

Too difficult to manage, too big to ignore:

Party choice in multiparty presidential systems*

Very, Very Preliminary Version

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Abstract:

In consensual (proportional) highly fragmented multiparty settings, political parties have two historical choices to make or pathways to follow: i) playing a majoritarian role by offering credible candidates to the head of the executive; or ii) playing the median legislator game. Each of those choices will have important consequences not only for the party system but also for the government. The purpose of this paper is to investigate the role played by median legislator parties on coalition management strategies of presidents in a comparative perspective. We analyze in depth the Brazilian case where the *Partido do Movimento Democrático Brasileiro* (PMDB) has basically functioned as the median legislator party in Congress by avoiding the approval of extreme policies, both on the left and on the right. Based on an expert survey in Latin America, we built an index of *Pmdbismo* and identified that there is a positive correlation between partisan fragmentation and median legislator parties. In addition, we investigate the effect of having a median legislator party in the governing coalition. We found that it is cheaper and less difficult for the government to manage the coalition having the median legislative party on board.

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1) Introduction:

Coalitional presidentialism has become increasingly common in the democratic world: it is now the modal form of democratic governance in Latin America, and analogous regimes exist in Africa, Asia, and post-communist Europe as well. It is already known that it is very costly to govern a multiparty presidential coalition with too many parties, ideologically heterogeneous, and without sharing proportional power with them (Pereira, Berthilini and Raile 2015).

However, the role-played by the organizational profile and structure of political parties to the management of a presidential coalition has been under investigated. In fact, the impact of the party choice (playing a majoritarian versus a median legislator game) on coalition management of multiparty presidential regimes has been under theorized. In the comparative literature and in the existing theoretical models, coalitional presidentialism occupies a vague space between classic works on U.S. presidentialism (where one-partisan governments are the norm) and on European parliamentarism (in which multiparty cabinets are routine, but in which there is no directly elected executive and the functioning of governments is distinct from multiparty presidentialism).

Does it help or harm, for instance, the president's coalition to rely on the support of a large partner, which has ample distribution in the national territory of the country, by governing several municipalities and many states and by holding a substantial number of seats in Congress? At the same time, this political ally has been ideologically amorphous, without a clear-cut political agenda or platform, has played the role of the median legislator, and has been fulfilled by many regional

leaders trying to maximize their own political interests and survival. On the one hand, having a party like this on board may help the president to achieve a comfortable majority in Congress. On the other hand, it can make the president politically vulnerable by facing potential hold up problems and increasing difficulties of governing.

In Brazil, for instance, the centrist *Partido do Movimento Democrático Brasileiro* (PMDB) is the largest political party in the country and has participated in about all governing coalition regardless of the ideological orientation of the government. The PMDB has basically functioned as the median voter party in Congress by avoiding the approval of extreme policies, both on the left and on the right. Nevertheless, there are growing concerns that governing with an ally like the PMDB has generated predatory policies and rent seeking behaviors.

Mainwaring et al (2015) argue that Brazil has an especial combination an exceptionally fragmented party system in congress and a consistent dominance of the same two parties over many (six) presidential elections. They claim that this specific combination “is unique in the history of presidential democracies. In other presidential democracies with highly fragmented congressional party systems, no set of two parties has consistently dominated presidential elections (...) The differences in the party system across these levels are so great that it makes sense to distinguish between the presidential and the congressional party systems in Brazil.”

The purpose of this paper is to investigate the role played by parties like the PMDB on coalition management strategies of presidents in a comparative perspective. Particularly, we aim at analyzing the consequences of having coalition

allies similar to the PMDB on board. To what extent the existence of a political party, with the characteristics of the PMDB, is particular feature of the Brazilian political system or it is a common feature of other multiparty presidential regimes? If it is so, is it easier for the president to manage a majority coalition with a full-size partisan ally or with a myriad of small parties? And how about the ideological distance of those coalition partners?

We are also concerned in this paper with the degree of difficulty a president faces if the governing coalition would have to rely on the support of a median legislator party in order to govern. Precisely, we aim at analyzing the effect of the size of the median legislator on the cost and difficult of governing. On the one hand, trusting on the support of the median legislator could generate a comfortable majority for the executive. On the other hand, the president could face hold up problems. Since the literature is not conclusive about the effect of party size in coalition costs and no formal model was able to respond such question in generalized terms, we will seek to provide an empirical answer for the Brazilian case.

The paper is organized as follows. In the next session we develop our theory arguing that political parties in consensual multiparty presidential regimes have two strategic choices to make. Consensual systems are characterized by a variety of institutionalized political poles that divide the political authority within the system, thus giving room for the emergence of two different games that parties have to choose: the majoritarian and the median legislator game. The first part of the theoretical developments accounts for the differences between those two games,

thus explaining their functioning and specific characteristics. The second part accounts for the historical constraints that choosing a specific track might impose on political parties, and the costs and benefits they might achieve if they decide to switch their political strategy.

The historical choices parties make in the past shape their contextual environment in the present and their prospective aspirations for playing either the majoritarian or the median legislator game. Therefore, analyzing the role of PMDB as the median legislator of recent governments in Brazil, it is crucial to understand the historical development of the party in order to fully comprehend how the party's decisions and their results have shaped its political nature. Thus we provide this historical background highlighting the party's early development in military regime as a majoritarian player and its switch to the median legislator game in recent years.

The third session of this paper answers the following question: is the PMDB a particularity to Brazilian political system? We investigate this empirical question by investigating the extent to which other parties in Latin American multiparty presidential systems bear particular similarities we identify with the PMDB, features that we hypothesized that also characterizes median legislator players in general. We found that median legislator parties' characteristics are more likely to occur in fragmented party systems, thus providing evidence for the Sartorian theoretical claim that in systems with centrifugal tendencies the center provides a comfort zone for party members and governments in multiparty systems.

The last section of the paper provides empirical evidence for the costs and difficulties that governments face while forming their coalition with median

legislator parties. Is it cheaper or more expensive to govern with median legislators? We found that although median legislator parties receive the biggest share of government perks, the relative cost of a seat for the government is smaller than the relative cost of smaller parties. In conclusion, we claim that though in fragmented systems the center tendencies become a more secure point for parties positioning, thus enhancing the probability of median legislator parties to emerge; the underpayment of its members might provide incentives for dispersion. A preliminary explanation for such contradictory results is thus presented.

2) Theory

The great majority of the comparative literature on political parties has been intellectually rooted in the historical legacy of parliamentary regimes in the Western Europe (Janda 1993). It became a common wisdom the idea that strong and institutionalized political parties are synonym of parliamentary regime and that the study of parliamentary parties is the study of political parties. Samuels and Shugart (2010: 7) argue that the “starting point for much research is not institutional structure but rather social structure, focusing on how culture and economic cleavages translate into parties and party System.”

However, it is possible to identify a substantial number of scholars that also have extensively explored party politics in presidential regimes: party system and structure (Cox and Shugart 1995); party strategic voting and coordination (Cox 1997; Ames 1995); party representation (Samuels 2000; Mainwaring and Shugart 1997; Barry Ames 1994; Crisp 1997); how political parties are affected by different

electoral systems (Durverger 1954; Carey and Shugart 1995); and on the relationship between separation of powers system and political parties themselves in the sense that presidential constitutions encourage the development of presidentialized parties, which are characterized by the combination of weak and nationalized parties (Samuels and Shugart 2010).

Nonetheless the literature so far has ignored the role played by the majoritarian and consensual components of a political system on the political choice parties make to play the median legislator game. In the following section we aim at analyzing the theoretical specificities that multiparty presidentialism impose on the coalition formation process, formulating an innovative theory that highlights the problems that parties face both in the majoritarian and in the proportional settings.

2.1) Divided authority in multiparty presidential systems: majoritarian and median legislator games

In a majoritarian institutional setting (single member past the post), if there were two political parties, the median voter theory, proposed by Anthony Downs, predicts that those parties would tend toward to the center of the ideological spectrum producing centrist political preferences and policy results.¹ That is, there would have endogenous survival incentives in the majoritarian electoral system to push parties toward the position of the median voter in order to win the election. A party that does move to the median can always defeat the party that fails to

¹ On a single-issue dimension if it is assumed that the preferences of voters are single-picked, the position of the median voter is the only policy that is preferred to all others by a majority of voters.

converge nearly to the median. The key stage for the majoritarian environment is therefore the electoral competition.

