Incomplete Democratization in Asian Democracies

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Abstract

This paper reevaluates the economic consequences of democratization in young Asian countries. Specifically, this paper asks why democratization results in a more equal distribution of wealth only in some Asian countries but not in others. Meanwhile, this paper asks why democratization fails to clean up money politics in many young Asian democracies. These questions run against the conventional wisdom, as one should intuitively expect a reduction in inequality and corruption when a country transitions from an autocracy to a democracy.

This paper develops a three-step argument to answer these empirically perplexing and theoretically puzzling questions. First, it highlights various strategies whereby newly democratized governments employ different legitimation strategies and reconstruct their electoral coalition among the citizenry. Second, it discusses how different selectorate-rebuilding strategies can have profound consequences on income inequality and corruption. Finally, it traces the logical chain and discusses how selectorate-rebuilding strategies can be determined by the condition under which democratization takes place in Asian democracies.

This paper contributes to the literature by emphasizing previously unnoticed hazards induced by democratization in Asian democracies. It features a clear micro-foundation of how politicians' electoral incentives lead to sup-optimal economic outcomes, and it provides a fuller panorama of the relationship between democratization, income inequality, and money politics than was previously available.

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1. Introduction

Few would dispute that democracy is a superior form of government when compared to autocracy. While autocracies only reflect the interests of an individual or tiny faction, democracies maximize the representation of all citizens' preferences in a polity. Importantly, since democratic leaders are chosen by a larger selectorate and from a larger winning coalition, democracies are more accountable and provide more public goods to their electorates than autocracies (Bueno de Mesquita *et al.* 2003). Indeed, copious champions of democracy have recently made the case for governance of and by the people. Francis Fukuyama has endorsed democracy, arguing for "…the universalization of Western liberal democracy as the final form of human government" (1992, p.4). Sen (1999) has claimed that democracy is now a "universal value." Indeed, the 20th century has been marked by the endless pursuit of democratic governance around the world.

However, despite its normative appeal, many democratization cases in Asian countries have failed to deliver the promises enthusiastically professed by many democratic theorists. One such failed promise is rampant economic inequality. As we can see from Figure 1, the effect of democratization on economic inequality in young Asian democracies is anything but deterministic: while democratization seems to reduce net (post-tax, post-transfer) income inequality in Korea and Thailand (though notice the peak during the mid-2000s),[1] net income inequality has risen substantially in Taiwan since the 1990s and particularly in Indonesia since the post-Suharto era. Even more intriguing is the observation from Figure 2 that income inequality in some young Asian democracies grew at a much faster rate when compared to their authoritarian counterparts. Indeed, while the decade-average Gini coefficient in Taiwan rises from 26.97 in the 1980s to 30.66 in the 2000s (a 13.68% increase between the two decades), the corresponding figure in Singapore only rises from 38.64 to 40.81, a modest 5.62% increase.

Moreover, according to the Asian Barometer survey, there appears to be wide skepticism toward the optimistic view that democracy helps with inequality among Asian citizens. When asked to assess the wealth disparity between the current democratic government with the most recent previous authoritarian regime, 40.22% of the respondents believe that the gap between the rich and the poor has become somewhat worse or much worse, whereas only 25.99% of the respondents perceive the current level of inequality to be somewhat better or much better than before. Additionally, citizens' perception on whether democratization reduces income inequality varies substantially across young Asian democracies: as Figure 3 suggests, while more than 60% of the

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[1] Note that there is an ongoing debate on how to appropriately examine the evolution of economic inequality in Korea. Kim and Kim (2015), for instance, question the validity of the Gini coefficient and other similar indices based on household surveys. Instead, they advocate the use of income concentration for top income groups as a better way to capture the pattern of income inequality. Importantly, they find that both income shares and wage income shares for the top 1% of the income distribution in Korea remained at low levels from the 1960s to 1980s but have ascended significantly since the mid-1990s. This finding suggests that income inequality in Korea worsened after democratization.

citizens in Korea and Mongolia feel that the gap between the rich and the poor has widened since democratization, less than 10% of people in Thailand feel the same way.

Figure 1. Net Income Inequality in Young Asian Democracies

Note: Solid lines indicate mean estimates; shaded regions indicate the associated 95% confidence intervals.
Source: Standardized World Income Inequality Database v5.1 (Solt 2016).
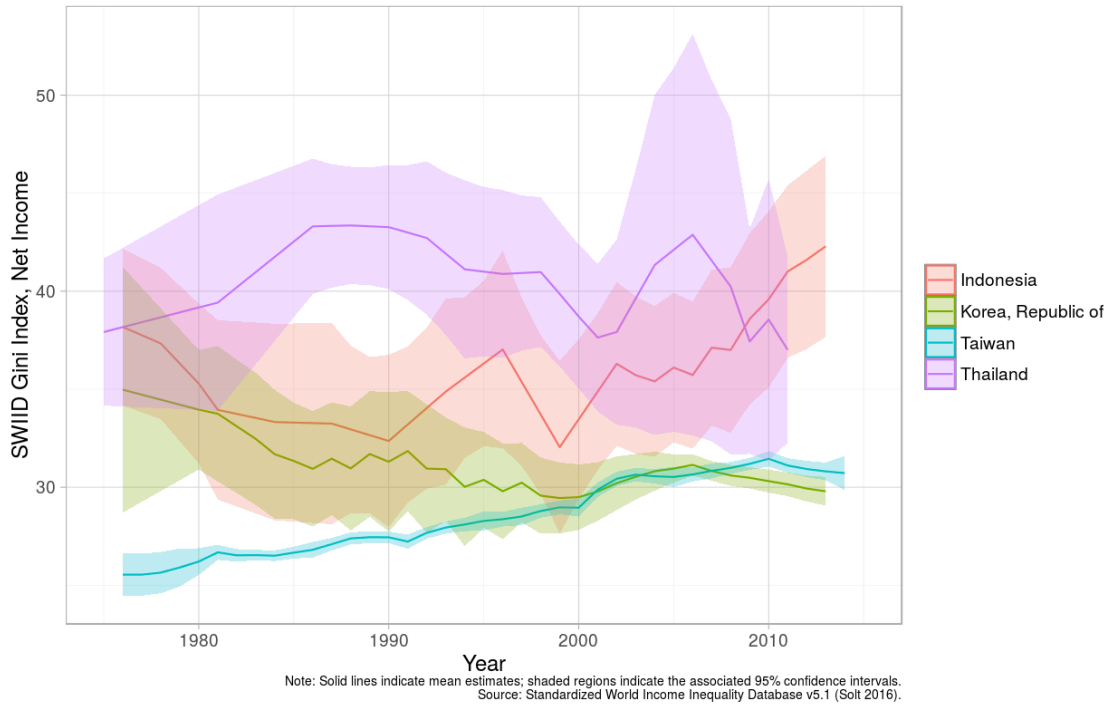
Figure 2. Percentage Change in Inequality in Asia between the 1980s and the 2000s

