' social and economic positions vary widely, they typically disagree about the appropriate limits on government. Even if all citizens favor democracy and elections, they are likely to disagree about a range of policies, such as the political rights of dissidents, land reform, the pace of economic reform, or labor policy.

My theory suggests that self-enforcing limits on the state result when members of a society resolve their coordination dilemmas about the appropriate limits on the state. These limits include respecting not only election results but also the rules governing electoral competition and public policymaking.

The approach also stresses the importance of the interaction of formal institutions, elites, and citizens for democratic stability. Mass behavior is relevant because citizens must coordinate their reactions to prevent violations of democratic rights. Citizen reactions thus provide a component of the elite incentives. To the extent that solutions to the coordination dilemma occur, it is elites who construct them, often through pacts. And, given state institutions, elites make policy choices and choose whether or not to abide by limits on the state.

The model holds surprising power, providing a unified approach to the above puzzles. For the first puzzle, it suggests that Barry was correct to criticize the causal link in Almond and Verba (1963, chapter 13) but wrong to dismiss their association of democratic stability with a citizen consensus over particular values. In my model, the consensus is not epiphenomenal, as

Barry suggested. Democratic stability occurs when citizens and elites construct a focal solution that resolves their coordination dilemmas about limits on the state. The focal solution results in a set of mass behaviors that create a "civic culture," including a consensus on values and stable democracy. The interdependence of elite and citizen behavior in the model also helps us understand the relationship between Przeworski's (1991, chapter 1) framework, with its explicit interest-based calculus, and citizen values. Although Przeworski does not discuss citizen values, I show that, when a consensus over values exists, elites face different incentives than when none exists, much as Almond and Verba and Putnam (1993, chapter 6) suggest.

Furthermore, my approach indicates that instability plagues democracy in most divided societies because ethnic divisions impede resolution of the coordination dilemma about the appropriate role of the state. This interpretation explains why democracy is often stable in the divided societies of the West, which have resolved their coordination problems. I show how Lijphart's (1968) characterization of Dutch consociationalism fits the model.

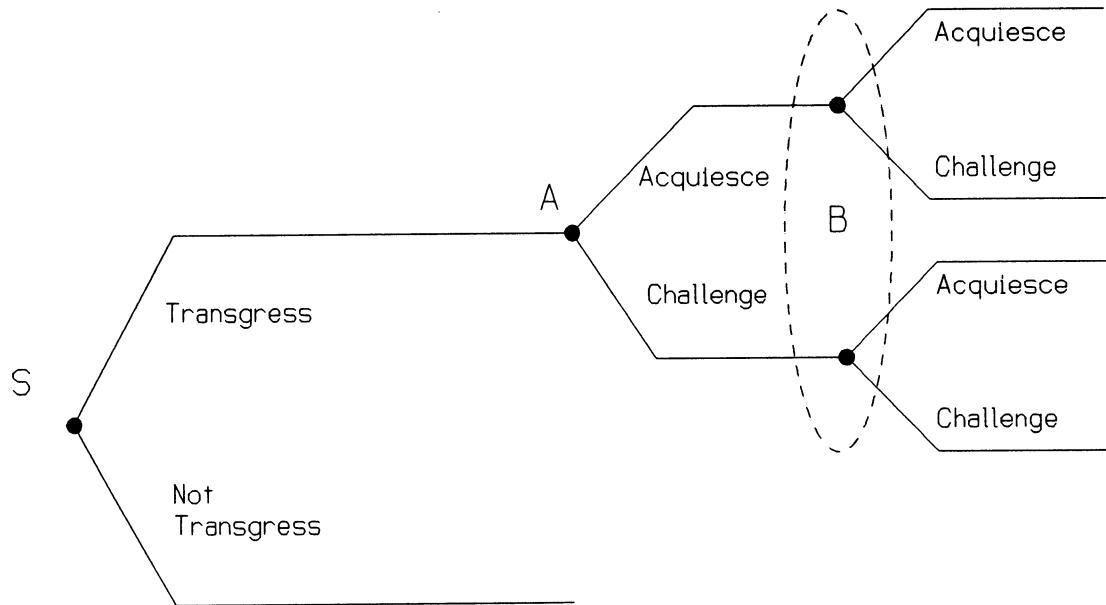
The third puzzle concerns what pacts do and how they do it. My answer is that successful pacts—such as the Glorious Revolution in seventeenth-century England, the Missouri Compromise of 1820 in the United States, or the Colombian pact of the 1950s—create a focal solution that resolves the coordination dilemmas confronting elites and citizens. To succeed, a pact must be self-enforcing, and the literature neglects this topic.

The Glorious Revolution illustrates these findings. The revolution's success, based on an elite pact, initiated a new consensus about the limits on government. Previously, widely varying notions about the state and citizen duty hindered citizen coordination. In the absence of consensus, certain transgressions against citizens went unpunished. The revolution established widely supported (at least among enfranchised elites) limits on the state. Following the revolution, the crown's respect for political limits on its behavior became self-enforcing.

This paper proceeds as follows. The next section develops the model, revealing the range of behavior that a society may exhibit, including its ability to sustain limited government. I then apply the approach to seventeenth-century England. The next section applies the model to the puzzles raised above, integrating a range of components of the literature. The concluding discussion develops the implications for the maintenance of democracy, the emergence of a civil society, and the rule of law.

## THE MODEL

The model is developed in two stages, emphasizing two independent impediments to policing the state. The first stage studies the pure coordination problem induced by sovereign transgressions; the second embeds the problem of coordination in a political context.

**FIGURE 1. Sovereign-Constituency Coordination Game**

### Model 1: Pure Coordination

I begin with a game that concerns the interaction of the polity and economy. The players are a political official or sovereign, *S*, and two groups of citizens, *A* and *B*. The economy produces the social surplus. All players share in the surplus, but the quantity produced and its distribution depend on political choices. The model also assumes that a set of economic and political rights has been specified and that these rights are compatible with economic prosperity. Whether they are enforced—and hence whether prosperity occurs in practice—depends on the interaction of the players.

The sovereign holds political power and may choose to respect or transgress citizens' rights. Power thus allows him to gain at the victim's expense, for example, by confiscating citizens' wealth. Transgressions generate an economic loss, reflecting the potential destruction of assets and the poor incentive effects generated by insecure rights. The sovereign does not hold power indefinitely, however. In order to remain in office, he needs the support of a sufficient subset of the citizens.<sup>1</sup> Thus, citizens hold some leverage over the sovereign in that a sufficient number of them may depose him. The model assumes that the sovereign's survival requires the support of at least one group but not both.<sup>2</sup>

<sup>1</sup> Ample evidence supports this assumption (see, e.g., Ames 1987). Even tyrannical regimes cannot survive without the support of some portion, if small, of the citizenry. As V. O. Key (1961, 3) suggests, "even in the least democratic regime opinion may influence the direction or tempo of substantive policy. Although a government may be erected on tyranny, to endure it needs the ungrudging support of substantial numbers of its people."

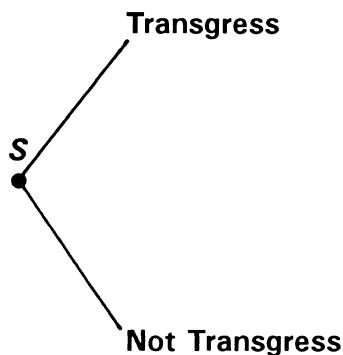
<sup>2</sup> This assumption does not imply that the sovereign requires the support of a majority. The groups may be of unequal size, with the support of the minority group being sufficient for the sovereign to survive.

The model's sequence of play is shown in Figure 1. *S* moves first and must choose whether to transgress citizen rights. Once *S* has chosen, *A* and *B* move simultaneously, choosing to acquiesce or to challenge the sovereign.<sup>3</sup> Challenging is also costly for the citizens (notice that *A* and *B* may challenge regardless of whether the sovereign has chosen to transgress). If both *A* and *B* challenge, then the sovereign is deposed, and any attempted transgression is rebuffed. If only one group challenges *S*, then the challenge fails, and the transgression succeeds. If both *A* and *B* acquiesce, then the transgression succeeds.

The payoffs from this game are given in Figure 2. Power is valuable to the sovereign, and he gains 2 from retaining it. Total social surplus is maximized when no transgressions are attempted and neither group challenges: The sovereign receives 2, and each group, 8. The sovereign values successful transgressions, increasing his payoff by 6, 3 from each citizen group. A transgression destroys half of all confiscated surplus, costing each victim 6. Challenging costs each challenger 1 regardless of whether it succeeds.

Outcomes are determined by the strategy combinations chosen by the three players. If *S* attempts a transgression and both *A* and *B* acquiesce, then the transgression succeeds, and the payoffs are: 8 to *S* (2 for retaining power and a net of 3 confiscated from each group), 2 to both *A* and *B* (8 minus the transgression's cost of 6). If *S* attempts to transgress against *A* and *B* and both challenge, then the transgression fails and the sovereign loses power, resulting in payoffs of 0

<sup>3</sup> The simultaneous move between *A* and *B* is shown in Figure 1 as *A* moving first, followed by *B*, but as indicated by the dashed ellipse or "information set" around *B*'s two nodes, *B* does not know *A*'s decision when s/he must choose.

**FIGURE 2. Payoffs for the Sovereign-Constituency Coordination Game****S Moves first****Induced subgame between  
A and B (payoffs: S,A,B)**

**A**  
Acquiesce  
Challenge

		<b>B</b>	
		Acquiesce	Challenge
		8, 2, 2	8, 2, 1
		8, 1, 2	0, 7, 7

**A**  
Acquiesce  
Challenge

		<b>B</b>	
		Acquiesce	Challenge
		2, 8, 8	2, 8, 7
		2, 7, 8	0, 7, 7

to the sovereign (he loses power and hence his payoff of 2) and 7 to each group (8 minus the cost of challenging, 1).