Once elected, the single-party majority that was able to better locate itself at the median preference would form an identifiable and responsible government that would be essentially unconstrained by other parties in the policymaking process. That is, the winner party will subsequently dominate the policymaking process and implement the promised policy platform consistent to the median voter preferences. The remaining policymaking room for the opposition in this majoritarian game is minor and as such there would be a small chance of partisan cooperation with the government.

Revisiting the Downsian paradigm, Sartori (1976) stresses that while the median voter theorem can work considerably well for explaining the functioning of party systems composed of four parties or less, for some multiparty systems (with more than five relevant parties) Downs' theoretical framework cannot provide a reliable explanation. What Sartori early perceived is that Downs' theory assumes a centripetal force driving parties' electoral competition that is absent in some multiparty systems. Therefore, as an electoral system that permits multipartism, proportional representation can change the way the competitive systems operates, affecting the strategies and functioning of political parties (Sartori, 1976).

Proportional Representation electoral systems might also be expected to produce centrist results if more centrist parties have better bargaining positions than more extremist parties, hence are more likely to get into and have influence on government (see Cox 1997; Huber and Powell 1994). Nevertheless, it is also

reasonable to expect that in proportional systems parties do not compete with each other alongside a continuous ideological spectrum. Because the PR electoral system permits a more inclusive representation of the electorates' diversity, parties can maximize their utility by focusing on subgroups of voters consistent with their preferences. Therefore, the competition in a PR system is discontinuous in the sense that it provides a maximization area that is limited to the parties' closest competitors.

Therefore, the strategies and profile political parties decide to follow and the party politics they choose to implement differ under distinct institutional environments. Some parties, for instance, may historically prioritize to focus their actions on executive positions and to play a protagonist role pursuing their policy platforms and political agendas. Other parties, however, may prefer to adjust their political ambitions by playing a supporting role for the government in the legislative branch trying to position itself as the median legislator of the governing coalition.

We claim that, in a majoritarian system, political parties have no choice other than playing a median voter game. That is, the median voter strategy and behavior of political parties is endogenous in a winner takes all system and becomes the protagonist strategy if the party ambitious is to win the election. If some position other than the median is adopted, than a minority has prevailed over a majority.

In a proportional representation system, however, parties do have different choices to make. They may either play the majoritarian game or the median legislator game. Therefore, in multiparty presidential systems we have two dimensions for parties (and voter alike) to compete: a majority dimension,

represented in the race for the presidency; and a proportional dimension of the competitive game, in which parties have to maximize their votes in order to obtain a relevant number of seats inside the Congress (Strom and Nyblade 2007). Although scholars have assumed that voters and party preferences would naturally align in both dimensions, there is no clear reason for such alignment in presidential multiparty systems.

While in the presidential race the majoritarian rules select a single median voter preference, in the legislative race the proportional representation rules select several different sub-median preferences that different parties will try to maximize. It is misleading therefore to assume that in proportional representation a party on the left is directly competing with a party on the right for voter's preferences. On the contrary, different parties on the left are competing with each other to win the representation of this specific subgroup. Depending on the dominance and centrality (Roosendaal 1990; Jelnov 2014, Strom and Nyblade 2007) of each party after the election, they will try to locate themselves for the median legislative position between the government's majoritarian preference and the Congress's preference. It is expected that the party that successfully manages to occupy the median legislative position will not be bounded by strong commitments in order to flexibly to negotiate with whoever won the presidential election, and locate as the median legislator in a fragmented environment.

Whereas playing the majoritarian game means to perform the role of protagonist in the executive branch, the median legislator game represents to perform the 'supporting actor' role in the legislative branch. We assume that the

preference of the electorate is distributed over those two dimensions. Thus, while voters can have similar distribution of preferences for the executive and for the legislative, especially in systems where the party identification with the electorate is weak, there might be incentives for disconnection of voters' preferences between the executive and Congress. It means that the same party strategy can be a winner in the proportional game and, at the same time, a loser strategy for the majoritarian race, and vice-versa. In other words, in multiparty presidential regimes, the median preference of the president's party could be very distinct from the median preference in Congress, configuring thus the equivalent of a divided government in a classic presidential plurality system, in which a party would hold the presidency and its opposition would hold the majority in Congress.

Playing the majoritarian game means more than just a party presenting a competitive candidate for the presidency. It means that a party is willing to present a consistent policy portfolio for voters and willing to manage its intraparty conflicts, coordinating cohesively over a single candidate's platform in order to plausibly compete for the national median voter preferences. On the other hand, to play the median legislator game, a party must be able to gather enough seats from a single or several discontinuous median voters, spread over distinct electoral districts and – once in office – to coordinate cohesively towards the center of the executive-legislative distribution of preferences. Therefore, the nature of both competition structures becomes inherently different, engendering almost contradictory demands for party organization and linkages inside either the majoritarian or the median legislator game.

It is important to bear in mind that the party choice for either the majoritarian or median legislator game is historically contextualized, based on the incentives and constraints generated by past electoral performances as well as on payoffs obtained by each particular strategy.

Furthermore, both majoritarian and median legislator strategies engender costs and benefits. Under the majoritarian game, for instance, parties might achieve a higher payoff by occupying the presidency (See Figure 1). This is particularly true in political environments in which presidents are constitutionally powerful and enjoy great discretion on budgetary policies and other political and bureaucratic resources. Thus, once success is achieved in the presidential election, it is very likely that this party will keep playing the majoritarian game aiming at accumulating the highest payoff generated in the political system.

Figure 1 here

However, in case of losing the presidential election, majoritarian parties have to be ready to bear the costs of playing the opposition game for a while. It means to get poorer and powerless by the time the party plays the opposition game because the great majority of political and financial rents generated by the political market will be mostly allocated to the winner and to its faithful political allies in Congress. Even getting political and financial poorer, losers, especially second runners in close elections, might prefer to keep playing the majoritarian game as opposition if they believe they have real chances and credible candidates to become winners in the next election. They also may consider adjusting their ambition and playing the median legislator game, especially if they had a poor performance in the

presidential election. In that case, they will probably try to play what we call the “embarrassed median” legislator game. In such condition, the embarrassed median will probably enjoy a less advantageous payoff in the short run than if it would had played the median legislator since the beginning rather than took the risk of playing the majoritarian race.

In addition to the costs associated to losing a presidential election, parties have also to take into account that choosing to participate in presidential races engenders internal coordination costs of dealing with partisan factions, which sometimes might be extremely controversial and competitive. Some of those factions may get very disappointed and decide to leave the party and try to bet their own chances of building a new party, for instance.

Positioning at the median legislator is not costless either. The median party, almost by definition, gives up the protagonist role of the presidency in a proportional representation system and the great majority of the political and financial benefits that this top position offers and concentrates. On the other hand, the median party could be able to extract some rents controlled by the executive in exchange for the median legislator political support in Congress in typical pork for policy game (Alston and Mueller 2006). The median legislator would be the equivalent of a “comfort zone”, achieving an intermediate payoff between the majoritarian winner and the majoritarian loser.

Pereira and Renno (2013: 76) claims that running for reelection and playing the median legislator game is the safest bet strategy because the probability of winning is higher for those who attempt reelection than for those running for any

other office. The key for the electoral success of legislators is to have access to rents controlled by the executive. That is, playing the median legislator game in a multiparty presidential regime may not generate the highest payoff, but it would provide enough resources to survive and to keep playing the political game while waiting for a window of opportunity to switch for the more rewarding, though riskier, majoritarian track.

2.2) The Costs of Switching Political Tracks

The majoritarian and the median legislator strategic choices function as pathways or tracks for political parties, which define their specific nature. Once a political track is chosen and consistently played, both party members and voters rely on this path for further information and positioning. Nevertheless, choosing a particular track cannot be understood as a straitjacket. That is, once a party takes a particular track it can change for a different one. However, changing political tracks generates costs of all sorts. For instance, a party that once played the median legislator role and decided to change the strategy to play the majoritarian game will have to bear the risk of losing the majoritarian election and get a smaller payoff than the median legislator strategy used to provide. Similarly, if a party played the majoritarian track and failed it may switch track and start playing the median legislator game. But, depending on how bitter and competitive the presidential campaign was, it might take a long time for the majoritarian loser to build bridges of cooperation with the majoritarian winner.