Source: Solt, Standardized World Income Inequality Data version 5.0
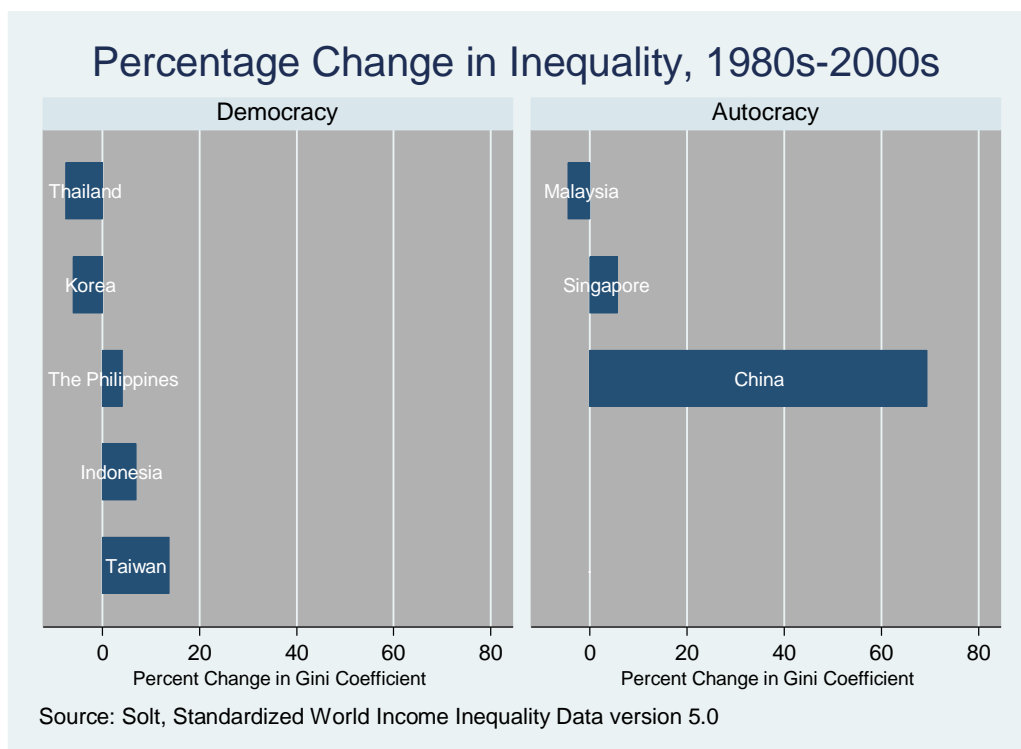
Figure 3. Citizens' Perceptions of whether Inequality has Improved Since Democratization
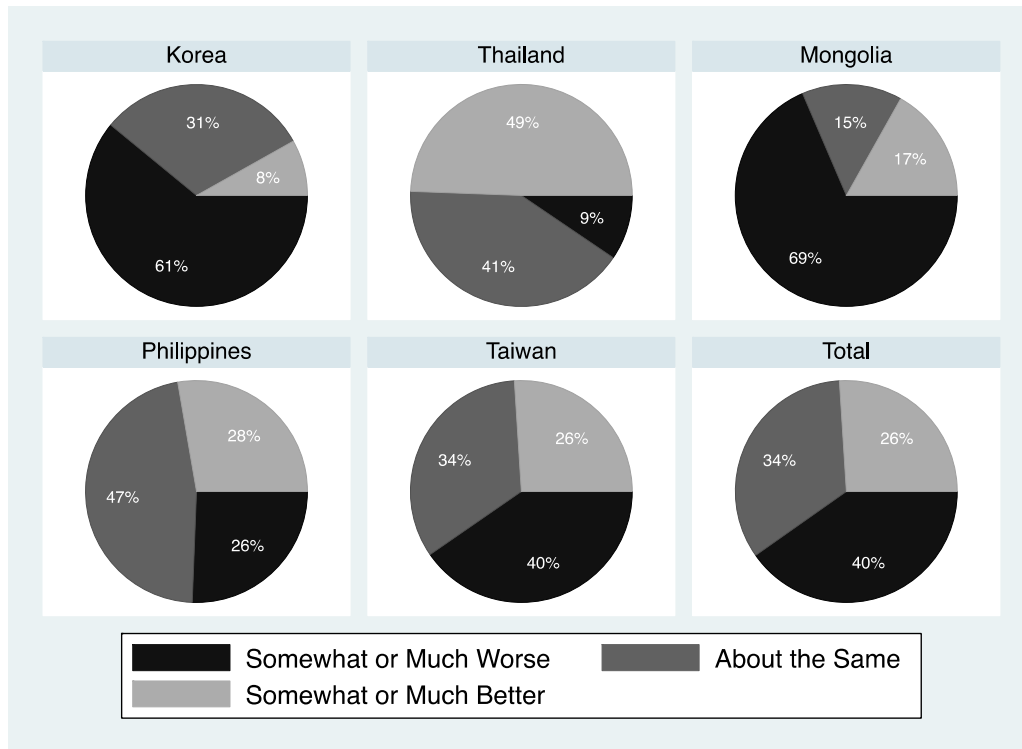
Another failed promise of recent democratization in Asia is its difficulty in reducing corruption. Perhaps South Korea provides the most illustrative example. Since South Korea democratized in the late 1980s, every former president has either faced accusations of or has been charged with political graft. Particularly emblematic, the notorious Hanbo scandal fundamentally undermined the credibility and moral authority of President Kim Young-Sam's anticorruption campaign that he launched after assuming office. As Quah (2011) suggests, the Hanbo scandal ruined South Koreans' hope that "the end of authoritarian rule also meant an end to corruption and related practices." Some observers of Korean politics painfully conclude that corruption is just a way of life in Korean politics, democratic or not. The Taiwanese experience of democratization is similarly pessimistic. While the Democratic Progressive Party came to power with a strong anti-corruption promise, the party quickly fell into the deep trap of corruption just like its predecessors, as evidenced by the corruption scandal involving the former president Chen Shui-bian.

Together, these dynamic patterns of rising inequality and corruption at both macro and micro levels prompt us to reevaluate the consequences of democratization in young Asian countries. Specifically, we wonder why democratization results in a more equal distribution of wealth in some Asian countries but not in others. What conditions account for these cross-country variations and divergent patterns? Similarly, under what condition(s) can democracy clean up money politics in young Asian democracies?

To be sure, these questions are not only empirically perplexing but also theoretically puzzling. Specifically, conventional wisdom documented a more equal income distribution in democratic

countries than under authoritarian regimes (Muller 1988; Reuveny and Li 2003). The causal mechanism is that democracies are equipped with various institutionalized mechanisms to respond to social demands for redistribution, whereas such demands are easily ignored or even suppressed in autocracies. Similarly, despite the evidence for rampant corruption in new Asian democracies, scholarly consensus holds that the level of corruption is lower in democratic than authoritarian countries. As Montinola and Jackman (2002) forcefully posit, political competition in democracies allows voters to "throw the rascals out" and, therefore, align politicians' preferences with their own. They go as far as to claim that "competitive democracies as well as markets are necessary conditions for honest government" (p. 151). Thus, theoretically, one should intuitively expect a reduction in inequality and corruption when a country transitions from an autocracy to a democracy. But why is this not the case in young Asian democracies? Why does this cross-national empirical regularity between democracy and better governance fail to manifest itself inter-temporally?

I argue the key to solving this puzzle lies in better understanding of the different legitimation strategies employed by newly democratized regimes. I posit that democratization not only involves a change of regime form (i.e., from autocracy to democracy), but also represents a fundamental change in the sources of regime legitimacy. For instance, while monarchies can rely on natural or historical rights to justify their exercise of authority, liberal democracies are legitimized by ongoing institutionalized procedures, such as free and fair elections and institutionalized constraints on executive authority (Kailitz 2013). Parallel to the change in the sources of regime legitimacy, democratization also changes the ways political leaders are chosen and represents a structural break in the composition of the incumbent's political supporting basis, formally known as the selectorate (Bueno de Mesquita *et al.* 2003). For instance, when a military authoritarian regime democratizes, the composition of the selectorate evolves from a limited number of high-ranking military officials to the entire voting population. Under these circumstances, the new rules of the game brought by democratization incentivize office-seeking politicians to employ different legitimation strategies to compete for citizen support and reconstruct their electoral coalition within the citizenry, a dynamic process I refer to as "selectorate-rebuilding."

There are several ways for the newly democratized governments to cultivate citizens' attachment to or loyalty for the authorities. As the seminal contribution by Kitschelt and Wilkinson (2007) argues, politicians can either 1) establish programmatic linkages to voters by offering systematic policies; 2) build clientelistic networks in order to cultivate voter support through material benefits; or 3) foster affective bonds with voters by highlighting individual charismatic attributes or collective shared identity. Importantly, I argue that different selectorate-building strategies can have profound consequences on economic outcomes in new democracies. In particular, I suggest that countries where the incumbent prioritizes clientelism over other selectorate-building mechanisms are more likely to experience an increase in economic inequality and political corruption after democratization. Using both individual-level data from the Asian Barometer Survey and aggregate-level data from thirty countries experiencing democratic transitions during the 1990s, I find supportive empirical evidence for my hypothesis.

Due to its far-reaching political and economic consequences, I first explore the relationship between democratization and inequality below.[2] I briefly review the literature concerning the egalitarian effect of democracy, and I pay special attention to social demands for redistribution induced by expansion of the political base and their hypothesized link to income distribution. Then I critically evaluate the empirical validity of this claim and discuss the conditions under which democratization fails to reduce inequality in the context of Asian democracies. After I establish the driver for economic inequality, I then argue that the same causal mechanism is responsible for rising corruption and several other, related economic externalities in Asian democracies.