The structure of the game induces a problem of coordination among the citizens. If all act in concert, then they can prevent transgressions. If they fail to act in concert, then the sovereign can transgress the rights of citizens and survive. As in all coordination games, how one citizen group reacts to a transgression depends on how it anticipates the other citizen group will react. If the first group anticipates that the other group will challenge, then it is best off challenging. But if it believes that the other will acquiesce, then it is better off acquiescing. These two scenarios reflect the two pure strategy equilibria of the game. In one, the sovereign transgresses the rights of all citizens who acquiesce in spite of the sovereign's behavior. This is an equilibrium because of the coordination problem. Given that the other acquiesces, each group is better off acquiescing; challenging is costly and will do no good. Moreover, the sovereign has no incentive to change his behavior since he benefits from successful transgressions. Limits on the sovereign are not respected in this equilibrium.

In the other equilibrium, the sovereign honors rights in society and neither group challenges, thus maximizing social surplus. In this equilibrium, both groups challenge whenever the sovereign attempts a transgression. Given the behavior of the others, neither citizen group has an incentive to alter its behavior; nor does the sovereign. Limits on the sovereign are self-enforcing in this equilibrium.

This game reveals a natural impediment to policing the behavior of the state. Even when all members of

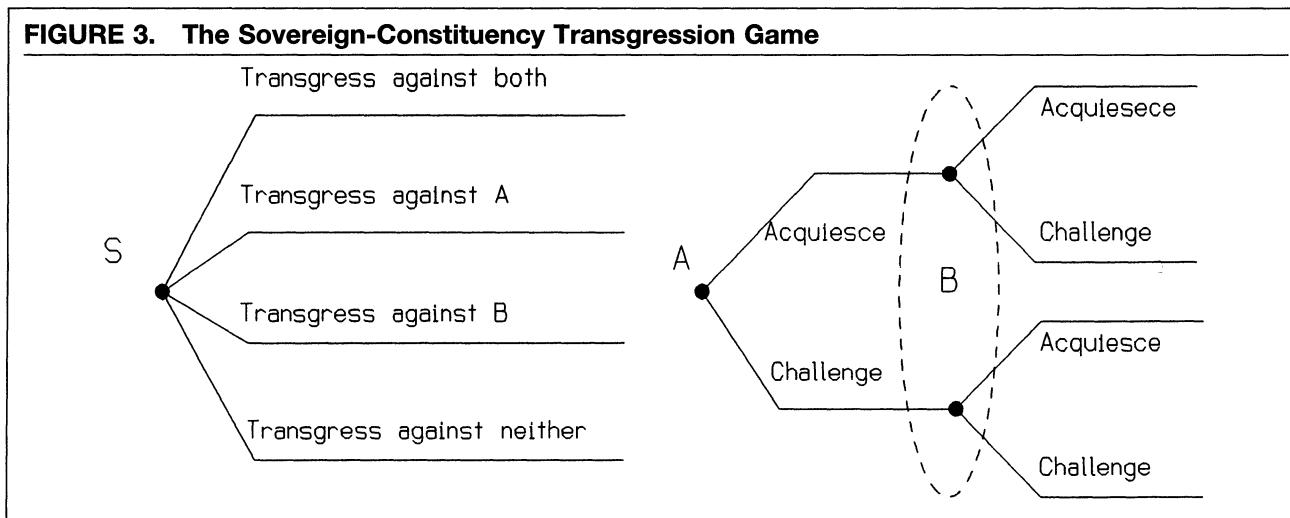
the society agree on the definition of citizen rights, those rights may not be respected. As in all coordination games, even though all players are better off when all challenge following a transgression, they will not automatically do so.

### Model 2: Coordination in a Political Context

Model 1 is particularly simple. If coordination were the sole problem facing citizens, they might easily surmount it much as they overcome coordination problems, such as deciding on which side of the road to drive. Distributional issues complicate the problem considerably. Model 1 allows no differentiation between the two groups, abstracting from the diversity of opinion about the appropriate boundaries of the state and hence about what actions constitute a transgression.

Model 2 adds two political elements to the problem of transgressions. First, the sovereign need not transgress against all citizens simultaneously. Second, transgressions have distributional implications: When the sovereign transgresses against one group, he shares some of the benefits with the other group in exchange for their support. For example, violating one group's right of representation may allow the other a greater share of legislative benefits.

Specifically, S faces two groups of citizens, A and B; he must retain the support of at least one group in order to retain power. The sequence of action is shown in Figure 3. S moves first and may choose to attempt to transgress against both A and B, against A alone, against B alone, or against neither. After S moves, A and B move simultaneously. Each may choose to



acquiesce or to challenge the sovereign. Challenging is costly. If both  $A$  and  $B$  challenge, then the sovereign is deposed, and any transgression attempted by the sovereign is rebuffed. If only one group of citizens challenges  $S$ , then the challenge fails, and any attempted transgression succeeds. If both  $A$  and  $B$  acquiesce, then any attempted transgression succeeds.

The payoffs from this game are given in Figure 4. Social surplus is maximized when no transgressions or challenges are attempted, yielding 2, 8, and 8, respectively. Power is valuable to the sovereign, and he loses 2 if he is deposed. A successful transgression nets a total of 3. When  $S$  successfully transgresses against one group, he keeps 2 of the 3 and shares 1 with the other group. If  $S$  transgresses against both, then he keeps 6. A transgression against either group destroys half of all confiscated surplus, costing the victim a total of 6. Challenging costs each challenger 1 regardless of whether it succeeds. Outcomes are determined by the strategy combinations chosen by the three players.<sup>4</sup>

This game complicates the coordination problem of model 1 by adding an aspect of the standard prisoner's dilemma to the coordination problem. That aspect arises because challenging a transgression is costly. Consider the set of incentives facing each group if  $S$  attempts to transgress against  $B$ .  $B$  naturally prefers that both challenge. No matter what strategy  $B$  plays, however,  $A$  has a dominant strategy and will always acquiesce in the face of a transgression against  $B$ . Knowing this,  $B$  will also acquiesce.

This structure of interaction allows the sovereign to transgress some citizens' rights and survive.<sup>5</sup> In the one-shot game, there are three pure strategy equilibria,

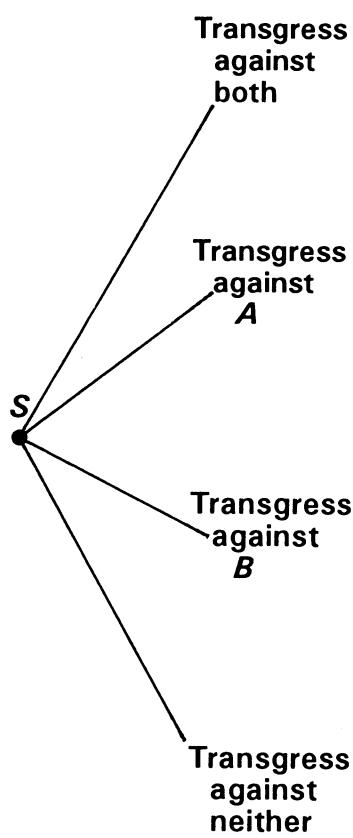
and the Pareto-optimal strategy combination with no transgressions is not among them. Which equilibrium occurs depends in part upon the reaction functions of the citizen groups to a transgression. The worst outcome for the citizens, where the sovereign transgresses against both, is an equilibrium. This occurs if citizens acquiesce in the face of any transgressions. The equilibrium strategies are:  $S$  transgresses against both  $A$  and  $B$ ;  $A$  and  $B$  acquiesce under all circumstances. Neither  $A$  nor  $B$  has an incentive to deviate. Although both  $A$  and  $B$  would prefer that both challenge  $S$ , acting alone and taking the strategies of the others as given, neither group can change the outcome by challenging, but it will increase its costs.

The two other equilibria are asymmetric and occur when  $S$  targets only one citizen group. In these equilibria, citizen groups challenge  $S$  if and only if *both* are the targets of a transgression. The equilibrium strategies (for the case when  $S$  targets  $B$ ) are:  $S$  transgresses against  $B$ ;  $A$  and  $B$  challenge if and only if  $S$  transgresses against both  $A$  and  $B$ . None of the players has an incentive to deviate. For  $S$ , transgressing against both leads to being deposed (this triggers both  $A$  and  $B$  to challenge, deposing the sovereign); transgressing against  $A$  instead is no better; and transgressing against neither is worse. For  $A$ , always acquiescing yields no change in payoffs; and challenging any transgression decreases payoffs (this raises  $A$ 's costs without any benefit). For  $B$ , given that  $S$  targets only it and that  $A$  therefore will not challenge, challenging will not change the outcome but will increase  $B$ 's costs. Thus, the outcome of the one-shot game is particularly grim because it cannot sustain the rights of all citizens.

These equilibria can be interpreted in terms of the implicit notion of citizen duty, corresponding to how citizens respond to a transgression. For example, the asymmetric equilibrium where  $S$  successfully transgresses against  $B$  is supported by notions that citizens should respond to the most egregious violations by  $S$ ; notably, when he targets both groups. The other equilibrium—in which the sovereign successfully transgresses against both—may correspond to the idea of

<sup>4</sup> For example, if  $S$  attempts to transgress against both  $A$  and  $B$  and both acquiesce, then the transgression succeeds, and the payoffs are: 8 to  $S$ , 2 to  $A$ , and 2 to  $B$ . If  $S$  attempts to transgress against both  $A$  and  $B$  and both challenge, then the transgression fails, and the sovereign loses power, resulting in payoffs of 0, 7, 7.

<sup>5</sup> The equilibrium concept is subgame perfection: A *strategy* specifies the action a player will take at every node of the game; an *equilibrium* is a set of strategies such that no player has an incentive to deviate, given the strategies of others; the equilibrium is subgame perfect if it remains an equilibrium when restricted to each subgame.

**FIGURE 4. Payoffs for the Sovereign-Constituency Transgression Game****S Moves first****Induced subgame between  
A and B (payoffs: S,A,B)**

passive obedience because citizens believe the sovereign rules by divine right. Two other concepts of citizen duty cannot be supported in equilibrium: namely, that a citizen ought to respond whenever s/he is the target or that a citizen ought to respond whenever *any* citizen is the target. Both notions fail due to the dominant strategy feature of the game: When **S** transgresses against only one group, the other is always better off acquiescing.