It is important to bear in mind that those costs are not the same for all parties though. The costs are also affected by the probability of beating the incumbent executive. The higher the threat the former median legislator party poses to the incumbent executive, the higher the probability of changing the political track. In other words, if a party evaluates that its chance of winning the election is high, this party may decide to take the risk, considering ex-ante uncertainty of playing the majoritarian game.

However, if this party reveals itself a strong contender and does perform well in the election but not enough to be the winner, there would probably have a point of no return for this party in the majoritarian game. How come a second runner up or a close 3rd place in a majoritarian race would immediately join the winning coalition, gathering forces with the ones that they vociferously debated during the campaign? It turns out that if a party poses a credible threat to the incumbent, and decides to play the majoritarian game, the reputational cost of changing track back to the median legislator become unbearable.

Another aspect is the size of the party and its position on the ideological spectrum. The party that has consistently enjoyed a large portion of seats in Congress is a potential track switcher because it can pose a continuous credible threat to the incumbent, as long as its position in the political spectrum can support a track switch. Therefore, the size of the party, not only in terms of the number of seats in Congress but also concerning the number of gubernatorial and mayoral positions it holds in the national territory, seems to be a necessary condition for

track changing. It may signal a reliable measure of the party's autonomous survival in the case it decides to challenge the incumbent.

Usually a forgotten aspect of path dependence, the organizational structure of parties can also affect their ability to perform a successful switch. As before mentioned, the majoritarian and the median legislator games create opposing pressures over a party's organization structure, requiring different specific rules and routinized patterns of functioning. Thus we can expect that the more a party chooses to play successively a single game, the more it loses its capacity to switch from it. Therefore, although it can extract higher success rates, a strongly rooted organization structure, very specialized in a single strategic game, is also highly vulnerable to drastic changes in the environment, since its organizational specialization would make it less likely to quickly change and adapt its organizational format.

The degree of partisan fragmentation is another component for the partisan strategy to follow a median legislator track. It is reasonable to expect that the greater the fragmentation of the party system the higher the incentives for a party to play the median legislator role.

Additionally, as Sartori (1976) has pointed out, fragmented systems - with more than five parties - engender a "competitive pattern that is no longer centripetal but centrifugal". For him, the crucial element is that the center of the distribution becomes a very appealing position in which parties and voters alike compete, struggling for expansion and control over policies.

Although Sartori has insightfully highlighted the centrifugal forces that drive multiparty systems, he has mistakenly attributed this tendency to the presence of extremists and anti-systemic parties. However, this component cannot explain, for instance, the clear existence of hyper-fragmentation tendencies in multiparty presidential regimes, like the Brazilian party system.

We, otherwise argue that it is the presence of an institutional environment that consistently under-rewards the median legislator that could be responsible for the centrifugal forces that generates an incentive-structure for partisan fragmentation. That is, because small parties tend to be over-rewarded by the executive, few parties would have incentives to play the median legislator game given that the president does not take into account the political power and influence of median legislator party in the process of allocating political and financial resources to political allies.

This creates a paradoxical situation in which the need of a median voter legislator party is enhanced in fragmented political systems. At the same time, its' relatively lower extraction of rents pushes the dispersion even further, by prizing small political coalition allies. Managing a variety of small parties in the coalition might generates further coordination problems and increase the costs of governing for the president. Moreover, because the median legislator party is a large party that position itself in the center of the preference distribution, it can effectively switch its strategy in the following elections, challenging the incumbent in the majoritarian game. Therefore, the president's party has incentives to protect itself from future threats represented by the median legislator party, rewarding it relatively fewer resources than the rest of coalition partners.

Who is this animal called PMDB?

Short history of PMDB

Brazilian political institutions are a complex mix of consensual rules that seek to enhance representativeness and majoritarian rules that pursue governability and accountability at some expense to fairness and representation (Lijphart 1999; Powell 2000). Electoral institutions, for example, allow for the representation of diverse interests in the political game, but are often blamed for encouraging levels of fragmentation and decentralization that can complicate the policy-making process (Ames 1995a, 1995b). The 1988 Constitution maintained several features from the earlier democratic period, such as a President; proportional representation (PR); an open list for the legislative electoral system; a fragmented party system; federalism; and an independent judiciary.

During the 21 years of military regime (1964-1985), however, the political process was instead very much centralized. After being unexpectedly defeated in five states in the gubernatorial election of 1965, the military government decided to extinguish the multiparty system and impose, via the unilateral act # 2, the creation of a two-party system, with a political party, *Aliança Renocadora Nacional* (ARENA), aggregating the political interests of the government and the a second political party, *Movimento Democrático Brasileiro* (MDB), representing the opposition.

Although the electoral competition was somehow restricted under the military, the MDB continued to play the electoral game, since it could be even worse if they decided to abandon a channel for the official opposition. Second, the party believed that, while elections were held, it was possible to overcome the military

dictatorship by eroding its popular support – which in fact proved to be a successful, though protracted, strategy.

While the MDB did not have real power in Congress in the early years of military dictatorship, and thus boycotted the indirect presidential elections, in the late 1970s the MDB began mobilizing national support and was able to elect (still indirectly) the first civilian president in 1984. The year of 1974 is considered the turning point of MDB's history from a minority opposition to the major party in the house. In addition to the more combative line that opened space for community leaders, other factors contributed significantly to the growth of MDB: the oil crisis caused by the end of the economic miracle and the collapse of the armed struggle. The MDB definitely assumed the role of fostering popular dissatisfaction at all levels. It becomes an opposition front. The helmsman in this torn was the deputy Ulysses Guimarães. The Authentic Group MDB, which was already maturing the idea in the early 70s, decided to launch Ulysses as an "anti-candidate" in the passage of Garrastazu Medici government to Ernesto Geisel's. In his anti-campaign, Ulysses runs the country's capitals preaching opposition's ideas.

Despite the fact of a proportional representation system, the institutional bipartisan setting imposed by the authoritarian regime renegaded to the just-born MDB a long-term role in the majoritarian opposition game. As an opposition to the established regime, the MDB managed to coordinate very different factions (from socialists and communists to conservative former supporters of the military coup) and to create strong bounds with the local elites and constituencies, which gave the

party a competitive advantage when the military power eroded and the process of liberalization became non-reversible.

As a consequence of a stagnated economy and a more aggressive political campaign, in the Brazilian 1974 elections the MDB took almost enough seats to gain a majority. The MDB used the campaigns to gain the attention of the global media, and denounce the "democratic" facade of the Brazilian dictatorship and MDB began to score legislative gains. Moreover, in the 1974 election the MDB was able to raise issues of social justice and civil liberties.

MDB's political organization was characterized since its early phase by two very important characteristics. First, the necessity to expand support for the oppositional movement led the party to develop a top-down organizational structure, which provided local and regional political penetration. Because MDB was created by legislators already established in Congress forced to the opposition by the military coup, the party had to develop connections with regional and local political elites in order to open and sustain sub-national offices.

Second, as the only permitted political party in the opposition, the MDB had to coordinate a broad set of ideological tracks that ranged from socialists and communists politicians (thrown into illegality by the military) to personalist and liberal leaderships, which gave the organization a very indefinite ideological profile. For instance, Pereira de Melo (2013: 93) demonstrates that although the majority of MDB's members emerged from former reformists and labor parties, 36% of the legend's legislators came from conservative political parties.

The two-party system lasted until 1979, when the multiparty system was reestablished as a military government strategy of trying to weaken the opposition party, MDB, which was growing stronger. Prior to the deep recession of that year, the administration restored the multiparty system. The military soft-liners realized that the two-party system was no longer capable of preserving the legislative majority supporting the military regime. On the contrary, it electorally consolidated the opposition under the big partisan MDB umbrella that was about to win not only the control of Congress but also state assemblies and many municipal governments in the upcoming general elections, as a result of a typical majoritarian winner strategy.

To avoid this massive defeat, the alternative was to fragment the opposition by reestablishing a restricted (no Marxist parties allowed) multiparty system with the emergence of several new parties, especially on the center and on the left of the ideological spectrum. This decision pleased segments of the opposition and factions that would no longer have to squeeze under the MDB partisan umbrella. This military strategy of preserving open-list proportional representation without restricting the number of political parties proved successful with the creation of several new political parties, including the Worker's Party (PT) founded by unionists, intellectuals, and members of the church under the leadership of Luis Inacio Lula da Silva.