2.1. Why Is Democracy Believed to Reduce Inequality?

While early investigations of income inequality focused mainly on economic factors, an emerging consensus suggests that disparity in wealth is jointly determined by both economic and political factors. One particularly intuitive proposition is that democracy, characterized by a more equal distribution of political power, should generate a more equal distribution of economic wealth than its authoritarian counterpart.

Specifically, many suggest that as a country transitions from an authoritarian to a democratic regime, the introduction of popular and competitive elections in democracies would ultimately reduce economic inequality. In particular, in authoritarian regimes with no or few democratic rights, the state machinery is controlled by a few political elites who can easily increase and retain their wealth through predatory and repressive means. By contrast, as political participation broadens, democracy takes both political power and economic privilege from the few and places it in the hands of the many. Doing so should contribute to a more egalitarian distribution of income (Hewitt 1977; Muller 1988; Reuveny and Li 2003; Lee 2005). Put best by Lenski (1966, p.318), "…Now the many can combine against the few."

According to this view, social demands for redistribution unleashed by popular suffrage is the key mechanism by which democracy curtails income disparity among citizens. By expanding the voting franchise, the lower and other socio-economically disadvantaged classes that were previously excluded from the political arena now have a chance to press for redistribution at the ballot box. Importantly, since the distribution of income is typically right-skewed, these new political forces constitute a majority of the electorate. Hence, any election-minded government would be forced to respond to such demands through redistribution policies transferring wealth from the rich to the poor and producing a more egalitarian distribution of income.

Meltzer and Richard (1981) formalized the above intuition into the well-known median voter redistribution model. The model begins with several theoretically intuitive assumptions. First, the poor benefit from redistributive policies, whose costs are mostly borne by the rich. Therefore, the

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[2] Briefly summarized, income inequality is found to reduce economic growth (Alesina and Rodrik 1991), increase elite political polarization (McCarty *et al.* 2003), induce political instability (Londregan and Poole 1990), and even threaten the survival of democracy (Przeworski *et al.* 2000).

poor will demand redistribution, whereas the rich will oppose it. Second, the median voter is located below the average income voter in the distribution, since the income distribution is typically right skewed. Lastly, using Downsian logic, governments adopt the policy preferred by the median voter. Taken together, these assumptions suggest that democratic governments respond to demands for redistribution through progressive taxes and social transfers. Importantly, the amount of redistribution increases as the gap between the median and the average income voters widens. Extending the traditional median voter model, Franzese (2002) further shows that government responsiveness to redistribution demands is greater in counties with higher turnout. In short, as Lijphart (1997) succinctly puts it, the composition of the electorate has substantial political consequences for the composition of the government and the content of government policies.

Social demands for redistribution do not simply manifest themselves at election time and then disappear thereafter. The power resource model, another influential school of thought in the redistributional politics literature, holds that the poor are able to sustain and even amplify redistribution demands despite the fact that capital is concentrated in the hands of the rich (Bradley *et al.* 2003). The key is that democracy grants and protects the freedom of association, enabling the poor to form labor unions and social democratic parties to represent their economic interests. Golden and Wallerstein (2006), for instance, argue that unions reduce inequality since they enhance pay standardization, raise awareness of inequality through shared norms of fairness, and, most importantly, empower low-paid workers against employers during the wage-setting bargaining process. Furthermore, empirical studies derived from partisan theory (Hibbs 1977) have consistently shown social democratic governments are associated with higher welfare-state expenditure (Hicks and Swank 1992), lower unemployment (Alvarez *et al.* 1991), and greater investment in human capital (Boix 1997). More directly, Hibbs (1987) and Bartels (2004) both document a substantial partisan effect on the income ratio between the rich and the poor. In short, unions and social democratic parties jointly protect both the market and political power of the poor, thereby institutionalizing social demands for redistribution. Through these organized bodies, the poor are more likely to succeed in tilting the distribution of income in their favor.

In sum, according to the traditional view, the poor's demands for redistribution are unleashed through multiple channels and are answered by democratic governments. Despite some notable dissents (Jackman 1974; Bollen and Jackman 1985), most empirical studies subscribe to this view and document an egalitarian effect of democracy (Hewitt 1977; Li *et al.* 1998; Reuveny and Li 2003). Taking this democracy-equality argument to its logical conclusion, one should intuitively expect a reduction in inequality when a country moves from an authoritarian regime to a democratic system. However, as discussed previously, this intuitive proposition does not fare well in the context of Asian democracies. What went wrong in these nascent democracies? Why did social demands for redistribution supposedly unleashed during the democratization process fail to yield a more egalitarian income distribution? Obviously, the key mechanism identified by conventional wisdom — social demands for redistribution — falls short of answering this question.

2.2. Why Does Democratization Fail to Reduce Inequality?

As a first step to answering these questions, I charge that the presence of redistribution demands is only a necessary condition that guarantees a more egalitarian income distribution as countries democratize. The sufficient condition that determines the final distribution outcome is that social demands have to be properly processed and adequately reflected in the well-being of the needy.

Critically, this sufficient condition is not guaranteed to hold, even in advanced democracies. In what Lindert (2004) refers to as the "Robin Hood Paradox," many scholars have begun to challenge Meltzer and Richard's median voter redistribution model. In fact, several empirical studies have found the exact opposite of what the median voter model predicts — increasing income inequality is associated with less, rather than more, redistribution spending (Perotti 1996). At the same time, others offer compelling rebuttal evidence against the aforementioned power resource model. For instance, Rueda (2005) argues that social democratic parties have greater incentive to represent the interests of the "insiders" who have protected jobs and are more electorally relevant while neglecting the welfare of outsiders who are unemployed and politically inactive. In other words, social democratic parties do not necessary represent the interest of the entire labor sector.

What then determines whether the sufficient condition is met during the democratization process? I posit that the key to assuring the proper translation from social demands to better distributional outcomes in new democracies depends on how the newly democratized government reconstructs its sources of legitimacy and the electoral coalition within the citizenry.

A solid source of legitimacy is arguably the most important pillar for any political system's successful operation. According to Weber, legitimacy is based on belief and it elicits obedience. Specifically, a political authority is considered legitimate if "(1) it conforms to established rules (conventional or constitutional-legal), (2) the rules can be justified by reference to beliefs shared by both dominant and subordinate, and (3) there is evidence of consent by the subordinate" (Beetham 1991: 16). Easton (1965) further echoes the importance of legitimacy beliefs and considers legitimacy as the primary source of diffuse support in favor both of authorities and of the regime.

As a country transitions from autocracy to democracy, however, the democratization process fundamentally changes the sources and the patterns of regime legitimacy. For instance, while monarchy authoritarian regimes can rely on natural or historical rights to justify their exercise of authority, liberal democracies are legitimized by legal and institutionalized procedures like free and fair elections and institutionalized constraints on executive authority (Kailitz 2013). To put it differently, unlike authoritarian regimes where political authorities and government decisions are accepted solely due to fear of repression and coercion, leaders in young democracies need to ensure that their citizens view the newly democratized political system as morally right and proper. Under such circumstances, one of the most daunting tasks facing many young democracies is engaging in a legitimation process that widens the legitimacy belief among citizens and reinforces the suitability and appropriateness of the new democratic system. Most importantly, political leaders in new democracies need to effectively foster citizens' recognition of and compliance towards political authorities and secure citizens' support for the new democratic regimes.

It is also noteworthy that legitimation is a two-way dynamic process of mutual accommodations by both political leaders and citizens. Habermas was probably the first to highlight the social dynamics of legitimacy where citizens and political elites constantly renegotiate and redefine the moral boundary and content of political authority. Miller and Listhaug (1990) also argue that citizens' legitimacy beliefs are largely determined more by the extent to which political authorities perform according to citizens' expectations and less by the government' performance alone. That is, citizens are more likely to view their political authorities as legitimate and support their political systems when their expectations and values are met. However, citizens' perceptions of performance do not always correspond with the actual performance of their governments. Importantly, the democratization process, along with the pluralization of civil society the increasing freedom of information, have significantly enhanced citizens' political sophistication and raised citizens' expectations of the roles and the responsibilities of their governments. Consequently, democratization can lead to a growing gap between what citizens expect and what their political systems can deliver, and thus opens up new challenges for legitimacy in young democracies. Put bluntly, simply allowing citizens the right to vote or a trip to the voting booth may no longer suffice. Instead, democratic transition calls for a legitimation process and a new balance between citizens' expectation and their governments' capacity to fulfill their promises.

