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## **Strategic Voting in Conditions of Political Instability: The 1994 Elections in El Salvador**

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This article presents a game theoretic model to explain the broad electoral support for the extreme right-wing party, the Nationalist Republican Alliance (ARENA), in the 1994 elections in El Salvador. Making use of poll data, the author shows that the deciding factor in this electoral outcome was not the procedural defects, the apathy of the electorate, or the disorganization of the opposition parties but, instead, uncertainty about the peace process. The model helps to explain why during the political campaign, ARENA played the "fear card" and why the peasants voted in such great numbers for a party opposed to the land reform that would greatly benefit them. The author argues that the Farabundo Marti National Liberation Front (FMLN) participated in the election not just to win but more to provide legitimacy for the new democratic process. The article concludes by discussing implications of the findings for the prospects for democratic consolidation in El Salvador.

## STRATEGIC VOTING IN CONDITIONS OF POLITICAL INSTABILITY The 1994 Elections in El Salvador

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**I**n many countries, the first democratic elections take place at a time when violent conflicts between various political groups are not completely settled. Paramilitary groups are often not entirely disarmed. Death squads may still be active, with the official army undergoing reorganization or restructuring. This overlap between peace negotiations and conflict settlement on one hand and electoral competition on the other, may critically affect the nature of the institutions chosen during the transition to democracy (Shugart, 1992; Wantchekon & Ellman, 1997). This article discusses how uncertainty about

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the implementation of the peace accords and the survival of the political process itself affected the outcome of the 1994 elections in El Salvador.

El Salvador is the smallest of the Central American countries (21,393 square kilometers), with the highest population density (about 262 persons per square kilometer) and a per capita income of \$1,610 with a purchasing power parity of \$2,000 in 1995 (Menjívar Larín & Fabrizio Feliciani, 1995; World Bank, 1997). El Salvador has a long-standing pattern of unequal resource distribution. According to Montgomery (1995), this pattern endured both as economic power was consolidated by the oligarchy under Spanish colonial rule, then later as the army gained political power after independence. Between independence in 1841 and 1960, El Salvador experienced relative political stability, with the use of repression after 1932 (Montgomery, 1995).

With the coup of 1960 came a period in which international as well as domestic forces would lead to the polarization of the political arena (Montgomery, 1995; Woodward, 1985). The reformist Center-Left National Conciliation Party (PCN) was elected to power in 1962, 1967, 1972, and 1977 (Eguizábal, 1992). However, when the PCN resorted to electoral fraud to keep control of the National Assembly from the leftist National Opposition Union in 1972, announcement of the PCN victory prompted leftists to make an (unsuccessful) coup attempt (Webre, 1979). Massive irregularities in the 1977 elections encouraged the Left to organize further. At the same time, struggle within the armed forces and disagreement among the oligarchy led reactionary factions of each to collaborate in a 1979 military takeover that brought the country to the brink of anarchy (Eguizábal, 1992; Montgomery, 1995).

In 1980, a coalition of 18 leftist and far-leftist groups formed the Revolutionary Democratic Front (FDR) and later the Farabundo Martí National Liberation Front (FMLN), the military affiliate of the FDR. A civil war broke out between government forces and the FMLN. After a decade of conflict, both sides agreed to peace talks under the supervision of the United Nations. These talks led to the end of the war in 1992. The settlement included the following terms: (a) the disbanding of rebel forces incrementally during a 9-month period, (b) the government purchase of land for redistribution in rural areas, (c) the purging of the government officers' corps, (d) the absorption into the regular army of the National guards and the treasury police, (e) the dissolution of the military intelligence and civil defense units, and (f) the creation of new police forces (Montgomery, 1995).

Concerning the issue of land reform, according to Stahler-Sholk (1995), the Nationalist Republican Alliance (ARENA) government committed itself

to transferring 245 hectares to the landless. In the zones of former conflict, ownership was supposed to be transferred to current occupants of the land, and the government was to compensate the former owners. However, at the time of the elections in 1994, the actual transfer of land was incomplete. The initial inventory of land submitted by the FMLN listed some 12,000 parcels. After 6 months of negotiations, this demand was scaled down to 4,600 parcels, comprising only 16% of the arable land (United Nations, 1992). By January 1994, only 8% of the proposed land had been transferred, due to the reluctance on the part of the landowners to sell, bureaucratic inefficiencies, and peasants' concerns about assuming large debts on commercially valued land (Montgomery, 1995).

A 1988 survey showed that poverty and disparity in land distribution were among the main reasons for the civil war (Instituto Universitario de Opinión Pública [IUDOP], 1988). Despite a land reform program initiated under the Christian-Democrat government, 51% of the peasant population had no land in 1986 and 2.9% of the landowners held 46% of the land (Durham, 1979). In 1985, a World Bank report found that the poorest 40% of the population earned 10.9% of total personal income, whereas the richest 10% earned 36.4% of all income (World Bank, 1997). The situation was even worse in rural areas: 96% of the population did not earn enough to cover basic needs (estimated at \$126 per month), whereas the richest 1% earned \$1,078 per month (Montgomery, 1995). At the same time, as Seligson (1995) points out, these conditions were coupled with extreme repression, which, together, brought about the war (p. 44).