The situation is more complicated when this game is repeated, that is, when the interaction between the sovereign and citizens is ongoing. Given the structure of payoffs, the "folk theorem" applies, implying that virtually any outcome can be sustained as an equilibrium of the repeated game (Fudenberg and Maskin 1986). In particular, each equilibrium of the one-shot game is an equilibrium of the repeated game.

Because it provides the opportunity for citizens to punish one another, repeating the game allows citizens

to support the Pareto-optimal outcome, which has the following equilibrium strategies:

**S**: If either **A** or **B** has ever acquiesced to a transgression, transgress against both **A** and **B**. Otherwise, do not transgress.

**A**: If **B** has challenged every previous transgression by **S**, then challenge if **S** transgresses and acquiesce otherwise. If **B** has acquiesced to a previous transgression by **S**, acquiesce in every period.

**B**: If **A** has challenged every previous transgression by **S**, then challenge if **S** transgresses and acquiesce otherwise. If **A** has acquiesced to a previous transgression by **S**, acquiesce in every period.<sup>6</sup>

To prevent challenges by **S**, both groups must challenge any transgression. This behavior is an equilibrium

<sup>6</sup> Technically, this equilibrium also requires a sufficiently high discount factor,  $\delta$ .

under repeat play because, as in the repeated prisoner's dilemma, the players use trigger strategies to "punish" one another for failure to cooperate. For example, if *A* fails to challenge *S* when *S* attempts to transgress against *B*, then *B* can retaliate by acquiescing in the future whenever *S* attempts to transgress against *A*. This allows *S* to transgress successfully against *A*.

When *S* attempts to transgress against *B*, *B*'s use of the trigger strategy confronts *A* with the following choice: Acquiesce today, avoiding the cost of 1, and then face losing 3 in all future periods; or challenge today, costing 1 today but maintaining 3 in all future periods. When *A* does not discount the future too heavily, it will prefer the latter. *B*'s trigger strategy induces *A* to challenge the sovereign when the latter attempts to transgress against *B* alone.

An important property of this equilibrium is that it supports a social consensus: All citizens hold the same views about transgressions and citizen duty. It thus reflects a Lockean principle of active resistance to the sovereign in the face of transgressions.<sup>7</sup>

Unfortunately, the Pareto-optimal outcome is not the only equilibrium. Although it is normatively attractive, this equilibrium will not inevitably occur. Among others, the game may instead yield any of the three equilibria of the one-shot game, allowing successful transgressions against some or all citizens. In these equilibria, the sovereign may transgress the rights of some citizens while retaining the support of others. These are stable patterns of behavior, and none of the players, acting alone, can alter them.

### **Implications of the Model for Limited Government**

The sovereign-transgression game exhibits multiple equilibria. In the Pareto-optimal equilibrium, citizens police universalist limits on the state. In the asymmetric equilibria, the sovereign and one group of citizens form a coalition against the remaining citizens, transgressing the latter's rights.

Although multiple equilibria often make predictions difficult, this is not the case for the sovereign-transgression game. Because it presents members of a society with a massive coordination problem, the game's most natural equilibrium is asymmetric. This holds because most societies are unlikely to resolve the coordination problem in a wholly decentralized manner (Matsuyama 1996). People's natural diversity impedes coordination. Their economic circumstances differ considerably, including wealthy elites, successful commercial agents or

economic entrepreneurs, yeomen farmers who work their own land, peasants who farm the land of others, and laborers. In addition, most individuals are members of groups that hold a range of different "cultural beliefs" (Greif 1994) and "mental models" (North 1993), including religious and ethnic groups, labor unions, and other economic, political, and social organizations. Differential economic positions, beliefs and mental models, as well as information make decentralized coordination difficult.<sup>8</sup>

Politics exacerbates the massive coordination problem. Because the positions and interests of citizens differ, violations of the rights of some may benefit others. For example, expropriating the wealth of specific economic groups, sectors, or other organizations—such as large landowners, laborers, agricultural workers, exporters, or the church—provides a source of funds for others. Under these circumstances, citizen views about the appropriate role of the state, about what actions constitute a transgression, and about citizen duty are likely to differ widely.

The model shows that, in the absence of a consensus about the boundaries of the state, a coalition between the sovereign and one group of citizens is stable once it is formed. Thus, the most natural equilibrium of the game is coordination failure: Citizens are unlikely to achieve coordination in a wholly decentralized manner. Typically, differential circumstances imply there is no natural focal solution to their problem.

Policing the sovereign requires that citizens coordinate their reactions, which requires constructing a coordination device. Constitutions, a charismatic leader, a galvanizing event such as a major riot, or a pact can serve to coordinate citizens' reactions so that citizens can police the state.<sup>9</sup> But not just any constitution or pact will do. Its provisions must be *self-enforcing*; that is, it must be in the interest of the sovereign to abide by them (Calvert 1995, Ordeshook 1992, Przeworski 1991, Weingast 1995). In terms of the model, limits become self-enforcing when citizens hold these limits in high enough esteem that they are willing to defend them by withdrawing support from the sovereign when he attempts to violate these limits. To survive, a constitution must have more than philosophical or logical appeal; citizens must be willing to defend it.<sup>10</sup>

Social consensus has a special meaning in this approach. The construction of a consensus about limits on the state does not imply that all citizens hold identical values, but that they agree on a set of actions that trigger their reaction. Because citizens have different views about ideal limits, a unique set of ideal limits is unlikely. Coordination requires that citizens

<sup>7</sup> Nonetheless, there is more than one way to interpret the implied citizen duty, although both are Lockean. The game-theoretic language suggests a twofold interpretation. First, citizens should react to any transgression, regardless of the target; second, those citizens who neglect this duty should be punished. Yet, the terms "punishment" and "retaliation" impute cognitive processes and are not strictly necessary. Thus, a second notion of citizen duty relies on only the first point. The behavior called "retaliation" occurs because citizens feel betrayed when others fail to come to their aid and therefore no longer feel an obligation to come to the other's aid.

<sup>8</sup> Matsuyama (1996) also argues that the scope of citizen differences makes it difficult for a central authority to discover the appropriate way to coordinate.

<sup>9</sup> This point is made with respect to constitutions by Gibbons and Rutten (1996), Hardin (1989), and Ordeshook (1992); and, in the current context, by Weingast (1995).

<sup>10</sup> As Learned Hand (1952, 189–90) observed in his famous essay, "The Spirit of Liberty," "liberty lies in the hearts of men and women; when it dies there, no constitution, no law, no court can save it."

compromise their ideal limit. Paradoxically, if all hold out for their ideal limits, citizens cannot coordinate and hence cannot police the state. When the difference between each citizen's ideal and the compromise is small relative to the cost of transgressions, compromise makes citizens better off.

As a final observation, this approach holds that democratic stability depends on both mass and elite behavior. Given state institutions, elites choose both policy and whether to abide by limits on their behavior.<sup>11</sup> Yet, elite choices also depend on mass behavior because the latter provides many of the incentives that elites face. For example, elites risk their future if they ignore a citizen consensus that limits on the state should be upheld and defended. When no consensus exists, elites have fewer incentives to uphold the system.

## THE ENGLISH GLORIOUS REVOLUTION AS AN ELITE PACT

The Glorious Revolution in England in 1689 illustrates both aspects of the theory: an inability to maintain political rights and other limits on the state, reflecting a lack of social consensus, and the effects of constructing a coordinating mechanism to resolve these problems.<sup>12</sup> Limited franchise in England of the late seventeenth and early eighteenth century implied the political system was a competitive and representative oligarchy, not a democracy. Nonetheless, the analysis of this system's stability raises the same issues as analysis of democratic systems.

Prior to the revolution, considerable disagreement existed about the appropriate boundaries of the state. The revolution created a consensus about many disputed issues. The consensus was codified through various constitutional changes, that is, an elite pact. As I show, the pact was self-enforcing, providing for the consolidation of an oligarchic system of representation.<sup>13</sup>

The seventeenth century was one of considerable controversy and turmoil. It included a civil war, the destruction and subsequent restoration of the monarchy, the Glorious Revolution, and a coup that removed one king and brought in another. Disputes concerning the role of the state, the rights of citizens, and citizen duty occurred between both the king and citizens and different groups of citizens. By the end of the century two coalitions had formed, called Tories and Whigs.

<sup>11</sup> Moreover, elites construct focal solutions to the coordination dilemma. Of course, in practice such elites often include representatives of citizen groups (suppressed in the model for simplicity), in addition to political officials.

<sup>12</sup> This section draws on North and Weingast (1989) and Weingast (1997b).

<sup>13</sup> Elite pacts have rarely been associated in the literature with the Anglo-American democracies (see, however, Burton, Gunther, and Higley 1992). Nonetheless, they represent critical steps in the evolution of representation and the consolidation of democracy in both Great Britain and the United States. The Magna Carta is perhaps the most famous English pact. As the discussion of the Missouri Compromise of 1820 in the next section suggests, U.S. history also reflects a series of pacts.

The latter were more focused on commercial activities. They favored secure property rights, low and stable taxes on economic activity, and an activist profile in international relations. They also sought explicit limits on sovereign behavior. Tories cared much less about commercial activity, wanted a low international presence, and preferred low and stable taxes on land, their primary source of wealth. They also strongly supported the Church of England and opposed explicit limits on the crown.

The two factions also differed in their views about citizen duty when the sovereign committed undesirable acts. Whigs held a Lockean view of active resistance in the face of such acts. Indeed, Locke was a Whig and wrote his famous tracts during these controversies. Arguing that sovereign power was granted by citizens, Whigs believed it could be withdrawn. Tories, in contrast, maintained a notion of passive obedience to the sovereign, believing in acquiescence in the face of undesirable acts.<sup>14</sup>

During the reign of the late Stuarts (from the Restoration in 1660 to the Glorious Revolution) and especially by the mid-1670s, the Tories supported the crown, whereas the Whigs opposed it. Moreover, the late Stuarts transgressed significant rights of the Whigs while retaining support of the Tories.