In addition to posing a challenge for legitimacy rebuilding, democratization also represents a fundamental reconstruction of the selectorate for the incumbent. For instance, when a military authoritarian regime democratizes, the composition of the selectorate changes from a limited number of high-ranking military officials to the entire population. The new rules that stem from democratization incentivize office-seeking politicians to employ different legitimation strategies to compete for citizen support to reconstruct their electoral coalition within the citizenry. I refer to this dynamic process as "selectorate-rebuilding." Parallel to the insights from the growing literature on democratic linkages (Kitschelt and Wilkinson 2007; Dalton *et al*. 2011), I argue that different selectorate-rebuilding strategies have profound impacts on income inequality and political corruption in new Asian democracies.

2.3. Selectorate-Rebuilding

Political elites in new democracies can compete with each other in the political arena by staking out explicit policy positions on salient issue dimensions. Many suppressed crucial political and socio-economic issues resurface when a country transitions from autocratic to democratic rules. For instance, the newly enfranchised middle class is likely to demand stronger rule of law and greater protection of property rights, while the working class is likely to request better working conditions and an expansion of the social safety net. Parties that represent different societal groups can foster electoral support by proposing policy programs and platforms they will enact if elected. Voters can then "shop around" these different policy prescriptions and choose their most preferred representatives based on where they stand on the salient policy dimensions. Importantly, when citizens'

elected representatives fail to fulfill their promises while in offices, voters can hold them accountable for their negligence or malfeasance by punishing them at the ballot box in the next election.

When politicians and parties in new democracies reconstruct their selectorate through programmatic policies, or "programmaticism" as Kitschelt and Wilkinson (2007) put it, I contend that democratization is more capable of holding inequality in check since social demands for redistribution are more likely to be properly addressed and adequately reflected through economic policies. In particular, politicians and parties in new democracies are incentivized to align their preferences with their core constituencies under programmaticism. Additionally, democracy empowers citizens to evaluate incumbents' performance and decide whether to reward or punish them electorally. Consequently, a programmatic approach creates an avenue for citizens to exert their influence and for elected officials to respond. Lee (2005) makes a similar pitch and posits that the institutionalization of democracy is a prerequisite for the occurrence and execution of equity-oriented redistribution policies. He argues that public sector expansion only reduces inequality in fully institutionalized democracies where the poor can channel their organized interests "through an efficient and sound bureaucracy capable of implementing progressive tax and transfer policies."

In addition, by allowing citizens to exert their influence and demand policy responsiveness, programmaticism also places political accountability in citizens' hands. Especially when new democracies are equipped with institutional check-and-balance structures, citizens utilize conflicts of interest between political elites to elicit information that is otherwise unavailable to them (Persson *et al.* 1997). In other words, programmaticism enhances political accountability and prevents ruling elites from abusing their powers. Consequently, I argue that programmaticism also helps young democracies fight political corruption during democratization.

However, programmaticism is oftentimes not the popular choice for selectorate-rebuilding and accountability is thus a rare commodity in new democracies. Rather than offering voters programmatic policies and trying their best to implement them, politicians and parties in many new democracies find it easier and more efficient to win over voters with tangible and short-term material benefits like cash transfers, jobs, and access to public services. Commonly known as clientelism, this alternative strategy of selectorate-rebuilding in new democracies involves constructing an informal but mutually beneficial exchange relationship in which political elites offer material benefits in return for the electoral support, deference, or allegiance of voters. To be sure, while early studies consider clientelism a pre-modern form of political interaction between elites and voters in developing democracies (Scott 1972), recent scholars recognize that clientelism prevails in advanced democracies as well (Piattoni 2001; Kitschelt and Wilkinson 2007). As van de Walle (2007: 50) succinctly summarizes, clientelism "exists in all polities" despite taking on different forms and providing different functions across time and space.

Kitschelt and Wilkinson offer a more systematic conceptualization, regarding clientelism by political elites as "direct material inducements targeted to individuals and small groups of citizens whom politicians know to be highly responsive to such side-payments and willing to surrender their vote for the right price" (2007, 2). In his careful review, Hicken (2011) further highlights four signature characteristics of clientelism: dyadic relationships, hierarchy, iteration, and contin-

gency. Dyadic relationships refer to direct and close personal relationships between patrons and clients. However, this dyad relationship between patrons and clients is hardly equal. Scott (1972: 92) makes the hierarchy and power asymmetry between clients and patrons central to his conceptualization, defining clientelism as a relationship "in which an individual of higher socioeconomic status (patron) uses his own influence and resources to provide protection and benefits, or both, for a person of lower status (client), who, for his part, reciprocates by offering generous support and assistance, including personal service, to the patron." Finally, iteration refers to the continuing nature of the relationship "with each side anticipating future interactions as they make decisions about their behavior" (Hicken 2011: 292). In other words, clientelism is a repeated game, whereas other forms of redistribution, such as vote buying, are just one-shot games.

Perhaps the most critical element of clientelism is contingency. As Hicken (2011: 291) convincingly notes, patronage "always come with strings attached." That is, political elites' delivery of material benefits is contingent on the electoral support of the voter and vice versa. Under programmaticism, on the other hand, political elites implement policies without relying on electoral reciprocity from voters. In other words, unlike clientelism, programmaticism is universal and non-contingent. Indeed, it is the "quid pro quo" nature of clientelism that distinguishes it from programmaticism.

The contingent vs. universal distinction between clientelism and programmaticism has profound implications for variation in income inequality in young democracies. Specifically, unlike other forms of market transaction, the clientelistic exchange between a citizen's vote and politicians' material inducements often does not occur in a spontaneous and observable manner. Additionally, the secret ballot makes the clientelistic contract difficult to enforce. Essentially, the contingent nature of clientelism invites the danger of opportunism, where either side of the transaction is incentivized to renege once s/he gets what s/he wants first. Indeed, Kitschelt and Wilkinson (2007) rightfully note that clientelism can only prevail when both sides of the exchange are fully aware of the other side's preferences and payoffs. Importantly, to counter the threat of opportunistic defection, political elites need to develop monitoring mechanisms in order to sustain the viability of the clientelistic relationship. In particular, elites have to establish extensive mobilization networks, a massive surveillance structure, and powerful enforcement organizations (Kitschelt and Wilkinson 2007). As an illustration, scholars have noted that the People's Action Party in Singapore institutionalizes party cells at the local level and tasks them with a direct role in monitoring electoral results. By also disaggregating electoral results at the ward level, the Singapore government can easily gather detailed information about its electoral support from each apartment block and use such information as a criterion to prioritize its provision of housing services to the citizenry (Grzymala-Busse 2008). Another well-known example of a mobilization network is the *koenkai* (supporter club) in Japanese politics. A politician's *koenkai* consists of his relatives, friends, supporters, and it functions as personal-vote building machines for Japanese politicians (Ramseyer and Rosenbluth 1993).

Building extensive monitoring mechanisms to ensure the smooth operation of clientelism can be labor intensive and financially costly, however. As Ramseyer and Rosenbluth (1993) demonstrate, a typical Japanese Diet member maintains 50-80 *koenkai* organizations and Japanese

legislators spend enormous amounts of effort and money in order to maintain their political machines.[3] Under these circumstances, the high cost of clientelism increases elites' vulnerability and dependence on unlawful resources and results in economic policies (e.g. tariffs, contracts, or subsidies) favorable to special interests and higher levels of corruption. To a greater extent, the political elites relying on clientelism as a strategy of selectorate-rebuilding paradoxically find themselves in another form of clientelistic relationship with big business, where political elites are forced to offer economic policies favoring the rich (at the expense of the poor) in exchange for their financial support. Eventually, political elites become the advocate or even political instrument of the rich, and income inequality rises as a result. Hellman (1998) vividly illustrates how organized interest groups effectively hijacked the economic reform process in post-Communist Russia, reaped the benefits, and stonewalled other reform policies intended to create transparency, competition, and openness. On the other hand, since programmaticism is non-contingent, the success of programmaticism does not depend on direct monitoring and enforcement mechanisms. Put differently, the transaction costs are much lower under programmaticism than clientelism.