The MDB was on the verge of becoming a mass political party when Congress dissolved it in 1979. The party president, Deputy Ulysses Guimarães, convinced the party to "add a P to the MDB" to preserve the hard-fought opposition image. In

January 1985, the coalition between the Brazilian Democratic Movement Party (PMDB) and the Party of the Liberal Front (PFL), known as the Democratic Alliance, under the leadership of Tancredo Neves, was indirectly elected by Congress as the first civilian president in about 25 years. Nevertheless, the just elected president Tancredo Neves died in the night eve of his inauguration and the vice-president, José Sarney from the PFL, took power as the new president.

Performance of PMDB since the Re-Democratization

The first civilian government after twenty-one years of authoritarian regime took place in Brazil under great demand for political and social inclusion, and the PMDB was the natural stronghold of an emerging democracy. In order to obtain political support for the new government, the Democratic Alliance, under the leadership of Tancredo Neves and José Sarney respectively, got heavily involved not only on reforming political issues, but also strong reform promises of social and economic nature.

The general expectation relied mostly on the personal ability and leadership of Tancredo Neves, which would be able to overcome the structural weakness of the democratic alliance coalition and guarantee the implementation of the New Republic ambitious agenda of reform. The formation of the coalition itself depended largely on the personal credibility and skillful negotiations of Tancredo Neves himself. In fact, Tancredo had already shown his negotiation abilities within his own party, beating his partisan Ulysses - who was a major political figure during the re-democratization - to run as the presidential candidate for the PMDB in general

elections. The brand new PMDB had 40% of the seats in chamber in 1982, with 168 out of 420 seats. The party had the same share in the Electoral College in 1985 presidential elections (180 of 686 seats) but Tancredo was able to manage a tremendous win, with 70% of the votes. These electoral results reinforced the majoritarian trajectory the PMDB would trail in the following years.

The newborn Brazilian party system did not have yet felt the impact of electoral rules over time, so legislature fragmentation was low. There was a de facto two-party system (since PMDB and PDS combined for 92% of the seats). Thus, like a big party would do in a majoritarian system, the ambition to control the executive, at that point, was the most viable track for the PMDB. According to our theoretical framework discussed earlier, in a given state of the world, majoritarian or median legislator, parties will observe the nature (elections) to decide on which path they will go. The PMDB followed its initial destiny and galvanized the opposing forces to dictatorship under Tancredo's umbrella.

It is very clear that political opportunity structures shape party's emergence, evolution and strategy (Strom 1990), however critical junctures can reshuffle the expectations in a way that parties will have to rethink their strategies. Those unexpected facts jointly conform party evolution altogether with the political opportunity structures. The shocking death of Tancredo Neves in the night eve of his inauguration generated huge disappointment and raised doubts about the capacity of the new civilian government to be able to deliver such a comprehensive agenda under the leadership of the Vice-president, José Sarney. Sarney was a political figure with a very different profile and prestige. The extremely protracted process of

opening of the Brazilian democracy and the circumstances of a negotiated transition without a clear rupture made the Sarney's government even more suspicious.

Sarney had long been identified with the right wing party, as head of the Arena, and supporter of the military dictatorship.

The lack of political legitimacy of the new president made the transition to the first civilian government vulnerable to all kinds of pressure for immediate structural changes not only on economic and political spheres, but also on social policies. Sarney tried to respond to those pressures by imprinting the label "Tudo Pelo Social" (everything for the social policy) as the top priority of his administration. The requisite of a comprehensive and inclusive agenda of reform could be noticed in the political manifesto of Tancredo-Sarney, called "commitment to the nation," which enumerated the main policy concerns of their electoral campaign on social, political, and economic policies. The all-encompassing feature of the inclusive agenda of the New Republic generated too much expectation and soon revealed the limits that a heterogeneous coalition like that with a politically vulnerable president could deliver.

In order to demonstrate the goodwill and that his government would act in a democratic fashion, President Sarney decided not to make use of unilateral devices, such as decree and urgency powers, until a new constitution was written and approved. Congress came to occupy the power vacuum left by a politically fragile president. Given his relatively political weakness, Sarney also decided to keep the cabinet chosen by Tancredo Neves. This decision caused contradictory views of

what policy direction the government was pursuing. On the one hand, the government had promised to address the country's difficult social agenda.

The Minister of Planning, João Sayad, who pressured for a heterodox economic policy, somehow supported this policy direction. On the other hand, the Minister of Finance, Francisco Dornelles, a nephew of Tancredo Neves, was a fiscal conservative and put forward an orthodox approach through domestic fiscal and monetary austerity establishing a 10 percent cut in public spending, a two month suspension of all government bank lending, and one-year freeze of all public sector hiring.

After twenty-one years of dictatorship, the majority of the Congress, including the leader of the PMDB Ulysses Guimarães, was very disappointed with such policies. They wanted to demonstrate to their constituents, especially prior to the November 1986 elections, that they were responsive to voters' expectations on social inclusion. According to the Folha de São Paulo (January 14, 1986), only 20 percent of legislators demonstrated support to the Sarney's administration, 55.5 percent were politically neutral, and 24.5 percent were clearly hostile to him.

Brazil, despite resurgent economic growth in 1985, was then confronting annual inflation rates exceeding 200 percent. Daily life was inherently constructed around ways to minimize the real losses inherent in such circumstances. The poorest, of course, in the absence of interest paying bank deposits, could not avoid the inflationary tax on their meager cash balances. In a struggle to impose his authority and political leadership, Sarney decided to replace the Minister of Finance appointed by Tancredo Neves, Francisco Dornelles, by Dilson Funaro, an active

businessman of the São Paulo Federation of Industry - FIESP who favored growth over fiscal austerity and used to be very critical of IMF demands for adjustments. Funaro had also served as the president of the National Bank of Economic and Social Development - BNDES in the first months of Sayney's administration.

Subsequent to the introduction of the Austral Plan in Argentina, the heterodox Plano Cruzado was enacted by decree at the end of February 1986. The plan quickly achieved both its economic and political objectives: it tamed the inflation, on the one hand, and it was able to stop the bleeding of the presidency and its governing coalition, on the other. The Cruzado plan, which was designed to reduce the inflation via a combination of price and wage freezes, boosted the presidential popularity, calmed down the political criticisms and reunified the Democratic Alliance. However, the redistribution of income contained in the price freeze led quickly to an explosive demand for consumer goods which overhauled the entire economy. Business sector reacted by reducing the supply and intensifying their political pressure.

After this successful start the Plan soon disappointed. The price freeze had to be short-lived so that prices could again help to allocate resources. However, the coming general election of November, which was also scheduled to elect legislators who would form the Constituent Assembly, placed enormous pressure for postponing price realignment. The political success of the Cruzado plan paid off by generating a massive victory for the PMDB, which won all the electoral races for governor, except the state of Sergipe, and the majority of the Chamber of Deputies (53 percent) and in the Senate (63 percent). Still, in 1986, under the verge of the

new economic plan, the PMDB held an unprecedented majority in congress. It was the first and the only period in recent democracy that a single party had the control of the executive and was a single majority party in legislature. It was the largest electoral victory ever won by a political party in a proportional representation multiparty system. This story we are telling is well described in Figure 2.

Figure 2 here

The necessary adjustments were painfully implemented just after the election in an abrupt way, which suggested a clearly opportunistic electoral maneuver from government to win the general election. The impact of the adjustment package, which was named Cruzado Plan II, upon the authority and popularity of Sarney was very negative. The general mood of optimism generated by the Cruzado plan I was transformed in disillusionment as voters felt they were cheated with the Cruzado II which had been designed before the election but made public only afterwards. Sarney's political capital eroded quickly and he was no longer capable of unifying his Democratic Alliance coalition.

In 1989, the PMDB finally granted Ulysses Guimarães - the craftsmen of transition to democracy - a spot to run in presidential elections. The first direct presidential elections occurred under a now fragmented legislature and there was not two, rather twenty-two official candidates. Among those candidates, Collor, a very young northeast politician, selling liberal ideas and representing the no-politician (although member of a long-lasting oligarchy), and Lula. Collor won the

election, Lula was the runner up and Ulysses had melancholic 4.73% of the votes. Even though the figure of Ulysses was still respectful, the PMDB paid the price of Sarney's (awful) administration and the 1986 'electoral burglary' episode of unfreezing the prices one day after the general elections.