The most famous illustration occurred in the 1680s, when the crown initiated its campaign to "pack the constituencies," a series of transgressions against the Whigs that sought to abrogate their right of representation in Parliament.<sup>15</sup> This campaign proved remarkably successful.<sup>16</sup> By the mid-1680s, the king had violated Whigs' rights of representation while retaining the support of the Tories. The latter's self-interest, in combination with their views on the role of the sovereign and of citizen duty, led them to support the king. As long as violations of rights centered on their political opponents, the Tories benefited along with the sovereign from transgressions. Seemingly stable, this pattern might have lasted for a considerable period.

Although the motives and wisdom for what happened next have been debated for three centuries, the actions of the crown are not in dispute.<sup>17</sup> Following the

<sup>14</sup> As Miller (1992, 64) suggests: "Tories argued (conventionally enough) that, as the powers of kings came from God, resistance to kingly authority could never be justified: if a king maltreated his subjects, they should accept that maltreatment with the same fortitude as the primitive Christians under the pagan Roman emperors."

<sup>15</sup> A host of other instances occurred. Many political and individual freedoms were abused under the Stuarts. For example, judges were fired for not following the dictates of the crown; and excessive bail, excessive fines, and cruel and unusual punishment were all used to intimidate the political opposition. These, too, were settled following the Glorious Revolution (Schwoerer 1981, 284).

<sup>16</sup> Of the 104 formerly Whig strongholds recharted between 1681 and 1685, only one returned a Whig to the next Parliament (Jones 1972, 47).

<sup>17</sup> The details of this dispute need not concern us. In brief, for more than two centuries, Whig historians viewed the Stuarts as bumbling kings taking ill-advised actions. More recent scholarship tends to suggest that James II took an intelligent gamble that nearly succeeded. Had he won, he would have dramatically transformed the English state, emerging as one of the most powerful monarchs in Europe.

removal of the Whigs as a formidable political opposition, the crown turned on its own constituents, using the same techniques of disenfranchisement against them. In reaction, the Tories joined the Whigs to form a united political nation against the king, forcing him to flee and inviting in a new monarchy, that of William and Mary.

The Glorious Revolution was far more than a coup, however (Jones 1972, Schwoerer 1981). Before the new sovereign took power, the Tories and Whigs negotiated a set of institutional changes; notably, Parliament joined the crown as an equal partner in government, a transformation with significant consequences (see, e.g., North and Weingast 1989).

Most important from our standpoint are the components of the pact known as the Revolution Settlement, which Parliament passed before formally offering William and Mary the throne. This document represents a coordination device. The two sides negotiated, sometimes bitterly, over two lists: how to define the former king's transgressions and how to specify the actions that no future king could undertake without fear of reprisal. Though the participants disagreed about ideals, once a compromise occurred, they accepted it nearly unanimously.

The settlement articulated an explicit set of strategies over what actions should trigger a joint response by both groups. By creating a consensus about limits, these strategies made the agreement self-enforcing. Typical of this type of coordination problem, individuals disagreed about what events should trigger a reaction, but resolution of that coordination problem brought unanimous support for the trigger strategies:

The thirteen points in the Declaration were not just statements of the true nature of the law of the constitution, *they were also intended to provide a guideline for the future conduct of government, so that any departure from legality would be instantly signaled, and remedial action could be taken* (Jones 1972, 318, emphasis added).

The constructed consensus also altered notions of citizen duty. Tories relinquished the doctrine of passive obedience in the face of sovereign transgressions. No longer would the king appeal to divine right to rationalize his decisions and seek obedience from his subjects.<sup>18</sup>

The consensus after the Glorious Revolution was thus a direct consequence of the new set of "pacted" institutions. It did not result from a new, uniformly held ideal about the best form of English government. The agreement instead occurred over the appropriate trigger strategies coordinating citizen reactions. For many of the most central political issues of the era, the Revolution Settlement furnished a new set of limits on sovereign behavior. The newly agreed-upon limits implied that citizens would react in concert against any

future violation of them, thus making their political and economic rights more secure. Because violations of these limits would now be punished, the crown had a substantial incentive to observe them. The pact thus made the limits on the state self-enforcing.

## DEMOCRATIC STABILITY

This section applies the approach to the three puzzles noted in the introduction. It also shows how to integrate other components of the literature, notably the study of democratic consolidation.

### Values, Interests, and Democratic Stability

The first puzzle concerns the relationship between citizen values and elite interests in democratic stability. In the early literature, scholars focused on citizen attitudes and values. Almond and Verba (1963) argued that citizens in stable democracies are characterized by a particular set of widely shared attitudes and values, which they called the "civic culture."<sup>19</sup> Citizens in stable democracies possess a relatively common set of understandings about the appropriate boundaries of government, the sanctity of political rights, and the duties of citizens to preserve them: "If there is no consensus within society, there can be little potentiality for the peaceful resolution of political differences that is associated with the democratic process" (Almond and Verba 1963, 358).

The equilibria of the game correspond closely to the phenomena studied by Almond and Verba. Societies that have resolved their coordination dilemmas, paralleling the Pareto-optimal equilibrium, exhibit three complementary phenomena: stable democracy, a set of political institutions and rights of citizens that define limits on the state, and a shared set of beliefs among the citizenry that those limits are appropriate and worth defending. Societies that have failed to resolve their coordination dilemmas, paralleling the asymmetric equilibrium, lack these complementary phenomena.

The model suggests, however, that stable democracy does not simply arise because some countries happen to have the relevant shared set of values. As Barry (1970, 48–52) observed, stable democracy may instead foster citizen values.

The relationship between citizen values and democratic stability is not a causal one, with values as the independent variable and democratic stability as the dependent variable (Lijphart 1980); nor, as Barry suggested, is it simply the reverse. My approach suggests a third alternative in which the causal variable is whether a society has resolved its coordination dilemmas. Resolution creates both a consensus among the citizenry and stable democracy; they are two different aspects of the same equilibrium. Failing to resolve the dilemma

<sup>18</sup> To quote Schwoerer (1981, 291): "The events of the revolution and the terms of the Bill of Rights destroyed the essential ingredients of the ancient regime: the theory of divine-right monarchy, the idea of direct hereditary succession, the prerogatives of the king over law, the military, taxation, and judicial procedures that were to the detriment of the individual."

<sup>19</sup> See also Dahl (1966, 1971) and Lipset (1960, 1963). The discussion emphasizes only one aspect of this rich literature. It also suggests a way to integrate some of the more recent and parallel findings of Putnam (1993).

implies a diversity of citizen attitudes and the lack of democratic stability.

Almond and Verba provide considerable support for my interpretation of their work. Paralleling my view, they argue that citizens in stable democracies have the ability to cooperate: "Social trust facilitates political cooperation among the citizens in [stable democracies], and without it democratic politics is impossible" (1963, 357). My account emphasizes the consensus about the appropriate limits on government. For Almond and Verba (p. 357), the norms underlying the civic culture "place limits on politics. They indicate that certain social relationships are not to be dominated by political considerations. And in this way they allow the individual to maintain a certain degree of independence from the political system."<sup>20</sup>

But how does the civic culture constrain political officials? My equilibrium perspective concludes that officials respect limits because they fear being deposed or turned out of office. Although Almond and Verba (1963, 353) are not centrally concerned with this issue, they point to mechanisms that parallel those of my model:

The well-known "law of anticipated reactions" may operate here. A good deal of citizen influence over governmental elites may entail no activity or even conscious intent of citizens. On the contrary, elites may anticipate possible demands and activities and act in response to what they anticipate. They act responsively, not because citizens are actively making demands, but in order to keep them from becoming active.

In sum, my interpretation of Almond and Verba seems in sympathy with their own approach.

**Contrasting Illustrations of Citizen Behavior.** The contrast between political behavior in a stable democracy like the United States and in the historically unstable ones of Latin America illustrates the differences in citizen behavior implied by the model. A revealing example from the United States concerns the citizen reaction to President Franklin Roosevelt's 1937 proposal to "pack the Court." In the previous two years, the Supreme Court had declared many of the New Deal's principal components unconstitutional. In response, Roosevelt devised a plan to expand the Court to obtain a pro-New Deal majority, but he never pressed for it. Among the reasons—and critical for my purposes—was the public reaction to this plan. Not only his political opponents but also many of his supporters were against the plan. Because it constituted a direct assault on the constitutional principle of the separation of powers, large numbers of citizens, including many of the intended beneficiaries, viewed the plan as illegitimate.<sup>21</sup>

<sup>20</sup> As a final parallel with my approach, Almond and Verba (1963, 372) hint at the importance of constructing a focal solution in the creation of stable democracy: "If a new nation is to create a civic culture . . . [t]here must be a symbolic event, or a symbolic, charismatic leader, or some other means of creating commitment and unity."

<sup>21</sup> As one prominent legal historian concluded, "the court-packing plan was attacked from all sides as a threat to the independence of

This type of citizen reaction is significantly less likely in Latin America. Many of these states are characterized by cycles of democracy and authoritarianism, which constitutes a fundamental difference between democracy there and in the United States. Latin American states are not characterized by a common set of citizen attitudes about the appropriate role of government. When the government threatens radical reform, or after extended poor economic performance due to political mismanagement or corruption, a surprisingly large portion of the citizenry has in the past been willing to support extraconstitutional means of political change. These findings typify the literature on democracy in Latin America. Stepan's (1988) analysis of Brazil suggests that, in the 1964 coup, the military moved only after it sensed considerable support for its action. Baloyra (1986), in his study of Venezuela, found that in 1983 more than half the respondents (53%) could conceive of situations in which military coups are justified. Loveman (1993) argues that most Latin American constitutions facilitate coups and other forms of "regimes of exception," for example, through provisions that charge the military with maintaining public order.