In short, the central argument in this paper is that the variation in income inequality and political corruption in young Asian democracies can be attributed to different strategies of selectorate-rebuilding. Specifically, I argue that democratization is less capable of reducing income inequality and political corruption in countries that rely on clientelism rather than programmaticism to foster citizens' support. This argument is sustained by many different mechanisms. First, by offering pragmatic policies and platforms, programmaticism helps young democracies better process the demands for redistribution unleashed after democratization and translate those demands into economic policies. In contrast, social demands for redistribution are likely to be neglected in new democracies rebuilt by clientelism, since the high transaction costs of maintaining extensive monitoring and enforcement institutions force political elites to side with the rich. Secondly, programmaticism leverages political accountability to the hands of citizens by allowing them to exert their influence and demand policy responsiveness. By contrast, in what Stokes refers to as "perverse accountability," clientelism erodes accountability by equipping political elites with the capacity to monitor voters and punish those who renege on their electoral commitments while rewarding loyal followers. Given this, I hypothesize the following:

H_1: *Income inequality will be higher in young Asian democracies that emphasize clientelism over programmaticism.*

H_2: *Political corruption will be higher in young Asian democracies that emphasize clientelism over programmaticism.*

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[3] According to Ramseyer and Rosenbluth, a Diet member attends 25-30 funerals and 10 weddings a month and gives gifts or money on those occasions. The member is also expected to provide other types of constituency services.

3. Empirical Analysis

Given the causal complexity of the relationship between democratization, income inequality, and political corruption, I test my hypotheses using two different units of analysis. First, at the individual level, I analyze whether Asian citizens' perceptions of the change in inequality and corruption before and after democratization are shaped by their knowledge of or involvement in clientelistic networks. Secondly, at the aggregate level, I conduct a cross-national analysis to examine if the levels of inequality are actually higher in new democracies that emphasize clientelism over programmaticism. By working with a triangulated approach (Denzin 1970) and drawing evidence from multiple measures and data sources at two different levels of analysis, I hope to increase the credibility of my findings and reduce potential biases and deficiencies that might appear from using only a single method of inquiry. As Webb *et al*. (1966:3) persuasively argue, confirming a proposition through multiple measures reduces the interpretive uncertainty of the results.

3.1. Individual-level Analysis

To reiterate, I argue that democratization is less capable of reducing income inequality and political corruption in countries that emphasize clientelism over programmaticism. At the individual level, then, I expect that citizens who perceive levels of clientelistic politics will witness a rise in inequality and corruption after democratization.

To test this conjecture, this paper makes use of survey data from Round 1 of the Asian Barometer (AB).[4] Among the eight countries covered by the AB survey, this paper focuses on five young democracies: Mongolia, the Philippines, South Korea, Taiwan, and Thailand.[5] These young Asian democracies were plagued by high income inequality and widespread political corruption before democratization and continue to face these problems as a democracy. The confluence of high levels of corruption, inequality, and clientelism consequently offer a promising ground for analysis.

Dependent Variables

The first round of the AB data offers a unique leverage to examine citizens' views on the evolution of income inequality and political corruption during the democratization process in Asia. Specifically, the AB asks the respondents to compare their present system of government with their most recent authoritarian regime by asking about the gap between the rich and the poor and the corruption control level. Both items score on a metric of 1-5, where 1 represents "much worse" and 5

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[4] Although the AB has multiple rounds of data, I chose to focus on Round 1 because it is the only round that contains relevant survey items to measure citizens' perception of the change in inequality and corruption before and after democratization.

[5] In each of the countries, a countrywide multistage stratified and clustered PPS (Probability Proportion to Size) sample was selected, and face-to-face surveys were conducted. The pooled dataset consists of 6805 interviews.

"much better" than before. As I discussed previously, Figure 3 shows that Asian citizens share the view that democratization has failed to reduce inequality. More than 40% of the respondents believe that income disparity has become somewhat worse or much worse, while only slightly more than a quarter of the respondents perceive the current level of inequality to be somewhat better or much better than before. On the other hand, Asian citizens seem to have more favorable (unfavorable) opinions on the corruption control effect of democracy, as 42% (24%) of the respondents think the levels of corruption control are getting somewhat better (worse) or much better (worse) under the current democratic government. Finally, citizens' views on whether democratization reduces income inequality and corruption vary across these five Asian countries. This cross-country variation reinforces the need to understand the scope of conditions under which democratization reduces inequality and corruption in Asia.

Independent Variables

The next task in the analysis is to measure citizens' perception of clientelistic politics. Unfortunately, the AB does not provide any direct measurement on how citizens perceive the practice of clientelism in their countries. As a second best solution, I build on the notion of patronage insiders advocated by Chang and Kerr (2017).

Chang and Kerr propose using an insider-outside theory to address corrupt politicians' electoral success in emerging democracies. They argue that citizens who are affiliated with the incumbent and consequently have access to state institutions and resources (insiders) are more supportive of the corrupt incumbent than those outsiders. Specifically, the authors find that patronage insiders -- those who belong to the incumbent's clientelistic network -- better understand network dynamics and the extent of political corruption compared to the outsiders because they benefit from them. These benefits incentivize gathering in-depth knowledge of patron transactions in order to evaluate the credibility of candidates' future distributive promises.

To empirically operationalize the concept of a patronage insider, Chang and Kerr examine how citizens respond to questions about various types of bureaucratic red tape and governmental harassment, like waiting for a government permit, having a family member wrongly arrested, or having family land improperly sized. They consider a respondent to be a patronage insider if she chooses to "use connections with influential people" to resolve problems rather than utilizing other options. In other words, the individuals who answer questions about bureaucratic red tape by suggesting they utilize political connections to eliminate the issue likely belong to a patronage network. Chang and Kerr's rationale is intuitive, as only people with connections to influential people can use their influence for personal benefit. Their operationalization of a patronage insider is also well-grounded in the extant literature that considers "problem solving," "request fulfilling," or "political fixing" as defining features of clientelism (Koter 2013; Stokes *et al.* 2013). In particular, one defining characteristic of clientelistic politics is that citizens rely on influential local brokers to solve day-to-day problems and then reciprocate these services electorally.

This paper builds on Chang and Kerr's insight to identify the participants of clientelistic networks. Specifically, the AB survey asks respondents how well the statements "I have enough friends and connections so that I can get help if I need it" and "I have some friends with influence, so I don't have to worry too much if I get into a tight spot" apply to them. Making use of these two questionnaires, I consider respondents as clientelism insiders if they feel either one of the statements applies to them very well or pretty well. Importantly, I expect clientelistic insiders who have more first-hand knowledge of clientelistic politics are more likely to perceive worsening income inequality and political corruption after democratization.

Measuring citizen evaluations of democratic improvement in their political systems is more straightforward. The AB presents a 1-10 scale to the respondents, where 1 means complete dictatorship and 10 means complete democracy. A follow-up question then asks the respondents to place their current democratic government and their most recent authoritarian government on this scale. I take the difference between these two scores to measure citizens' perception of the extent to which their countries democratized from the previous authoritarian to the current democratic regime. Obviously, the greater the democratic improvement perceived by the respondents, the more likely it is that respondents believe income inequality and political corruption lessened after democratization.

Finally, in addition to citizens' perceived scores on clientelism and democratization, I control for respondents' retrospective evaluation on the change in the economic condition over the past five years, their prospective prediction of the economic condition in the next five years, their levels of democratic satisfaction, and their ages.

Results

Table 1 presents the estimated results from the ordered logit model. As we can see from Model 1, the coefficient for the democratic improvement variable is positive and significant. This finding is consistent with the conventional view that democracy helps with inequality. Specifically, when respondents perceive significant improvement in the level of democracy in their countries, they are also more likely to believe that income inequality and political corruption improved as well. Additionally, the coefficient for the clientelism insiders variable is also significant with the expected negative sign. I interpret this finding to signify that clientelism insiders develop a more accurate understanding of clientelism through frequent interactions with their patrons. Because of this direct contact, they are privy to information on clientelistic practices and hence are more likely to believe that income inequality has worsened.