The inauguration of Fernando Collor generated great expectation and hope. Population believed that the first civilian legitimately elected president after 29 years could offer a definitive solution to the problem of hyperinflation, to endemic corruption and to fulfill voters' expectations of economic development. This positive expectation can be captured by the huge popular support Collor achieved (70 points) at the beginning of his administration.

However, Collor seemed to interpret this popular support as a free ticket to ride the political rollercoaster without taking into account the necessity of politicians' support. Collor preferred, therefore, to develop direct connection with voters instead of making use of traditional political institutions such as Congress, political parties, or building a sustainable majority coalition.

Although Collor initially enjoyed enormous popular support, he was handicapped by his lack of legislative support. His political party held less than 10 percent of the seats in Congress. In fact, Collor decided to build a post-electoral minority legislative coalition that consisted of only three political parties (PMDB, PFL, and PRN). Collor's coalition began in March 1990 with 245 seats only, which was about 49 percent. In October of the same year, the PMDB decided to leave Collor's governing coalition and the PDS was incorporated. His nominal support in Congress dropped to 29.6 percent. In January 1992 Collor's own party, PRN, was

extinguished and his coalition shrunk even further to 26 percent of seats in the Chamber of Deputies.

A new unexpected event, however, could have significantly change the PMDB history. In May 1992 Collor was accused by his younger brother, Pedro Collor, of involvement in a corruption scheme of influence peddling. Federal Police and Congress began independent investigations soon after. On August 26, 1992, the final congressional inquiry report was released; as a result of this report, a petition was presented, formally accusing President Collor of having committed crimes of responsibility (the Brazilian equivalent of "high crimes and misdemeanors") warranting removal from office per the constitutional and legal norms regulating impeachment proceedings. On that formal petition, impeachment proceedings were initiated in the Chamber of Deputies, the lower house of Congress. On September 29, 1992, Collor was impeached by a vote of 441 for and 38 votes against.

On October 2, 1992, President Collor received formal notice from the Brazilian Senate that the Chamber of Deputies had accepted the charges presented against him and that he was now a defendant in a trial of impeachment that the Senate would conduct. Per the Brazilian Constitution, upon receipt of that notification, Collor's powers were suspended for 180 days, and Vice President Itamar Franco became acting president. Facing almost certain conviction and removal from office by the Senate, Collor resigned on December 29, 1992 just as the trial was underway, in the last day of the proceedings.

With Collor's removal, his vice-president, Itamar Franco, a quirky and relatively marginal political figure, succeeded Collor in office inaugurating in a kind

of “salvation government.” With the exception of the Worker's Party (PT), that preferred not to occupy formal positions in the government, all political parties that supported Collor’s impeachment decided to take part of Franco's governing coalition. Franco’s administration, therefore, re-established the coalition-based presidentialism. This decision, somehow, helped to rebuild bridges between executive and legislative branches that had been broken under Collor's administration.

Here is when history, again, make the presidency fall in the leaps of the PMDB, in a very erratic way. Franco, elected by the PRN was now a PMDB partisan. Once again, a PMDB president was in charge, once again, he was not directly elected and once again he was far from being a central figure to the party. Even with that chance, the PMDB was not able to develop a viable candidacy in the forthcoming elections. The party did not give up the majoritarian game however and in 1994 the candidate was Orestes Quercia. The 4.38 share of votes obtained by Quercia was a symbolic end for last presidential candidate the PMDB had.

Figure 3 here

The PMDB strategy of playing the median legislator instead of insisting in having a candidate was not a decision made from the day to night, as we can see. This decision, however, as predicted by our theory, can be a considerably costly one. In the particular case of the PMDB, the two consecutive defeats the party faced in the presidential elections of 1989 and 1994 were also relative defeats at the local level. Even though the PMDB remained the overall local winner, its municipality

share consistently decreased in the next local elections. On the other hand, the PSDB and the PT dramatically increased their numbers of controlled municipalities in this period (Figure 3). Obviously, not participating in the governing coalition has an even worse effect, but giving up the majoritarian game might be dangerous. The DEM/PFL is paying the price of playing both games, giving up a single candidacy and being an opposition party (Figure 2).

The electoral evidence of those two cycles unveils an often hidden cost of playing the majoritarian game. Usually small parties have candidates in national elections even knowing that a victory is implausible. Those small parties do as best as they can in the elections in order to extract bigger rents from their support to presidential coalition in the future. With big parties whatsoever it can work the other way around. The expected return for playing the majoritarian game in the case of big parties is relatively high, so a major defeat in national elections can imply a decreased bargain power within coalition and a shrinking share of municipalities in the future.

The first and decisive track change occurred in 1998, when the party decided not having a candidate. At that time the PMDB was still the biggest party in congress and by far the one with more municipalities under its political control. The PMDB was satisfied in playing a supporting role for the PSDB and PFL/DEM whatsoever.

In 2002 the PMDB played the game of the 'embarrassed median', they lost the vice-president elections but after only one year rapidly joined the PT winning coalition. Thereafter their participation in PT coalitions was consolidated and the contraction was stanchied.

Looking for PMDB-like parties across the world: The PMDB Index

In our search for a party with the aforementioned characteristics of the PMDB, we developed a measure of proximity. We were looking for large coalition partner with no ambition to control the executive, which has ample distribution in the national territory of the country, by governing several municipalities and many states and by holding a substantial number of seats in Congress, ideologically amorphous, without a clear-cut political agenda or platform, and with many regional leaders trying to maximize their own political interests. Our objective was to account for resemblance between the PMDB and parties across the world. This measure was based on eight indicators concerning eight different party attribute dimensions. These eight indicators were given values from 0 to 1, where 0 is the most distant from the PMDB and 1 is the closest to the PMDB.

Data on parties was gathered through a expert survey, conducted with 74 specialists on Latin American politics.² The specialists were able to choose a country they would like to respond and answered few questions concerning political parties in that specific country. We compared then their answers to a PMDB benchmark on each question, and applied a formula to generate an index going from 0 to 1 on each dimension. Dimensions D1 to D4 have observable benchmark values. On dimensions D5 to D8, values for the PMDB were given by the authors (table 1).

Table 1 Here

² The first wave of surveys considered only Latin American countries. There were 37 complete responses among the 74.

We decided to take into consideration only data points with three or more responses and where specialists consistently agreed on their evaluations, which is, the coefficient of variation on the aggregate responses was lower than 50%.³ Here we plot only the best-fit for PMDB in each country we have data for (Figure 4). The PDC in Chile is by far the most similar party to the PMDB in Latin America, followed by the PRI in Mexico. All the parties considered tend to play the median role, have a national distribution and a center ideology. The differences appear on the other dimensions and one of them has the most intriguing and striking result: candidate to executive. No PMDB-like party in Latin America decided, as the PMDB did, to give up from a leading majoritarian role in presidential elections. What could explain such a puzzle? The fear of playing the majoritarian game with an expected low probability of win seems a possible reason.

Figure 4 here

Previous theoretical developments in this paper mentioned a space for PMDB-like parties in fragmented environments. Plotting the PMDB Index against a fragmentation measure (like the effective number of parties) among Latin American countries can give us an idea of how this theory holds or not (Figure 5). There is an interesting correlation between the PMDB Index and the level of fragmentation. Countries where the PMDB-like party has the highest value on the PMDB index are usually the same countries where the level of fragmentation is high. Although censored data still limit our analytical strength, this correlation partially supports the idea that a fragmented environment would generate such animals like the

³ Complete results annex.

PMDB. Causality is still a concern whatsoever. Even though there is a clear theoretical explanation to support causality, more sophisticated empirical strategies are waiting to be developed.

Figure 5 here

Two main reasons explain why such a correlation is so strong. The first one is related to the need of a cooperation anchor under over-fragmented legislatures. In the absence of this anchor, system would become dysfunctional, so in order to defend itself the system would generate such parties. The second one has to do with Sartori (1976) predictions for fragmented systems encompassing a “centrifugal competitive pattern”. The center of the distribution becomes a very appealing position in which parties compete, struggling for expansion and control over policies, the more fragmented, the bigger the struggle.