These examples illustrate one of the central results of the model: Maintaining limits on the state requires that political leaders find it in their interests to abide by them. The U.S. Constitution has proved binding in practice partly because citizens are willing to defend it by reacting against proposed violations. Anticipating that reaction, political leaders rarely attempt violations. Citizen reaction implies that U.S. constitutional restrictions on elected officials are self-enforcing. In contrast, the findings about Latin America reveal a substantial degree of support for extraconstitutional action during periods of poor economic and political performance.<sup>22</sup> Paralleling the equilibrium of the game studied above, Latin American states exhibit a complementary set of phenomena: citizens unwilling to defend the constitution, unstable democracy, and episodic support for coups. Democracy is self-enforcing in the United States but not in Latin America.

Citizen attitudes, values, and behavior are thus central to democratic stability. But they are not a set of causal variables, as Almond and Verba suggested. Along with democratic stability, citizen behavior reflects the equilibrium; and both phenomena are determined by whether the society has resolved its coordination dilemmas.

**Values and Interests in the Recent Literature.** Uncertainty over the relative importance of interests and values continues to the present. Whereas the 1960s literature tended to focus on mass behavior, ignoring

the justices and to the whole American system. The plan was hastily abandoned" (Friedman 1984, 188). In striking contrast to the overwhelming support for Roosevelt and the New Dealers in Congress in the November 1936 elections, data from opinion polls suggest that at no time during the controversy did a majority of the country favor this plan (Epstein et al., 1994, table 8-26).

<sup>22</sup> Remmer (1991) argues that citizens in Latin America have become less willing to support extraconstitutional action since 1980.

elites, students of democracy in the 1980s exhibited the opposite tendency (as exemplified in the famous study by O'Donnell and Schmitter [1986]). Two of the most influential works of the 1990s illustrate the ongoing lack of consensus. Przeworski's *Democracy and the Market* (1991) focuses on the interaction of institutions and elite incentives; citizen values and behavior play no explicit role. In contrast, Putnam's *Making Democracy Work* (1993) reflects the return to citizen values, norms, and traditions, with far less attention to elites. I discuss these works in turn.

Przeworski's (1991) approach to self-enforcing democracy contributes fresh insights into democratic stability. My framework helps reveal the logic underlying Przeworski's approach; it also reveals a hidden role for citizen values. Przeworski begins with a fundamental dilemma for democratic stability: Why would an incumbent party that has lost an election accept its loss instead of subverting the democratic process to retain power? His answer is that sustaining democracy requires it to be self-enforcing; that is, it must be in the interests of the incumbents to accept their loss.

Let the incumbent's payoffs associated with winning, loss, and subversion be  $W_t$ ,  $L_t$ , and  $S_t$ , respectively (the subscripts indicate time period).<sup>23</sup> After losing an election in period 1, an incumbent party has two options: It may accept its loss, or it may attempt to subvert the democratic process to retain power. For there to be a potential compliance problem, the value of subversion must exceed that of accepting today's loss, or  $S_1 > L_1$ .

First-period payoffs favor subversion since  $S_1 > L_1$ . Yet, democratic institutions provide the opportunity for winning in period 2. If the defeated incumbent complies in this round, its expected payoff from the next round is  $C_2 = pW_2 + (1-p)L_2$ , where  $p$  is the probability that it wins the next election. Today's losers will comply when the expected gains from accepting the loss exceed those from subverting; that is, when the following inequality is satisfied:

$$L_1 + C_2 > S_1 + S_2. \quad (1)$$

I derive two comparative statics results from this inequality about compliance and democratic stability. Both provide the logic underlying observations made by Przeworski about characteristics of successful constitutions. The first concerns Przeworski's (1991, 36) statement that "constitutions that are observed and last for a long time are those that reduce the stakes of political battles."

To see how this conclusion follows from inequality 1, rewrite the inequality so that the first term is a function of a parameter,  $\alpha$ :

$$L_1(\alpha) + C_2 > S_1 + S_2.$$

<sup>23</sup> Notice that  $S_t$  reflects the uncertainty associated with attempted subversion: the value of success times the probability of success balanced by the value of failure (along with any punishment) times the probability of failure. Following Przeworski (1991), for simplicity the analysis considers only two periods.

The term  $\alpha$  reflects the degree of constitutional restrictions on the stakes, where higher levels of  $\alpha$  correspond to greater restrictions. Following Przeworski, assume that greater restrictions lower the stakes of political battles, that is,  $\partial L_1 / \partial \alpha < 0$ .

But how are constitutional restrictions enforced? Although Przeworski does not analyze this problem, the above framework provides an answer. Constitutional restrictions impose limits on elected officials. The model shows that enforcing these limits requires a citizen consensus that these restrictions are worth defending. Consensus about limits implies a higher  $\alpha$ . Higher  $\alpha$  lowers  $L_1$  and, by inequality 1, makes compliance more likely.

Przeworski's (1991, 36) second observation is:

successful democracies are those in which the institutions make it difficult to fortify a temporary advantage. Unless the increasing returns to power are institutionally mitigated, losers must fight the first time they lose, for waiting makes it less likely that they will ever succeed.

The institutions of successful democracies limit the ability of those in power to subvert the system to prevent their opponents from winning the next election. In terms of the formula for compliance (1), these institutions prevent tomorrow's incumbents from substantially lowering  $p$ . Low values of  $p$  imply  $C_2$  is near zero, so inequality 1 fails to hold, making compliance by today's defeated incumbents unlikely.

Honoring institutional restrictions must be in the interests of tomorrow's incumbents, in order to have the intended effect of compliance. My framework suggests that restrictions on governing elites can only be binding if there exists a citizen consensus to react against tomorrow's incumbents if they attempt to rig elections. Citizen consensus implies a higher  $C_2$  and, by inequality 1, a greater likelihood of compliance.

The comparative statics results derived from inequality 1 reveal the logic underlying Przeworski's important conclusions. Democratic stability depends in part on elites' willingness to observe restrictions on their own behavior. These results also show that citizen values are a direct and explicit part of the elite's interest calculation. Przeworski argues that successful constitutions reduce the stakes of power and prevent incumbents from rigging elections against their opponents. To succeed, both aspects of constitutions must be self-enforcing. That, in turn, requires the citizen value consensus noted in the earlier literature.

Putnam's (1993) study represents a major contribution to our understanding of democracy and a return of interest in traditions, norms, and values. Putnam argues that democratic stability depends on a specific form of social organization and citizen values, which he calls "civic traditions."

My account of democratic stability parallels that of Putnam in several respects. He lodges his view in a series of "collective action problems" that focus on the ability of citizens to cooperate for mutual gain (chapter 6). He repeatedly refers to the prisoner's dilemma for understanding social cooperation (chapter 6). Societies with the appropriate norms and traditions can sustain

cooperation, as reflected in northern Italy, where these traditions include strong social norms, such as reciprocity, and dense “networks of civic engagement” (chapter 6).<sup>24</sup> The denser are such networks and norms of reciprocity in a society, “the more likely that its citizens will be able to cooperate for mutual benefit” (p. 173). Less civic regions, in contrast, reflect a “Hobbesian equilibrium” characterized by “mutual distrust and defection, vertical dependence and exploitation, isolation and disorder, criminality and backwardness” (p. 181). Finally, Putnam describes the contrasting patterns of northern and southern Italy as “two equilibria” (pp. 177–81).<sup>25</sup>

Missing from Putnam’s account is a full integration of elites. Although he suggests that citizen cooperation constrains political officials to respect citizen interests, he does not analyze this problem. My perspective suggests how to complete Putnam’s model, a reinterpretation that seems consistent with his account. Putnam (1993, 171–76) suggests that vertical social relations, such as patron-client networks, do not have the same political efficacy as the horizontal social relations of civic traditions.<sup>26</sup> He suggests that vertical social phenomena be modeled as a prisoner’s dilemma in which an all-powerful state subjugates all citizens. This is a useful metaphor but a misstep toward modeling. The equal oppression in the prisoner’s dilemma reflects a virtually horizontal, not vertical, society.

The key to modeling vertical social systems is that they reflect social differentiation. Some citizens are better off in the vertical society, in part because political officials reward collaboration in their subjugation of others. My model encompasses precisely this situation. In the asymmetric equilibrium, the sovereign gains the support of some citizens while transgressing against others. The asymmetric treatment of citizens underpins the equilibrium’s stability, preventing sufficient support for the universalistic standards of a horizontal, democratic society.

Putnam’s study of civic traditions is rightly regarded as a major work. My reinterpretation suggests how to integrate his approach with works focusing on elites.

To summarize this subsection: My model suggests that understanding democratic stability requires three components: analysis of institutions, citizen values and

behavior, and elite behavior. To quote Diamond’s (1994b, 3) elegant summary of the logic: “Elites choose democracy instrumentally because they perceive that the costs of attempting to suppress their political opponents exceed the costs of tolerating them (and engaging them in constitutionally regulated competition).” Studying elites or citizen behavior alone is insufficient to explain why democracy works.

## Democratic Stability in Divided Societies

The second puzzle concerns why divided societies face particular obstacles to maintaining democracy (Horowitz 1985, Rabushka and Shepsle 1972). The perspective developed above provides new insights into this question. In divided societies, members of different ethnic, linguistic, religious, or racial groups typically have different views about all aspects of government, policy, and the role of the state, including the appropriate limits on the state. These differences impede resolution of the society’s coordination dilemmas. Severely divided societies, those with significant ethnic conflict, therefore reflect the equilibrium in which there is an absence of shared beliefs about the appropriate boundaries of the state.

Consistent with this, Rabushka and Shepsle (1972, 12) emphasize that severely divided societies typically “lack consensus” and are states in which subnational cultural groups—as opposed to the nation—serve as the primary basis of citizen loyalty. They find that “plural societies are qualitatively distinct from homogeneous ones . . . [and] that plural societies are inherently prone to violent conflict” as opposed to peaceful, democratic resolution of their differences. Divided societies are thus less likely to sustain stable democracies. Horowitz (1985, 8), in his classic treatise, describes divided societies in similar terms: “Issues that elsewhere would be relegated to the category of routine administration assume a central place on the political agenda of ethnically divided societies . . . almost any issue, any phenomenon, can suddenly turn ethnic or turn communal.”