More importantly, to test whether democratization is less effective in reducing inequality in countries with pervasive clientelism, I introduce an interaction term between citizens' perception of democratic improvement and clientelistic politics. If my theoretical expectation is correct, then we should observe a negative coefficient for the interaction term. Model 2 shows that it is indeed the case. To further elaborate on this result, Figure 4 graphically shows that the slope for clientelism insiders is flatter, indicating that democratization has a lesser effect in reducing inequality for

those who perceive higher levels of clientelism. This result lends strong support to my theory that citizens who perceive high levels of clientelistic politics will be more likely to believe that democratization is less capable of reducing inequality.

Table 1. Estimation Results: Individual Level Analysis

	Model 1: Inequality	Model 2: Inequality	Model 3: Corruption	Model 4: Corruption
Democratic Improvement	0.102*** [0.009]	0.119*** [0.011]	0.126*** [0.009]	0.138*** [0.011]
Clientelism Insiders	-0.310*** [0.048]	-0.173** [0.070]	-0.211*** [0.049]	-0.118* [0.070]
Interaction		-0.045*** [0.017]		-0.031* [0.017]
Retrospective Evaluations	0.073*** [0.023]	0.076*** [0.023]	0.026 [0.024]	0.027 [0.024]
Prospective Evaluations	0.068*** [0.026]	0.068*** [0.026]	0.153*** [0.027]	0.153*** [0.027]
Democratic Satisfaction	0.450*** [0.034]	0.443*** [0.034]	0.588*** [0.035]	0.582*** [0.036]
Age	-0.018 [0.040]	-0.019 [0.040]	0.027 [0.041]	0.026 [0.041]
Cutpoint 1	-0.399*** [0.103]	-0.359*** [0.104]	-0.759*** [0.109]	-0.732*** [0.110]
Cutpoint 2	1.002*** [0.102]	1.043*** [0.103]	0.731*** [0.104]	0.758*** [0.105]
Cutpoint 3	2.545*** [0.107]	2.587*** [0.108]	2.341*** [0.108]	2.368*** [0.109]
Cutpoint 4	4.612*** [0.123]	4.656*** [0.125]	4.535*** [0.121]	4.564*** [0.122]
Log-likelihood	-8,310.86	-8,307.22	-7,973.07	-7,971.36
N	5,837	5,837	5,820	5,820

■ Standard errors in brackets. $*p <.1$; $** p <.05$; $***p <.1$.

Figure 4. The Conditional Effects of Democratization on Inequality
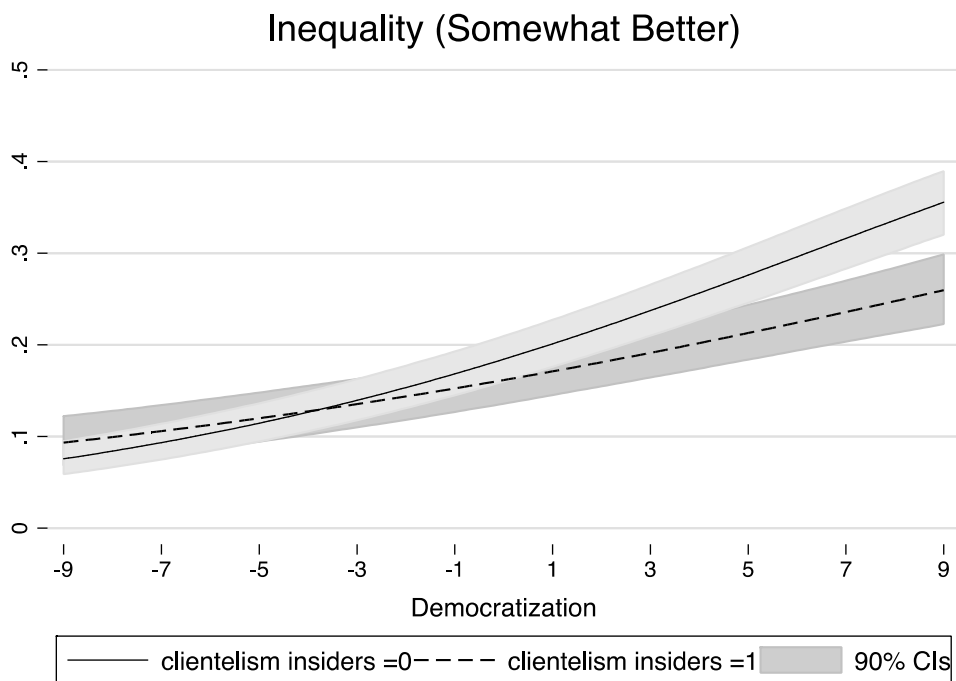
Finally, I repeat the same modelling exercise for the case of political corruption. Again, as expected, Model 3 shows that those who are equipped with more knowledge on clientelism tend to perceive an increase in political corruption. Model 4 further shows that democratization is less effective in reducing corruption for those who perceive higher levels of clientelism.

3.2. Aggregate-level Analysis

While the above individual level analysis is informative, it is unfortunately limited in two ways. First, it relies on citizens' perceptions, and as is well-known, citizens' perceptions may not necessarily reflect the true reality. Secondly, it only focuses on the context of young Asian democracies, and hence raises the legitimate issue of generalizability. Indeed, abundant anecdotal and empirical evidence reveal that income inequality has skyrocketed in virtually every nascent democracy over the last twenty years. Relying on recent inequality data from the World Income Inequality Database,[6] Figure 5 illustrates that income inequality rose dramatically in virtually every region of the world from the 1980s to the 1990s.[7] It also shows that economic inequality grew at a much faster

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[6] http://www.wider.unu.edu/wiid/wiid.htm

[7] Since a great proportion of third-wave democratizations took place in the late 1980s, I chose 1990 as the arbitrary cutoff point and compared the average Gini coefficients for the ten years before and after that point for dozens of democracies around the world.

rate in third-wave democracies, including countries in Latin America, Eastern Europe, and Africa, than it did in their established European democratic counterparts.[8] To complement the above individual-level analysis and increase its generalizability, then, I conduct an aggregate-level analysis. Building on data compiled by Reuveny and Li (2003), I focus on the thirty-odd countries that experienced democratic transitions during the early 1990s.

Figure 5. Inequality Before and After Third-Wave Democratization
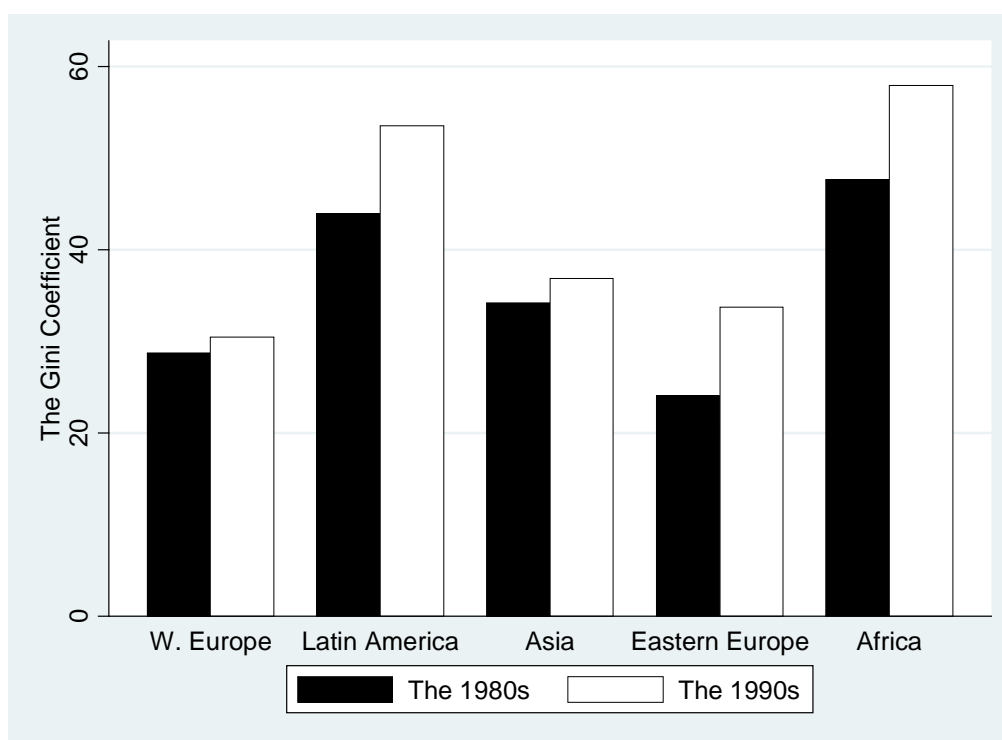
Reuveny and Li's contribution (2003) is the first systematic empirical study to examine both the international economic and domestic political determinants of income inequality. In terms of domestic political factors, they suggest that higher levels of democracy should be associated with lower income inequality. With respect to international factors, they argue that trade openness increases income inequality in developed countries but reduces it in developing countries. The Hecksher-Olin model and the Stolper-Samuelson theorem guide this differential effect of trade on inequality.