The problem now is: how to find a counterfactual for Brazil? It might be the case that the singularity of the PMDB has to do with Brazilian political system singularities. In this sense, our empirical search for a party can be elusive. We will never find it

Political Difficulties of managing the median legislator in the coalition

We assume that the president maximize political support in the legislature, but with the lowest possible cost. Therefore, the chief executive must define how many and what parties will take part of his coalition and the power and resources will be shared with partners. Based on these choices, the coalition participants

achieve a greater or lesser degree of satisfaction that, in turn, has the potential to generate higher or smaller governability cost.

An important aspect of our model is to understand how the president, as the coalition manager in a fragmented multiparty environment, allocates her political and monetary resources to coalition partners in exchange for political support in Congress. A strategic president who is concerned about policy outcomes and about her various management functions will consider these costs in working toward an optimal strategy. Once elected, the president faces at least three interconnected exogenous constraints: (1) the level of party fragmentation in the legislature; (2) the size of the president's party relative to the sizes of other parties; and (3) the ideological distances between the president's party and the other political parties in the legislature. Working within such constraints, the executive makes decisions about the size and ideological heterogeneity of his coalition and the proportionality of rewards of cabinet seats and financial resources.

Raile et al. (2015) demonstrate that governing costs increase with cabinet disproportionality, ideological heterogeneity, and coalition size. Specifically with regard to this last component, they assume that the greater the number of coalition allies, the higher the governability cost. The theoretical rationale of their hypothesis is that presidents would face higher coordination problems managing a coalition with a larger number of parties; therefore, higher costs.

However, it is also reasonable to infer that a large coalition ally, especially if it is the median legislator, could lead to more governability costs for the president. It might be cheaper to buy a bunch of small parties rather than a large one. That is, the

president would face higher risk of facing hold up problems from being too close or too dependent on a large median partner. Therefore, in order to avoid this potential vulnerability the president would prefer to build a numerically very large coalition.

On the other hand, it also reasonable to infer that smaller parties could extract a higher premium relative to their size. Their inclusion in the coalition generally means that party is necessary for the president and, as a consequence, such a party might be able to extract disproportionate rewards. For the manager of the coalition, therefore, it might be cheaper to buy small parties in the retail (*Varejo*) rather than to buy the median legislator in the wholesale (*atacado*). The executive could also feel threatened by a strong median legislative partner that would have the capacity to challenge the executive by switching to the majoritarian track and offering a presidential candidate in the near future.

In order to initially assess the status of this relation, we estimate a basic correlation test, considering monetary transfers (individual legislative amendments to the annual budget) to parties, political transfers (cabinet positions) to parties and seat share (the percentage of seats held by each party) in the chamber of deputies. We operationalized both monetary and political transfers with regard to the size of the party. Thus, we have been able to have a glimpse if political and financial rewards were proportionally distributed.

Figure 6 here

The correlations are significant. However, while the relative amount of resources directly spent by the president in the form of pork increases when party size also increases, the cabinet surplus obtained by the parties decrease when party

size increases. Therefore, it might be the case that bigger median legislator parties are cheaper to buy out with political transfers, while smaller parties are cheaper to buy out with monetary transfers, suggesting thus a substitute effect between those two governing currencies (Raile et al 2011). In other words, there are economies of scale when it comes to monetary transfers and diseconomies of scale when it comes to political transfers.

However, the strength of those relations matter and the negative correlation in this case is far more consistent. Figure 6 shows the relation between “Seat Share” in the Chamber of Deputies and “Coalition Surplus”. Coalition Surplus measures if a coalition party is under or over rewarded by the president.⁴ The higher the Surplus, the greater a party will be over rewarded *vis-a-vis* its contribution to the governing coalition.

Looking at the overall picture, the first noticeable fact is that there has been a very strong and negative correlation between Seat Share and Coalition Surplus over time. That is, the bigger the party, the lower the relative political reward it will receive by the president. The data for Brazil is fairly consistent and suggests that smaller parties extract a higher premium. We can also infer that the strength of this relation increases while the Seat Share decreases, observing the narrowing of the confidence interval.

⁴ The Coalition Surplus of party p (CS_p) formula is defined by $CS_p = m_p/jm_j - s_p/s_c$ where s_p accounts for the number of seats party p holds, s_c accounts for the overall number of seats the coalition c holds, m_p is the number of ministries occupied by the party p and jm_j is the total number of available cabinet positions.

This correlation result lends support the hypothesis that the president will face higher governing costs if she decides to have a coalition with many small parties rather than relying on the support of a big median legislator.

The second aspect to highlight is that different presidents in different terms had different strategies. Few big parties took part of president Cardoso's coalitions most of the time. On the other hand, many small parties formed Lula and Rousseff's governing coalitions. As a consequence, it is reasonable to expect that PT governments to account for more pressure on the distribution of political goods, since those small parties might expect to receive more rewards in order to achieve a surplus.

Conclusion

To be written

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Figures

Figure 1: Partisan Choices on Consensual (Proportional) Systems

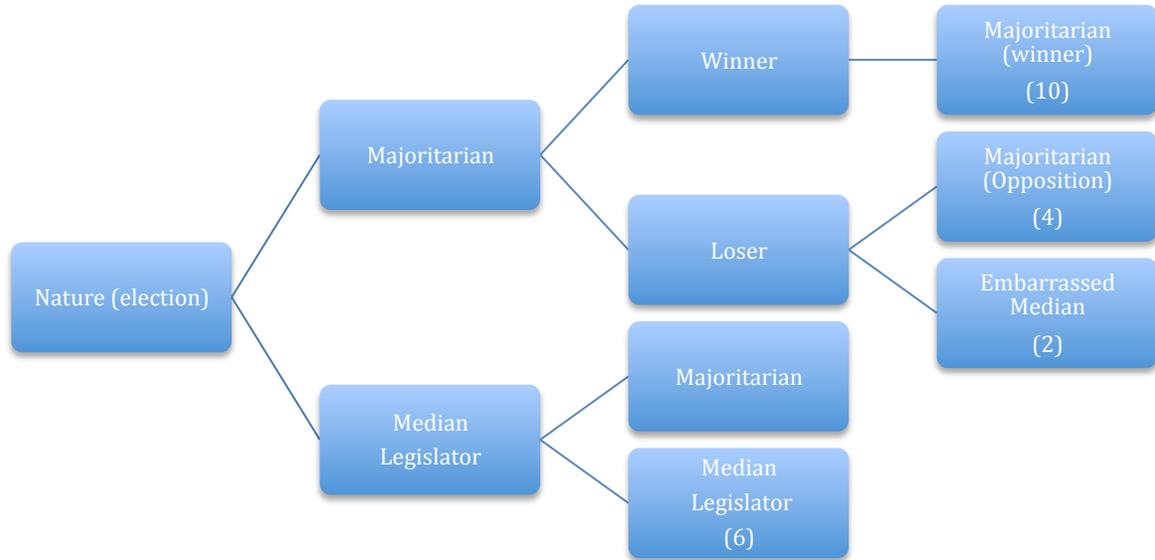


Figure 2: Supporting role parties (PMDB an PFL/DEM) performance after re-democratization, Brazil, 1982-2015