When ethnic divisions permeate politics, the consensus necessary for democratic stability is difficult to devise.<sup>27</sup> The divided societies studied by Horowitz and Rabushka and Shepsle therefore reflect the asymmetric equilibrium of the game in which citizens fail to coordinate their behavior. Universalistic limits on government, applying to members of all ethnic groups, are difficult to sustain for several reasons. First, significant differences in values among members of different groups impede the resolution of the coordination problem to achieve consensus over fundamental rights and limits on the state. Second, as in the asymmetric

<sup>24</sup> A further parallel: For Putnam (1993, 172), “in communities where people can be confident that trusting will be requited, not exploited, exchange is more likely to ensue. Conversely, repeated exchange over a period of time tends to encourage the development of a norm of generalized reciprocity.” In the Pareto-optimal equilibrium of my game, one group aids another that is targeted by the sovereign partly because it expects reciprocity, not immediate gain. In contrast, citizen groups exploit one another under the asymmetric equilibrium. Finally, both the Pareto-optimal equilibrium of my game and Putnam’s reciprocity are enforced through sanctions.

<sup>25</sup> In southern Italy, for example, “the strategy of ‘never cooperate’ is a stable equilibrium, for reasons that are well explicated in standard accounts of the prisoner’s dilemma. . . . The ‘amoral familism’ that Banfield observed in the Mezzogiorno is, in fact, not irrational, but the only rational strategy for survival in this social context” (Putnam 1993, 177).

<sup>26</sup> “A vertical network, no matter how dense and no matter how important to its participants, cannot sustain social trust and cooperation” (Putnam 1993, 174).

<sup>27</sup> Recent work emphasizes that linguistic, ethnic, and religious divisions need not be the primary basis for political organization or an individual’s primary loyalty (e.g., Bates 1983, Horowitz 1985, Laitin 1988). Indeed, Laitin’s work (1988, 1992, 1994) on language reveals that these patterns are endogenous. The literature on nationalism, stressing the growing homogeneity of political loyalties in many societies, supports the same conclusion (e.g., Anderson 1991, Gellner 1983).

equilibrium of the game, one group may actually benefit from exploiting others. Third, even when all groups desire an end to repression, it may be difficult to devise a credible plan or pact that implements peace. These factors make democracy difficult to sustain in plural societies. The absence of credible limits on the state allows mutual hostility to erupt into violent conflict (Weingast n.d.).

Nonetheless, as Fearon and Laitin (1996) emphasize, not all divided societies exhibit ethnic conflict of the type described by Horowitz.<sup>28</sup> Several divided societies in the developed West, such as Belgium and Switzerland, have developed stable democracies, and the reason underlying this stability is instructive. Those societies have devised a set of constitutional provisions to limit the effect of ethnic and religious divisions.<sup>29</sup> In terms of the model, these institutional provisions reflect a solution to the coordination dilemma, constructed so that limits on the state can be sustained in equilibrium. In the presence of credible limits on the state, ethnic groups can trust one another and support mutual tolerance.

The solution to the coordination problem is accomplished through a variety of institutional means, such as the form of electoral system, the decentralization of political power to more homogeneous political units, and the imposition of explicit limits on majorities at the national level.

Both Belgium and Switzerland have a written constitution: a single document containing the basic rules of governance . . . [that] can only be changed by special majorities. . . . [In Belgium] any bill affecting the cultural autonomy of the linguistic groups requires not only the approval of two-thirds majorities in both chambers but also majorities in each linguistic group (Lijphart 1984, 29–30).

Both the decentralization of political power and explicit limits on majorities decrease the likelihood that one ethnic or religious group will use political control to discriminate against or subjugate another. As Lijphart (1984, 23) emphasizes, in “plural societies, . . . majority rule spells majority dictatorship and civil strife rather than democracy.”

Lijphart’s (1968) characterization of the “politics of accommodation” in the Netherlands suggests one way to construct credible guarantees to ethnic or religious groups, at least in the developed West.<sup>30</sup> Identifying four political subcultures, he describes a divided society

<sup>28</sup> The material in this subsection draws on Weingast (n.d.). Although Horowitz (1985) attempts to distinguish divided societies in the West from those he studies, these differences are largely behavioral. Because behavioral patterns are endogenous, they are part of the phenomena to be explained, not a set of independent variables that distinguish among societies. As I suggest below, these behavioral differences arise because divided societies in the West have resolved the problem of ethnic cooperation, not because ethnic cooperation is less of a problem in the West.

<sup>29</sup> See Lijphart (1984) and Tsebelis (1990, chapter 6.).

<sup>30</sup> My discussion of consociationalism in the developed West is *not* intended to suggest that it is a recipe for democracy in divided societies of the developing world, where its effects remain uncertain (see the debate between Horowitz 1991, especially his discussion of Lijphart). Instead, I suggest that the major lessons of self-enforcing limits on government are central to the success of consociationalism in the Netherlands.

in which the “fourfold division of Dutch society is manifested in virtually all politically and socially relevant organizations and group affiliations” (1968, 23).<sup>31</sup>

Despite the pervasive divisions in Dutch society, democracy and limited government remained relatively stable during the period studied. The reason, according to Lijphart, is not due to a consensus over fundamental values or appropriate public policy. Instead, the consensus encompasses the rules of the game, which provide significant autonomy for each group. According to Lijphart (1968, 78):

In the Netherlands, both the degree and extent of political consensus are very limited but one vitally important element of consensus is present: the desire to preserve the existing system. Each bloc tries to defend and promote its own interests but only within the confines of the total system and without the threat of secession or civil war.

The rules of the game include a series of unwritten, informal, and implicit tenets. From our perspective, the most important are: (1) The blocs agree to disagree; (2) politics is not like warfare in that no group should attempt to dominate or repress another; and (3) large numbers of politically divisive issues should be settled so that resources are distributed proportionate to the size of the relevant groups (Lijphart 1968, chapter 7).

In terms of my model, the stability underlying the “politics of accommodation” reflects three factors. First, it reflects a consensus over the rules. Citizens agree that the rules must be defended and that appeals to violate them must be opposed, even by the intended beneficiaries of the violation. Second, the proportionality features of the system, though arbitrary, represent a constructed focal point from which deviations are easy to police. Third, in accordance with my theory, stability depends on the interaction of informal norms and formal political institutions.

As described by Lijphart, midcentury Dutch democracy remained stable because of the consensus supporting the system. Elites did not attempt subversion of democratic rules because citizens, aware of the consequences, would punish leaders who advocated it. The consensus-producing aspects of the system, fostered in part by the proportionality constraints, implied that no group would be cut out of the system. Proportionality thus contributed to democratic stability because it lowered the stakes of political action.

Taken together, these arguments imply that the system’s constraints were self-enforcing.<sup>32</sup> Despite the potentially divisive nature of this society, it achieved democratic stability.

Where divided societies have risen above their divisions, they do so by constructing explicit and self-

<sup>31</sup> Furthermore, cleavages are not “cross-cutting” but “mutually reinforcing” and “congruent.” “Class and religious cleavages separate self-contained ‘inclusive’ groups with sharply defined ‘political subcultures’” (Lijphart 1968, 14–5).

<sup>32</sup> Of course, the long-term success and stability of constraints and institutions of this type are vulnerable to significant changes in the composition of groups, a factor influencing the stability of Dutch politics, as well as that in post-World War II Lebanon and in the accommodation of the North and South in the antebellum United States (see Weingast 1997a).

enforcing constraints on the government that protect the various groups. The construction of self-enforcing limits not only supports mutual tolerance and trust among groups but also is what distinguishes the relatively peaceful divided societies in the West from the deeply divided societies of Africa and Asia. Maintaining self-enforcing limits on the state in divided societies requires more than just granting equal rights to all citizens. It requires institutions that provide for credible limits on the state. In both Belgium and Switzerland, power is decentralized to more homogeneous groups; in addition, national majorities are prohibited from imposing uniform policies.

This perspective yields a prediction. Consider divided societies in the regions studied by Horowitz (1985) that have managed to secure a degree of ethnic harmony under conditions of ethnic tension, such as Malaysia or India. The above argument predicts that these societies are characterized by institutions that provide incentives for political leaders to encourage mutual tolerance and by a citizen consensus that wants these institutions preserved. Horowitz's (1985) discussion of electoral systems, for example, in Nigeria, and his (1991) discussion of South Africa in part reflect this logic.

### Elite Pacts

The third puzzle concerns elite pacts (Burton, Gunther, and Higley 1992; Karl 1986; O'Donnell and Schmitter 1986; Rustow 1970). Pacts represent an agreement among elites to modify the rules of the political game, typically to end debilitating conflict.<sup>33</sup> According to Karl (1986, 198),

pact-making promulgates regime norms and state structures that channel the possibilities for economic change in an enduring manner. In Venezuela . . . pacts [establish] political "rules of the game" which also institutionalize the economic boundaries between the public and private sectors, guarantees for private capital, and the parameters of future socioeconomic reform.

Under certain circumstances, pacts enable a society to move from the undesirable, nondemocratic equilibrium to the desirable equilibrium of limited government that can support stable democracy.

How is this accomplished? The literature does not provide a systematic answer; nor does it explain why some pacts succeed and others fail. My approach suggests an answer, namely, that the central role of a pact is to construct a focal point about limits on the state. That requires a compromise among elites and their followers in which each group is willing to forgo attempts to dominate or subjugate other groups in exchange for mutual acceptance of a compromise. Pacts are thus a form of elite convergence that allows a previously "disunified" elite [to] become 'consensually

unified' in regard to the basic procedures and norms by which politics will henceforth be played" (Burton, Gunther, and Higley 1992, xi).