Also, note that Figure 1 is illustrative in nature and we should use and interpret the income inequality data with great caution given the paucity of observations, poor quality, varying sources and construction methods, and the limited cross-national comparability of these data

[8] For instance, the decade average Gini coefficient in Africa rose from 47.6% to 58.9% for a 23.4% increase between the two decades, while Western European countries only witnessed, on average, a 6% increase in Gini coefficients. The worst performing Western European country, the United Kingdom, registered a 10% increase (also see Atkinson 1997), which is less than the half the average African increase.

These models posit that the winners of international trade are the unskilled workers in developing countries and the skilled workers and capital owners in developed countries. They also argue that both foreign direct investment and exposure to foreign financial capital should reduce inequality.

Table 2. Estimation Results: Aggregate Level Analysis

	Model 5	Model 6	Model 7	Model 8
Lagged Dependent Variable	0.716*** [0.069]			
Selectorate-Rebuilding		.0022** [.0008]	.0029*** [.0010]	.0033*** [.0011]
Democracy level	-0.011*** [0.004]		-.017 [.015]	-.015 [.017]
Trade openness	-0.0013* [0.0006]			-.002 [.002]
Portfolio inflow	0.034 [0.037]			.026 [.074]
FDI inflow	0.052* [0.029]			.028 [.083]
GDPPC	0.00003* [0.00002]		.0001** [.0000]	.00015* [.00007]
$GDPPC^2$	-2.98e-09** [1.28e-09]*		-8.89e-09*** [2.98e-09]	-8.86e-09** [3.68e-09]
Constant	-0.19*** [0.051]	-.654*** [.137]	-1.050*** [.263]	-.972*** [.292]
N	99	37	35	32
R^2	0.65	0.11	0.23	0.26

■ Robust standard errors in brackets. *$p <.1$; ** $p <.05$; ***$p <.1$.

Reuveny and Li test their hypotheses using cross-national time series data covering 69 countries from the 1960s to the 1990s.[9] Their dependent variable is the decade average Gini coefficient. Controlling for the effect of domestic economic growth (i.e., the Kuznets curve), they find that both democracy and trade reduce income inequality, that foreign direct investment increases the wealth gap, and that foreign financial capital has no effect on inequality in either developed or developing countries.

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[9] See Reuveny and Li (2003) for the measurement of each variable.

I extend Reuveny and Li's study. First, I replicate Reuveny and Li's finding and ensure the validity of their results. As Model 5 in Table 2 shows, I obtain identical results to those reported in their study.

Secondly, I test my theory using a recent dataset from the Democratic Accountability and Linkage Project (DALP) (Kitschelt 2013). According to Kitschelt (2013), the DALP is an expert-based survey that captures the extent to which democratic linkages between citizens and politicians are built upon the delivery of broad collective goods or particularistic goods targeted to individuals. Specifically, the DALP asks country experts to evaluate the extent of clientelism by each major political party in their country. To help facilitate the comparative study across parties and countries, the DALP focuses on the five most common goods and services in clientelistic exchanges: gifts of consumer goods, preferential access to social policy entitlements, public sector employment, government contracts or procurement opportunities for businesses, and client influence over regulatory procedures. Experts rank each party's level of clientelism for each item on a 1 to 5 scale, where 1 represents "a negligible effort or none at all" and 5 represents "a major effort." For each party, I created an additive index by summing the party's total score across these five items. Finally, I constructed a single composite index of clientelism at the country level by weighting the individual party clientelism scores by their vote share in the most recent national legislative election.

The DALP also provides a plausible proxy for the concept of programmaticism. It focuses on three critical attributes of programmatic politics: cohesion, polarization, and salience. To measure cohesion, the DALP relies on the standard deviation of expert evaluation for each party on each programmatic policy issue, where smaller standard deviations indicate greater cohesion of opinion among experts. To capture salience, the DALP uses the proportion of valid expert responses as an indicator, with the idea that an issue is less relevant if many country experts fail to provide a valid evaluation. And to measure polarization, the DALP calculates the mean distance of a given party's position on the issue from the positions of other parties in a country. Finally, the DALP multiplies these three attributes to generate a programmatic score for each party, which are then aggregated into a single index of programmaticism at the national level.

Making use of these two variables, I operationalize the choice of selectorate-rebuilding strategy in new democracies by taking the ratio between these two variables ($\frac{clientelism}{programmaticism}$) to capture political elites' prioritization of clientelism over programmaticism. Note that since my study focuses on third-wave democratizations, I rely only on a sub-sample of third-wave democracies to accord with my theoretical focus, and I further reduce the time span in the Reuveny and Li's data to cover only observations in the 1990s. Following the theoretical discussion above, I expect the variable for selectorate-rebuilding to be both positive and significant.

The results in Model 6 comport with this expectation. The results provide preliminary, yet supportive evidence for the selectorate-rebuilding theory. To ensure the validity of the results, I further control the level of democracy and economic development in Model 7. The key explanatory variable, selectorate-rebuilding, remains both positive and significant, reinforcing the initial results. Importantly, Model 7 suggests that the level of democracy is insignificant, and hence re-

futes conventional wisdom that democracy reduces income inequality. It is useful to note that Model 7 also corroborates the existence of the Kuznets curve: income inequality increases first and then decreases later as the economy develops. Finally, I include all the variables that are found to be significant in Reuveny and Li's study in Model 8. Again, the substantive results remain unchanged.

While limitations of available aggregate-level data on corruption prevent us from drawing a definite inference concerning the effect of democratization on political graft,[10] many anecdotal cases in young democracies suggest that democratization by itself is not an adequate deterrent against corruption. For instance, scholars point out that after democratization in the early 1990s, political graft continues to undermine the integrity of Taiwanese politics. Importantly, many attribute the rampant corruption in Taiwan to former President Lee Teng-hui's governing strategies. In particular, during the early years of Lee's era, he further strengthened the alliance with local factions — brokers for the clientelistic machines in Taiwan — as a counterweight to his conservative rivals in the party (Quah 2011). Most importantly, Lee's reliance on local factions to sustain his governance illustrates the key point of this paper: that how politicians build their alliance with the selectorate matters for new democracies. Diamond (1999) offers further corroborating evidence, showing that organized criminal entities in countries like Colombia, Mexico, Thailand, Russia, and Taiwan have gained substantial political power and immunity from judicial prosecution over the course of democratization. Ultimately, these political systems are infected with venality.

More broadly, democratization without programmaticism and accountability simply present a golden opportunity for self-enrichment and abuse of power in new democracies. Quan (2004) argues that the third wave of democratization has been accompanied by an eruption of corruption in both the Philippines and South Korea. Chu and Lin (1996) suggest that with the expansion of electoral avenues in Taiwan, local factions and business sectors were presented with new and greater opportunities for political investment. As a result, the money politics and corruption that used to dominate local elections has now also seeped into the national level. Zakaria (2003, p. 98) points out that "although democracy has in many ways opened up African politics and brought people liberty, it has also produced a degree of chaos and instability that has actually made corruption and lawlessness worse in many countries." In short, the conventional view that democratization necessarily reduces corruption is subject to fallacy (Moran 2001).