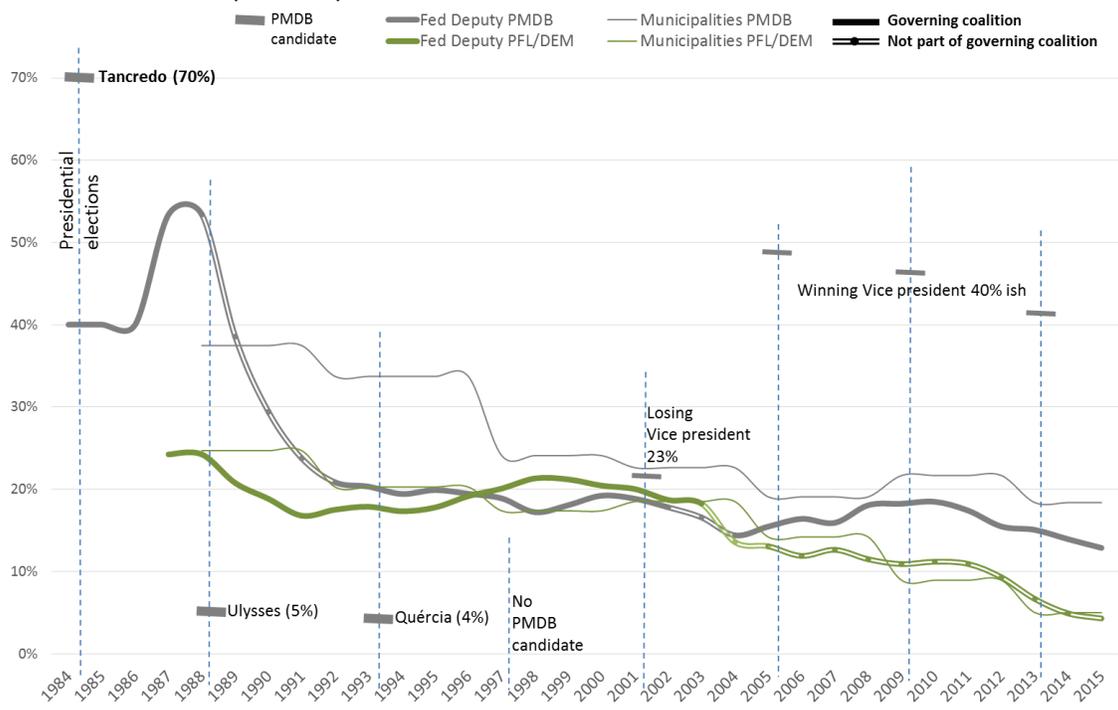


Figure 3: Leading majoritarian role parties (PT and PSDB) performance after re-democratization, Brazil, 1982-2015

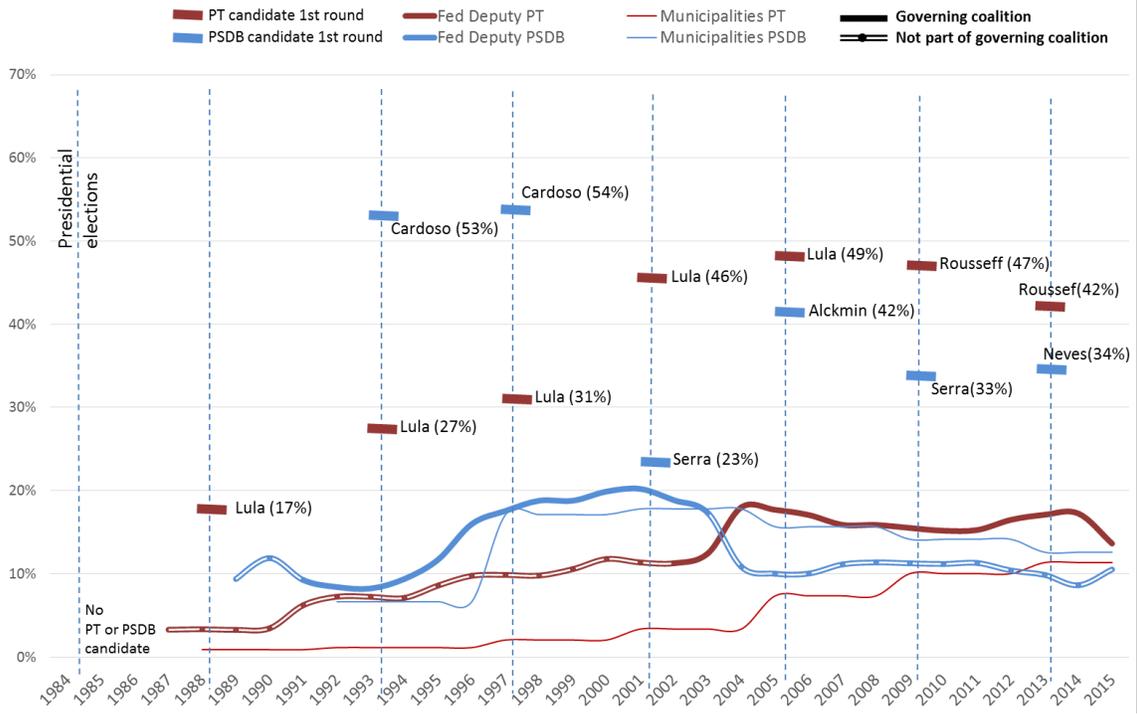


Table 1: PMDB Index Dimensions

Dimension	Question	PMDB
D1 Coalition participation frequency	How often does the party participate in the governing (presidential) coalition? (0% to 100%)	85%
D2 Ideology	How would you place the following parties about their ideological position? (1 to 10)	5.5
D3 Credible candidate	In the last five elections, has this party launched any credible candidate to the presidency with real chances of winning? (0 to 5)	0
D4 Post-seat differential	Usually in coalition governments the executive distribute cabinets according to the number of seats that parties hold in the Congress. Considering this, what is the relation between [Cabinet Share (%) - Seat Share (%)] of these parties when taking part in governing coalitions? (+100 to -100)	-15
D5 Median role	Does the political party play a median vote role? That is, how would you consider the political party in terms of avoiding extreme-left or extreme-right policy decisions? (0 to 6)	3
D6 Internal cohesion	To what extent members of those political parties have presented internal party cohesion? (1 to 10)	2
D7 Ability to pass legislation or veto the executive	How do you rank the parties concerning the ability/power to veto and pass legislation (constraining the executive's preferences)? (1 to 10)	9
D8 National distribution	Concerning the distribution of voters and sympathizers, would you consider the political party to be? (1 to 10)	10