The model suggests that successful pacts meet two conditions: (1) The participants all perceive that they are better off under the pact than under the status quo (as Rustow 1970 suggests); and (2) the pact is self-enforcing, requiring in part that the participants resolve their coordination dilemmas about the nature of the state and society. In particular, elites and their followers must be willing to punish those who seek unilateral defections from the pact. For a group to forgo opportunities to defect, it must believe that other groups will also do so. The concept of self-enforcement provides an additional set of constraints inadequately investigated in the literature.

The interpretation of pacts as constructing a focal equilibrium yields two predictions. First, pacts cannot be imposed at just any time. The model's asymmetric, nondemocratic equilibrium is stable in part because one of the two groups gains by subjugating the other. Because this is an equilibrium, something outside the model must dislodge it. For example, an economic crisis may imply that the status quo can no longer be sustained; the state may become mired in an unresolvable civil war; or a new foreign threat may provide an incentive for groups to forgo their previous differences. Consistent with this prediction, Burton, Gunther, and Higley (1992, 14) observe that crises and continual conflict often create a situation in which "all factions suffered heavy losses" (see also Rustow 1970). External events that dislodge the old pattern afford an opportunity to construct a focal point, allowing factions to implement the Pareto-optimal equilibrium sustaining limited government and democracy.<sup>34</sup>

The second prediction concerns the success of pacts and hence the survival of democratic institutions inaugurated by them. The model predicts that successful pacts must be self-enforcing. For an appropriately constructed sample of pacts, we should find that those which provide the basis for their own enforcement are more likely to succeed than those which do not. Studies of pacts should routinely investigate their self-enforcing properties. The literature has tended instead to focus on characterizing successful and unsuccessful pacts; for example, noting that successful pacts protect each participant's "vital interests" (O'Donnell and Schmitter 1986, 37). But why are only some pacts successful at this? My answer is that they are self-enforcing.

A final point is that self-enforcing pacts are sometimes impossible to devise. The economics literature demonstrates that incentive problems, such as ex post opportunism, plague the success of many potential bargains (Milgrom and Roberts 1992, Williamson 1985). Some bargains may fail, not because the parties

<sup>33</sup> In the words of O'Donnell and Schmitter (1986, 37), an elite pact is "an explicit, but not always publicly explicated or justified, agreement among a select set of actors which seeks to define (or, better, to redefine) rules governing the exercise of power on the basis of mutual guarantees for the 'vital interests' of those entering into it."

<sup>34</sup> Although the model focuses on the asymmetric and the Pareto-optimal equilibria, nothing in the approach requires that pacts move a society to the Pareto-optimal equilibrium. Other equilibria exist where, as Karl (1990) observes, pacts benefit only some contending interests while excluding others.

are unable to reach an agreement about what to do, but because they cannot make the agreement self-enforcing. If scholars begin to investigate the incentive problems facing potential pact makers, I predict they will discover similar impediments for pacts.

Two illustrations reveal the centrality of enforcement to pacts. Wood's (1995) study of the recent El Salvador peace accords analyzes an attempt to construct a self-enforcing pact. Although the pact may not succeed in maintaining democracy, it did end the civil war and bring on democratic elections. The analysis shows that the participants were centrally concerned with how to enforce the pact. A series of considerations facilitated compromise. After years of war, both the insurgents and the regime recognized that neither could win. The war also dramatically altered the pattern of landholdings in many insurgent areas. Because the new landholdings could not easily be undone, insurgent holdings had a degree of protection. The insurgents gave up their goal of socialist revolution, advocating democracy instead. And moderates prevailed in the regime, opening negotiations with the insurgents and agreeing, for instance, to moderate social and economic reform.

To initiate peace and transition to democracy, the pact had to solve several credibility problems. One concerned security: While peace required that the insurgents lay down their arms, if they did so, they risked having the government renege on the agreement by subjugating them. Demobilization became the Gordian knot preventing peace (Wood 1995, 235).

Two accords in late 1991 and early 1992 attempted to resolve these problems. The accords created a linked, sequential, and simultaneous demobilization in which both sides undertook a series of steps: (1) They laid down their arms; (2) the regime dismantled its internal security apparatus, formerly focused on coercing rural *campesinos*, from whom the insurgents drew their political strength; (3) the police forces were integrated; and (4) a body of observers, domestic and international, was created to help monitor and implement the agreements. Also important was the U.S. withdrawal of funds for the regime's fight against the insurgents. "This linkage thus provided some degree of security to both sides: each was required to take a sequence of significant and costly steps which, if implemented, would signal continuing compliance with the terms of the peace agreements" (Wood 1995, 238).

Although the pact provided for peace and democracy, we do not yet know whether it is stable over the long run. Many divisive social and economic issues have yet to be addressed. Nonetheless, the sides' attempt to establish credibility was central to the peace accords. The simultaneous demobilization and integration of police forces lowered the insurgents' vulnerability and thus helped facilitate peace and the transition to democracy.

A second illustration concerns the U.S. pact commonly known as the Missouri Compromise of 1820 (Weingast 1997a). It ended the first crisis over slavery by establishing sectional balance, the equal represen-

tation of North and South in the Senate, granting both sections a veto over national policymaking.

During the first two decades of the nineteenth century, many northerners, particularly traders in the Northeast, were highly dissatisfied with national policy. Throughout this period, the North retained parity with the South or had a one-state advantage. The attempt to admit Missouri as a slave state in 1819, granting southerners a one-state advantage without any free state for balance, mobilized large numbers of northerners against the South. Threatened by potential southern dominance of the Union, northerners met this threat by attacking slavery. In the House of Representatives, where population advantage gave them a majority, they amended the statehood bill to prohibit slaves from entering Missouri and to provide for a gradual emancipation of slaves already residing there (Moore 1953). Southerners, with their veto in the Senate, prevented the amendments from becoming law, and a crisis ensued.

Because a national antislavery initiative struck at the heart of southern society, the crisis had a larger implication: The problem of sectional dominance was no longer one-sided but reciprocal. Reciprocal vulnerability drove both sides to resolve the problem (paralleling Rustow's 1970 observations). The Missouri Compromise did so through three components. First, it brought in Maine as a free state, balancing Missouri. Second, it divided the remaining U.S. territory between free and slave. Third, it made the balance rule explicit. For the next thirty years, states entered the Union as pairs (Meinig 1992, Potter 1976).

Balance and sectional veto had a profound effect on political behavior. First, the veto allowed each section to protect itself from onerous measures. Neither section, for example, could grow at the other's expense. Second, over the long run, balance provided the basis for sectional cooperation. Because it meant that radical measures could not succeed, balance induced moderates in each section to cooperate with one another. Moderates might have supported a sectional measure if it could have succeeded. The knowledge that it would fail, however, implying sure costs without any compensating benefits, helped turn them away from such temptations.

Pacts are not just agreements articulating valued ends. To attain these ends, pacts must provide for their enforcement. My discussion suggests the tools needed to analyze how they do so. It also shows how attention to enforcement helped bring peace in El Salvador and, following the Missouri Compromise, allowed democracy to survive in the United States for another generation.

### The Consolidation of Democracy

A final topic is the distinction between the initiation and the consolidation of democracy (O'Donnell and Schmitter 1986; see also Burton, Gunther, and Higley 1992 and Diamond 1994a, 1996). The initiation or "instauration" (O'Donnell and Schmitter 1986) of democracy reflects the onset of its procedural aspects,

such as regular elections. In addition to procedures, the consolidation of democracy requires that

politically significant groups accept established political institutions and adhere to democratic rules of the game.... [D]emocratic consolidation is a “process through which democratic forms come to be valued in themselves, even against adverse substantive outcomes” (Burton, Gunther, and Higley 1992, 4, quoting Bolivar Lamounier).

In contrast:

The dynamics of political conflict in unconsolidated democratic regimes are qualitatively different [from the dynamics in consolidated ones]. Important and powerful elites deny the legitimacy of the existing regime, and they seek to overthrow it.... [B]ecause they also perceive rival political parties as conditional in their support for democracy and equivocal in their commitment to democratic rules of the game, political competition and conflict are fraught with suspicion and distrust (Burton, Gunther, and Higley 1992, 31).

The study of democratic consolidation raises a paradox. Although consolidation requires a focus beyond democratic procedures, it occurs only when a society adheres to these procedures. A complete theory of consolidation therefore requires an understanding of what makes democratic procedures self-enforcing. As I have argued about other literature, studies of consolidation also have paid too little attention to the problem of enforcement. The literature characterizes many central differences between consolidated and unconsolidated democracies, but this characterization does not explain the differences.

Burton, Gunther, and Higley’s characterization of unconsolidated regimes stresses that the party in power does not adhere to democratic rules in part because it perceives rival political parties as “equivocal in their commitment to the democratic rules” (1992, 31). The above discussion of Przeworski’s model of democratic compliance shows how this perception makes it far less likely that incumbents will adhere to the rules. That discussion also reveals something missing from the elite-centric view in the literature, namely, the role of citizens and mass behavior.<sup>35</sup> Burton, Gunther, and Higley’s characterization of unconsolidated regimes implies an absence of sanctions on political officials for violating the rules. If citizens were willing to punish officials—of all political stripes—for violating democratic procedures, then rival parties would be less likely to violate those procedures and hence, by the formula for compliance, so too would incumbents.

In terms of my approach, consolidation of democracy requires that a society resolve its social coordination dilemmas concerning the legitimate boundaries of the state. Resolving these dilemmas implies both that citizens will punish political officials who fail to adhere to democratic rules and that they will (indirectly) punish other citizens who fail to do so.

Many of the behavioral differences between consolidated and unconsolidated democracies directly paral-

lel the model’s two types of equilibria. My model suggests that elites and citizens in consolidated democracies have resolved their coordination dilemmas and play the Pareto-optimal equilibrium. This implies the existence of widely valued procedural and substantive limits on government, a citizenry willing to defend those limits, and the expectation among rival political parties that each will adhere to the democratic rules. These phenomena go hand in hand because they are different aspects of a single equilibrium process. A society, therefore, can sustain universalistic limits on the state. Political violence, intimidation, and repression are rare, and thus consolidated regimes are characterized by mutual trust and security (Dahl 1971).