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[10] Widely used country-level corruption data, such as Transparent International's CPI, are not ideal for comparison over time. As Transparency International's background paper notes, the index primarily provides an annual snapshot of the views of businesspeople and country analysts with less focus on year-to-year trends. It also warns us that year-to-year changes in a country's score not only result from changing perceptions of a country's performance but also from sampling and methodology changes. In this sense, anyone using the CPI over time needs to proceed cautiously, as sometimes utilizing this measure may be inappropriate.

4. Discussion and Conclusion

In sum, this paper seeks to explain why democratization in Asian democracies results in increased economic inequality and political corruption. I argue the key lies in better understanding how newly democratized regimes rebuild their legitimacy bases and reconstruct their electoral coalition within the citizenry. Specifically, I suggest that countries where the incumbent prioritizes clientelism over other forms of selectorate-building (e.g., programmaticism) are more likely to notice an increase in economic inequality and political corruption following the transition to democracy. Empirical analyses using both individual-level survey data from the AB and aggregate-level data from 30-odd young democracies yields supportive empirical evidence for my hypothesis.

This finding contributes to the ongoing debate regarding the economic consequences of democratization. On the one hand, several studies suggest that democratic transitions often lead to negative economic outcomes. Kaplan (2001), for instance, suggests that democratization can be disastrous if it occurs in a society that is not sufficiently wealthy. Barro (1996) finds an overall, weakly negative effect of democracy on growth once other important determinants, such as the rule of law, free markets, human capital, and the initial level of GDP per capita, are taken into account. Perhaps even more controversial, Glaeser *et al.* (2004) argue that dictators, not democratically elected governments, are the ones that should be credited for pulling poor countries out of poverty.

On the other hand, Rodrik and Wacziarg (2005) forcefully refute the above claims and show that "democratizations tend to follow periods of low growth rather than precede them" (p. 1). They also find that democratization helps to reduce volatility in growth, making economic trends more predictable. While the question of whether democratization leads to economic growth is not addressed in this paper, I charge that the effect of democratization on economic growth likely depends on how a country democratizes, or more specifically, how the newly democratized government rebuilds their supporting base in the electorate.

Taking a broader perspective, I argue that it is important to distinguish between democratic transition and democratic institutionalization; the former refers to a process that transfers political power from a few elites to the popular masses, whereas the latter denotes the process of engraving democratic accountability into society. Huntington (1971) originally warns scholars of the potential incompatibility between these two concepts. He clearly demonstrates that democracies vary significantly in degree of institutionalization, and he persuasively posits that political systems will become unstable when political participation advances more rapidly than institutionalization.

Rose and Shin (2001) echo Huntington while also examining whether democratic transition and democratic institutionalization take place in the right order when countries democratize. They compare the democratization processes observed in the first and third waves of democratization, and they argue that the first wave of democratization took place in a "forward" manner. That is, before universal suffrage and competitive elections were introduced in these advanced democracies, these countries had already developed a state structure buttressed by a solid foundation of rule of law, a vibrant civil society, and system of checks and balances among political actors. By contrast, third-wave democracies introduced free elections before these countries even

had a chance to build and secure an institutional foundation. Despite its ability to legitimize the government, these types of electoral democracies do not hold the ruling elites accountable through an effective system of checks and balances. Worse yet, the absence of fundamental institutions causes Rose and Shin (2001) to claim that most third-wave democratizations are overwhelmed by the double challenge of "completing the construction of the modern state while competing with their critics in free elections" and hence remain incomplete. As other scholars have also posited, a functioning and consolidated democracy needs to be buttressed by behavioral, attitudinal, and constitutional foundations. While third-wave democracies enfranchise citizens and legitimize the government through elections, these democracies fall into the trap of electoralism by only fulfilling the electoral criteria of democracy without supplying an effective system of checks and balances to hold the ruling elites accountable (Diamond 1999). In the context of this paper, these studies provide parallel insights that, without proper accountability mechanisms, redistribution demands are vulnerable to electoral considerations and political manipulation and thus become attenuated in new democracies.

Several issues eagerly await future research. First, the empirical analysis in this work is primitive and more rigorous empirical tests and further corroborating evidence are necessary. Specifically, I hope to examine the effect of selectorate rebuilding on corruption in new democracies, provided that the appropriate panel data on corruption are available. Second, the findings in this paper naturally beg the following question: what determines a newly democratized government's choice of selectorate-rebuilding? In other words, why do some new Asian democracies embrace programmaticism while others choose clientelism? The conventional wisdom highlights the level of economic development as the most powerful predictor for the practice of clientelism. Another branch of scholarship emphasizes the importance of political competition. For instance, Grzymala-Busse (2008) shows that both rent distribution and competition result in distinct configurations of state capture, including clientelism, predation, fusion, and exploitation. Kitschelt and Wilkinson (2007) further argue for an interaction effect between economic development and electoral competitiveness on politicians' preferences for clientelism. Finally, Keefer (2007) suggests that the inability of political competitors to make credible promises to citizens leads to the prevalence of clientelistic policies. In a similar line of argument, Keefer and Vlaicu (2008) attribute different fiscal outcomes to the varying credibility of electoral promises in new democracies.

Extending these studies, I argue that differences in the modes by which democratization takes place might determine political elites' choice of selectorate-rebuilding in young democracies. In their seminal book, O'Donnell and Schmitter (1986) hold that the mode of democratic transition, shaped by the strategic interaction between state and society, critically determines the path and the destination of democratic transitions. They identify four modes of transition—pact, imposition, reform, and revolution—based on (1) political actors' (elite and mass) strategies for transition (e.g., compromise or force) and (2) which actor has the upper hand in agenda control. Importantly, O'Donnell and Schmitter argue that a democratic transition is most likely to succeed under the pact when both elites and masses ally with each other because pacts that enhance trust

and sharing among actors become institutionalized as a set of checks and balances in the new democracy (McFaul 2002).

Meanwhile, Przeworski (1991) emphasizes the importance of the initial condition: democracy-enhancing pacts are most likely to appear when the distribution of power is roughly equal between both sides. Under such circumstances, political actors have higher uncertainty regarding their own strength, and thus have greater incentives to reach a compromise. Cervellati *et al.* (2006) formalize the importance of the mode and the initial condition under which democratization occurs. Consistent with the pact thesis, they argue that an even distribution of production factors into the initial stage is more likely to result in "consensual democracy," whereas a highly skewed ownership distribution leads to a "conflictual democracy." Importantly, the authors show that new consensus-based democracies produce growth-enhancing environments and implement larger fiscal redistribution programs while democracies that were born in a conflictual environment do not necessarily perform better than their authoritarian predecessors. Following these insights, I speculate that the programmaticism approach for selectorate-rebuilding is more likely to take place when the distribution of power is roughly equal between both the incumbent and the challenger during the democratic transition. By contrast, clientelism is more likely to emerge when one side clearly dominates the other in the initial stage.

Another possibility is to examine the dynamics of democratic transition by focusing on whether democratization occurs in a gradual or a punctuated manner. Shugart (1998), for instance, argues that political elites in new democracies that have quick disengagement from previous regimes have more incentive to establish strong party reputations during electoral competitions. On the other hand, in democracies formed by gradual reforms, politicians have more opportunities to cultivate their personal reputations and hence prefer weak parties. Parallel to this insight, it is also likely that gradual (rapid) democratization is more likely to result in the clientelism (programmaticism) form of selectorate-rebuilding.

Finally, the concern of endogeneity exists with regard to inequality and democratization. The demand for income redistribution induced by inequality has been viewed as the engine driving regime transitions in the latest political economy approach. In Acemoglu and Robinson's (2005) study, it is indeed inequality that triggers democratization. According to Acemoglu and Robinson, democracy is conceptualized as a coordination solution for both the rich and poor, since democracy delivers redistribution in a credible manner to the poor while preserving the property rights of the rich. The bottom line here is that if inequality precedes and initiates democratization, and if it also affects the ways countries democratize (as Cervellati *et al.* (2006) argue), then countries with higher initial levels of inequality are "doomed" and are held captive by inequality since greater initial inequality leads to conflictual democratization, which in turn furthers inequality. In this sense, we are inevitably led to a theory of predestination rather than a theory of democratization. Nevertheless, I plan to deal with the issue of endogeneity more explicitly in the next iteration of this paper. ∎

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