Figure 4: The PMDB Index, Latin America

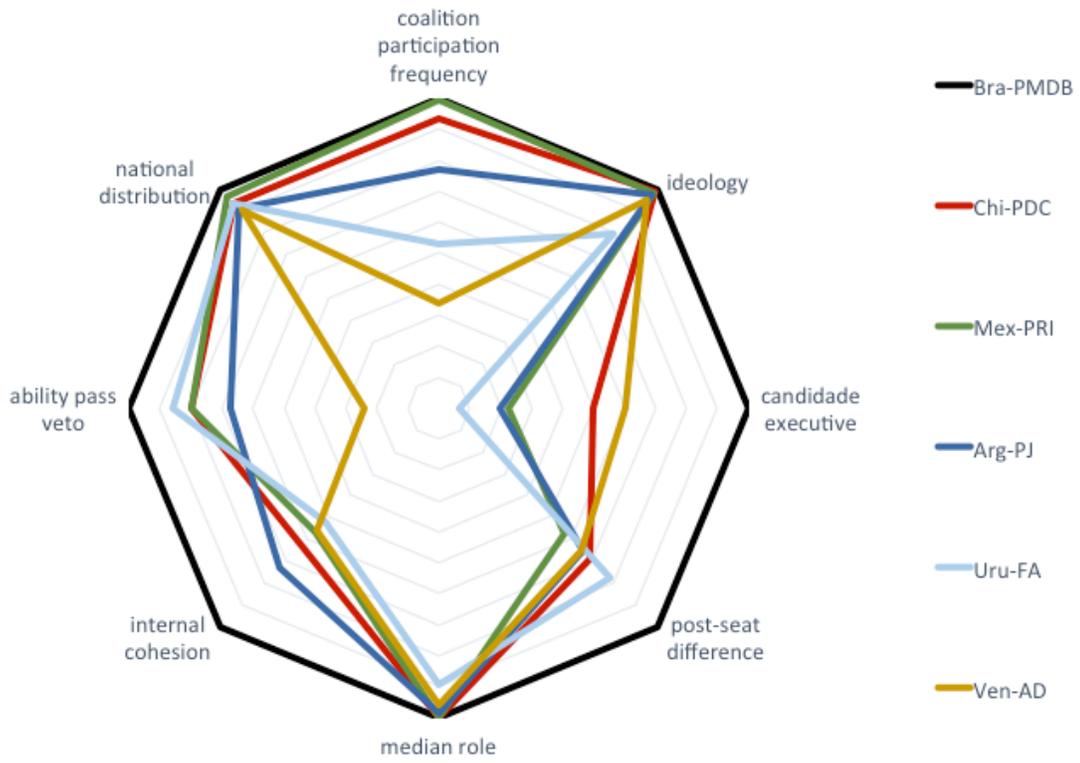


Figure 5: PMDB Index and Fragmentation, Latin American Parties

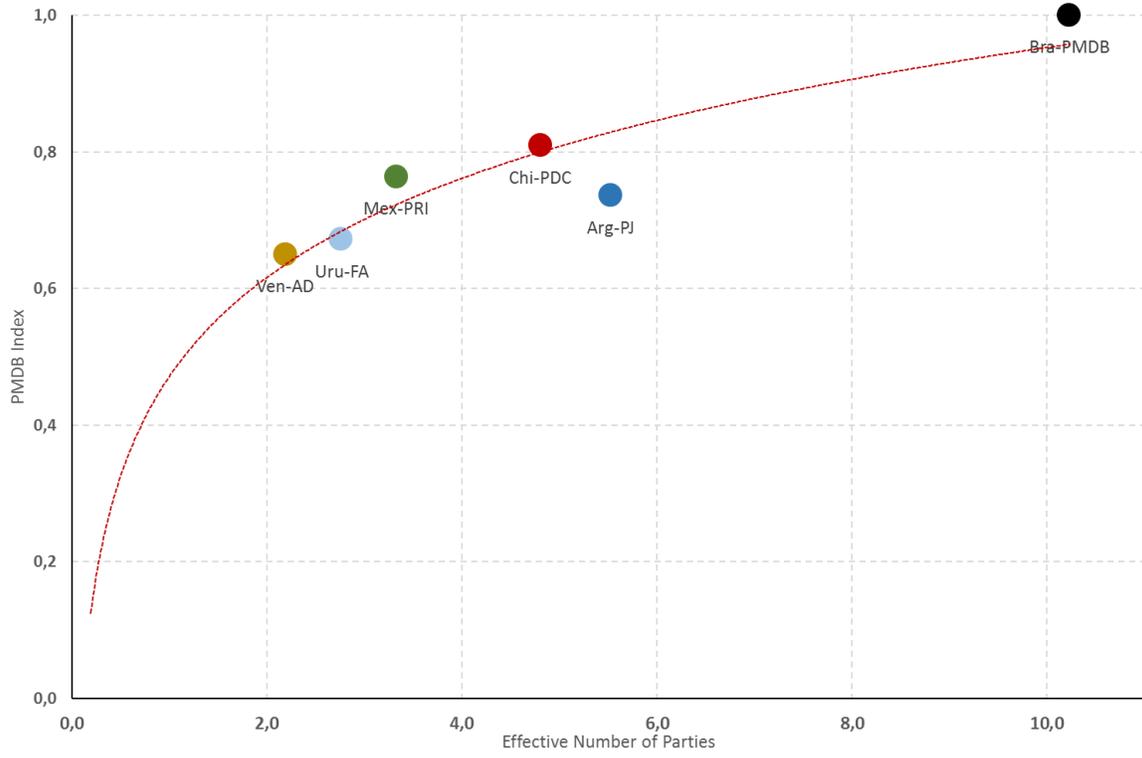
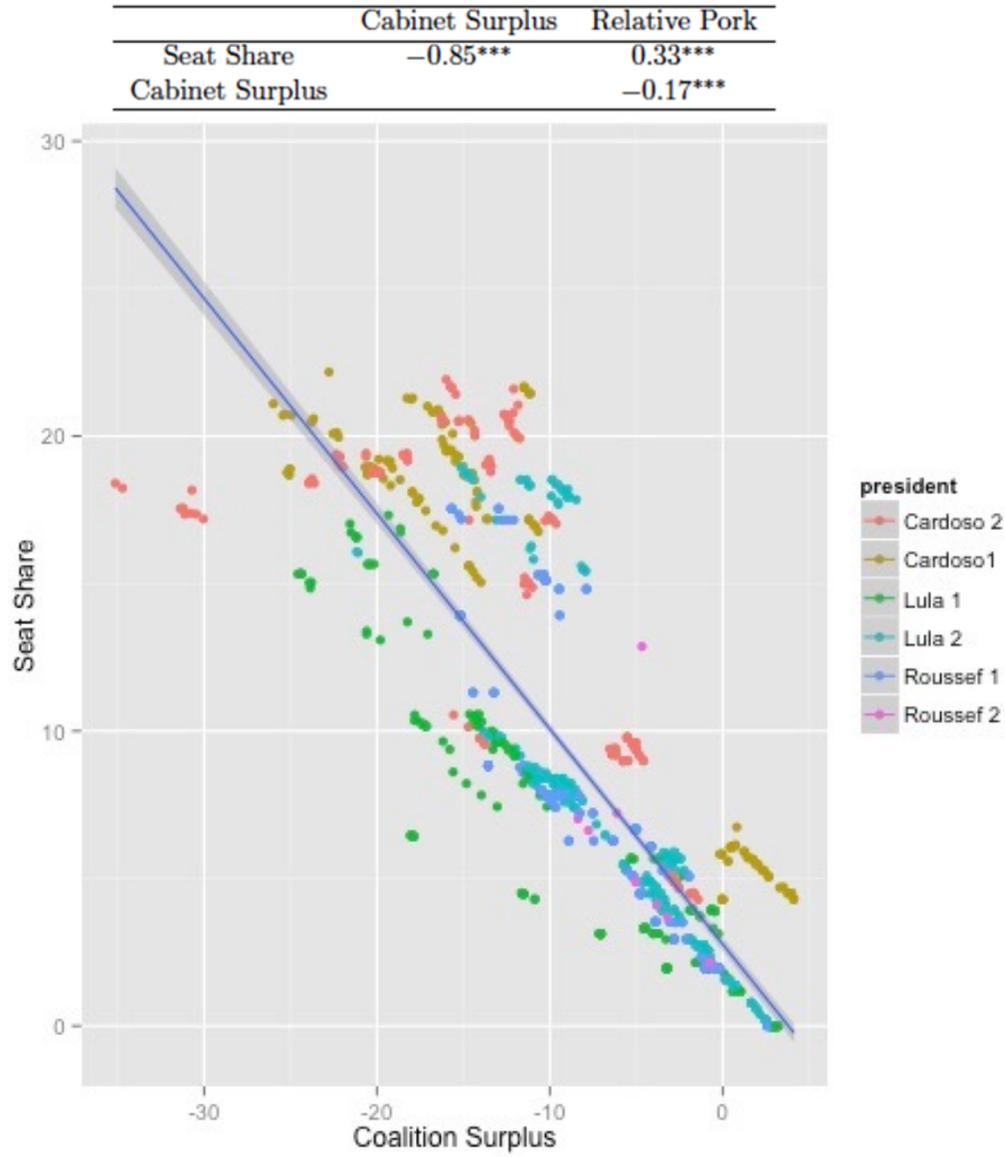


Figure 6: Party Rewards and Seat Share - Brazilian Chamber of Deputies - 1995 to 2015



Annex I

PMDB Index values

country- party	D1	D2	D3	D4	D5	D6	D7	D8
Bra-PMDB	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Chi-PDC	0.94	0.99	0.50	0.69	1.00	0.63	0.80	0.94
Mex-PRI	1.00	0.98	0.22	0.57	1.00	0.57	0.80	0.97
Chi-PD	0.93	0.81	0.58	0.70	0.85	0.56	0.67	0.96
Arg-PJ	0.77	0.97	0.20	0.65	0.98	0.73	0.67	0.91
Arg-UCR	0.40	0.97	0.50	0.92	1.00	0.69	0.46	0.91
Chi-PS	0.93	0.78	0.40	0.84	0.80	0.51	0.66	0.93
Mex-PAN	0.86	0.72	0.39	0.84	0.80	0.63	0.70	0.73
Chi-RN	0.43	0.81	0.54	0.93	0.80	0.56	0.59	0.99
Arg-FPV	0.86	0.85	0.21	0.46	0.89	0.46	0.77	0.94
Uru-FA	0.53	0.80	0.07	0.78	0.89	0.52	0.86	0.93
Uru-PN	0.64	0.79	0.34	0.88	0.85	0.56	0.45	0.82
Uru-PC	0.69	0.76	0.47	0.88	0.81	0.61	0.39	0.62
Chi-UDI	0.43	0.68	0.52	0.94	0.68	0.40	0.59	1.00
Ven-AD	0.34	0.95	0.60	0.65	0.96	0.56	0.24	0.90
Ven-COPEI	0.25	0.91	0.60	0.65	1.00	0.78	0.24	0.66
Ven-PSUV	0.91	0.63	0.00	0.39	0.68	0.42	0.80	0.98
Mex-PRD	0.37	0.75	0.44	0.82	0.80	0.77	0.35	0.50
Ven-UNT	0.21	0.91	0.57	0.65	0.92	0.54	0.24	0.36