In contrast, elites and citizens in unconsolidated democracies have failed to resolve their coordination dilemmas, so they play the asymmetric equilibrium in which universalistic limits on the state cannot be sustained. This implies substantial disagreements among the citizenry about procedural and substantive limits on the state, a citizenry unwilling to defend limits on government, and the expectation among rival political parties that each is at best incompletely committed to democratic rules. Violence and intimidation may be commonplace, and major political parties may advocate the overthrow of the government. There are no guarantees of respect for limits on governmental action. Mutual mistrust is the consequence.<sup>36</sup>

The model also suggests why consolidating democracy is so difficult. An unconsolidated regime, qua asymmetric equilibrium, is stable, implying that its combination of expectations and outcomes is difficult to dislodge. Although pacts are one route toward resolving a society’s coordination dilemmas, if they do so incompletely or if they fail to provide for the enforcement of their provisions, then they will not move the society from the asymmetric equilibrium to the Pareto-optimal equilibrium of consolidation.

## CONCLUSION

This paper develops a unified approach to the political foundations of limited government, democracy, and the rule of law—phenomena requiring that political officials respect limits on their own behavior. Those who lose elections must step down; they must follow established procedures for policy choices rather than impose them arbitrarily; and they must honor a series of civil and substantive citizen rights. The survival of democracy and the rule of law requires that political officials have incentives to honor a range of limits on their behavior; in other words, these limits must be self-enforcing.

My approach suggests that enforcement is at the heart of several puzzles in the literature on democracy, three of which I address in this paper: the uncertain

<sup>35</sup> As Schmitter (1992) suggests, consolidation requires that both citizens and elites accept democratic institutions.

<sup>36</sup> Consistent with this view, Karl (1994) argues that a major barrier to the consolidation of democracy in Latin America is the inadequate civilian control over the military. This relegates many Latin American states to “hybrid regimes” that combine the nominal procedures of democracy with the potential for sudden authoritarianism.

relationship between interests and values in democratic stability, the problematic nature of ethnic divisions for democratic stability, and the role of elite pacts.

In my approach, maintaining limits on the state is problematic because of a massive social coordination problem. Citizens can police the state only if they react in concert to violations of fundamental limits by withdrawing their support from the sovereign or political officials. The natural diversity of interests and experiences hinders the ability of citizens to react in concert; they are unlikely to have similar views about the appropriate limits on state action and the rights of citizens. Problems arising from disagreement are exacerbated because violations of the rights of one group often benefit another group.

The model implies that, in the absence of a consensus about the boundaries of the state, a coalition between the sovereign and one group of citizens against another is stable. This pattern is the most likely equilibrium and prevents society from maintaining universalistic limits on the state, and hence from sustaining the rule of law.

In the face of this problem, the successful transition to stable democracy requires the construction of a coordination device that specifies widely accepted and unambiguous limits on the state. By allowing citizens to react to violations in concert, such a device makes limits on political officials self-enforcing. Two means of constructing limits are elite pacts and the writing of a constitution.

Unfortunately, a society cannot establish a coordination device at just any time. When the state and its supporters benefit from transgressions against other citizens, this pattern is a stable equilibrium. Breaking this equilibrium is difficult and requires something exogenous to the model. A crisis, for example, may destroy the status quo.<sup>37</sup> Or economic changes—such as growth in the gains from establishing rights for the current victims of transgressions—may facilitate a bargain that enables the transgressors to discontinue old patterns without a fall in welfare. Finally, the economic and demographic growth of one group may allow a previously subjugated group to capture the state and impose new rules.

Central to my approach are the citizens who stand to benefit from potential violations of the limits on government. Maintaining limits on the state requires that citizens oppose a violation even if they potentially benefit from it. In a society that has resolved its coordination dilemmas, citizens oppose violations for the same reason players of the prisoner's dilemma forgo defection: Although it is costly today, they benefit over the long run. In states characterized by limited government, the intended beneficiaries react against violations (as the failure of Roosevelt's court-packing scheme illustrates); in states that fail to maintain

<sup>37</sup> Scholars have long noted dramatic institutional change following crises. Schumpeter (1991) emphasized the role of financial crises in the evolution of representative systems (see also North 1981, chap. 11). See also Burton, Gunther, and Higley 1992, Haggard and Kaufman 1995, and Moore 1966.

limited government, intended beneficiaries sometimes support violations (as illustrated by the relative frequency of constitutional violations and coups in South America).<sup>38</sup> My model suggests that citizens in stable democracies not only must value democracy but also must be willing to take costly action to defend democratic institutions against potential violations.

My answers to the three puzzles raised in the introduction are summarized as follows. With respect to the relationship of interests and values: Although scholars have tended to focus exclusively on one or the other, my approach suggests that both are necessary to understand democratic stability. It is elites who choose whether to construct pacts, initiate democratization, violate citizen rights, and implement public policies. Mass behavior is relevant to elite choices because it determines part of elite incentives. In a society that has resolved its coordination problems, citizens hold the power to threaten political elites with loss of power if they violate agreed limits on government. When citizens have failed to resolve their coordination problems, however, some violations of citizen rights will go unpunished. Citizen values and elite interests are thus complementary aspects of democratic stability. Studies focusing exclusively on one or the other may illuminate important aspects of democratic stability, but they cannot tell the entire story.

The second puzzle concerns the problematic nature of deep ethnic divisions for democratic stability. Members of different groups often differ profoundly on the role of the state, the rights of citizens, and the appropriate ends of policy. In terms of my model, ethnic divisions raise barriers to resolving the social coordination problem. Divided but stable societies, typically in the developed West, maintain ethnic peace in part through the construction of a focal solution that resolves the society's coordination dilemmas. I illustrated this point with an interpretation of Lijphart's (1968) "politics of accommodation."

The third puzzle concerns the nature of elite pacts. My model suggests that successful pacts resolve the social coordination problem and hence make democratic limits on government self-enforcing for political officials. The literature has neglected this central aspect of pacts. My approach predicts that successful pacts will provide not only for the transition to democracy but also for their own enforcement.

I illustrated my claims about self-enforcing agreements and the complementarity between formal institutions and informal behavior by analyses of the recent peace accords in El Salvador (Wood 1995) and the Missouri Compromise in the United States (Weingast 1997a), as well as by Lijphart's (1968) "politics of

<sup>38</sup> Many examples can be given. Consider the first postindependence election that threatened government turnover in the United States (1800) and in Mexico (1828). In both cases, fundamental interests of incumbents and their constituents were threatened; in both, incumbents used political power to harass their rivals. Yet, their behavior differed when they lost. Federalists in the United States originated the "revolution of 1800" by allowing their arch-rival, Jefferson, to take power. In contrast, Mexican liberals compromised their constitution in 1828, preventing their rivals from taking office.

accommodation." I also argue that the pact constructed during the Glorious Revolution created a focal solution to the coordination problems facing English elites. By permitting elites to act in concert, the pact raised the penalties for royal transgressions, making it in the interests of the sovereign to honor the pact. In other words, the new limits on the crown became self-enforcing.

In a seeming departure from his earlier work, Przeworski (1995) challenges the approach taken here by raising another aspect of values, one consistent with Putnam (1993) and Almond and Verba (1963). He argues that democracy is not sustained merely through a self-enforcing equilibrium. Instead, democratic stability arises when democracy is venerated by citizens. Veneration implies a set of norms by which citizens automatically police potential violations. Instead, my model of self-enforcing equilibrium roots democratic stability in rational calculation: Citizens aid those who are threatened because the potential victims will later fail to come to their aid if they fail to come to the victims' aid.

My approach suggests that Przeworski is correct in a limited sense but wrong in a more fundamental one. In the limited sense, long-term stable democratic states appear to reflect widely shared and deeply felt normative structures. In these states, norms generated by veneration may well underpin citizen behavior that protects democracy, such as automatically rising against violations of political rights or democratic rules.

I claim that democratic stability rarely arises from veneration, however, because veneration is not antecedent to democracy's consolidation but is a product of it. In Rustow's (1970) terms, veneration evolves during the "habituation phase" of democracy, not the transition to democracy. The transition often involves elites who do not trust one another: for example, during a transition negotiated with an authoritarian regime, or one negotiated among previously warring elites. Establishing democratic stability in these settings requires that democracy be self-enforcing in the sense studied here. Przeworski's (1995) discussion of democracy in Spain, whereby citizens over time came to value democracy for its own sake, illustrates this point. Without democracy's initial self-enforcing properties, veneration would have no chance to evolve.

A range of topics remain outside the model. For example, it ignores the problem of how democracies ensure adequate governance. The approach also assumes away issues concerning the internal structure of groups, their collective action problems, and the effects of cross-cutting cleavages.

Finally, a number of extensions of this perspective are possible. First, although the model assumes only two groups, the results should generalize to any number under the appropriate conditions of symmetry among groups.<sup>39</sup> Second, various types of asymmetries

among groups are possible. Only one group may hold the power to depose the sovereign by withdrawing support; for example, if the other suffers from collective action problems. Because it lacks the ability to punish the other group for failing to come to its aid, the weaker group is likely to be taken advantage of. Another asymmetry is that one group may be far more valuable as a coalition partner to the sovereign than the other, making that coalition more likely than the other. Third, we may derive a series of comparative statics results about what happens to particular equilibria as exogenous shifts occur, such as in the relative size and power of various groups, or changes in payoffs.

One of the central features of limited government is the rule of law, a society of universalist laws, not of discretionary political power. The above model provides a new approach to the microfoundations of the rule of law. Because laws and political limits can be disobeyed or ignored, something beyond laws is necessary to prevent violations. To survive, the rule of law requires that limits on political officials be self-enforcing. As we have seen, self-enforcement of limits depends on the complementary combinations of attitudes and reactions of citizens as well as institutional restrictions.

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<sup>39</sup> Symmetry here refers to the ability of each group to participate with others in deposing the sovereign. In the two-group model, each can depose the sovereign by joining with the other. The role of each is symmetric.

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