The first post-civil war presidential and legislative elections took place in March 1994. In the presidential election, the two major candidates were Ruben Zamora of Democratic Convergence (FMLN-MNR-DC), a left-wing coalition that includes the FMLN, and Armando Calderón Sol of ARENA, a right-wing party. In the first round, ARENA won 49.03% of the vote, the FMLN-MNR-DC won 24%, and the centrist Christian Democratic party (PDC) won 16.4% (Vickers & Spence, 1994). Because no party won a majority, a runoff election was held between Calderón Sol and Zamora, which the former won by 68% to 32% of the vote. ARENA's victory subsequently led to pessimism about the prospects for democratic consolidation in El Salvador. As Vickers and Spence (1994) note,

The results pose very serious questions for those who hoped to consolidate the peace process through elections. What happened instead is a consolidation of power by the right and hastened fragmentation of the left. The center has collapsed, and Salvadoran society remains as polarized as before. (p. 11)

This article presents a game theoretic model to explain the broad support for ARENA among those who voted in the 1994 elections in El Salvador. I analyze the critical role played by the overlapping dynamics of peace negotiations and discuss the implications of my findings for the prospects of democratic consolidation in the country. The article is organized in the following manner. The first section discusses the electoral outcome and entertains possible explanations for it. With data provided by public opinion polls taken from 1988 to 1994, the following section argues that uncertainty about the peace process was the most critical factor in deciding the electoral outcome. The third and fourth sections present a game theoretic model that explains the mechanism whereby fear of a collapse of the democratic process led to the election of Calderón Sol. The model helps elucidate the central features of the political campaign and the election, including why ARENA played the “fear card” and why the peasants, despite being the main beneficiaries of land reform, voted in great numbers for a party that was trying to limit the scope of this reform (Seligson & Booth, 1995). The next section explains why the FMLN-MNR-DC favored deal making between parties rather than popular mobilization as its electoral strategy. The final section presents concluding remarks.

### **ALTERNATIVE EXPLANATIONS OF THE ELECTORAL OUTCOME**

The origins of the civil war in El Salvador lie, at least in part, in the widespread poverty and unequal land distribution in rural areas. On these issues, ARENA has always located itself squarely on the side of the rich landowners. These conditions, together with abusive military treatment and killings carried out by death squads, resulted in popular support for the war in rural areas. Again, ARENA was not on the popular side of the conflict. Instead, it was backed by the military establishment and was involved in notorious terrorist activities. Polls taken in August 1993 showed that 62.9% of the electorate viewed ARENA as a right-wing party and 65.6 % saw the party as being backed by the military (IUDOP, 1993). The founder of ARENA, Roberto d’Aubuisson, was also a leader of a death squad called Maximiliano Hernández Martínez Anti-Communist Alliance, which may have directed the 1980 assassination of Archbishop Romero, one of the most popular public figures of the country. The fact that voters in general and rural poor voters in particular voted in great numbers in a fair election for ARENA is therefore quite intriguing.

This electoral outcome is relatively unique and differs from a number of other experiences with democratization in Africa (e.g., Benin, South Africa) as well as Latin America (Chile, Ecuador, Nicaragua).<sup>1</sup> In these cases, social democrats or centrist but not right-wing candidates have won the first elections after a peace agreement has been reached.

The central puzzle of the 1994 Salvadoran election is thus the support of rural poor voters for ARENA, despite the fact that 90% of the electorate considered it to be controlled by rich landlords. It is particularly puzzling because rural voters were not forced to choose one candidate over another. If they were afraid to show their support for the Left, they could have chosen not to vote at all, to spoil their ballots, or to support the Christian Democrats as they had done in 1981 and 1984. Instead, they chose to help elect ARENA. Analysts have provided a variety of explanations for the behavior of the Salvadoran electorate, largely pointing to the significant structural problems and procedural irregularities that compromised democratic participation (Seligson & Booth, 1995; Stahler-Sholk, 1995; Vickers & Spence, 1994). Extensive poll data compiled by the Central American University (UCA) in San Salvador from 1988 to 1994 shed further light on the issues of the conduct of the Supreme Electoral Tribunal, media coverage, and voter abstention.<sup>2</sup>

As Vickers and Spence (1994) and Stahler-Sholk (1995) show, the electoral process was flawed by a number of procedural problems, including defects in voter registration and the unfair distribution of state campaign funds. According to Stahler-Sholk (1995), 74,000 applications for voter registration cards were rejected, and 35,000 issued cards were never picked up, mostly for logistical reasons. Figure 1 shows the distribution of registration

1. On Latin America in particular, see Seligson and Booth (1995). On Nicaragua, see McConnell (1996). Similarities to El Salvador notwithstanding, the Nicaraguan electorate's turn toward the Unión Nacional Opositora (UNO) coalition in 1994 is distinct from Salvadorans' support of ARENA. Clearly, the Nicaraguan electorate was influenced by factors such as the collapse of the Soviet Union and the promise that UNO victory would lead to the end of the U.S. embargo. At the same time, voters considered the Frente Sandinista de Liberación Nacional's (FSLN) internal divisions, the unpopular military draft policy, and the limits to agrarian reform, which—although wide-ranging in its first phase—had slowed down by the mid-1980s and still left many without land ownership (see Spalding, 1994).

2. These Instituto Universitario de Opinión Pública (IUDOP) articles in *Estudios Centroamericanos* are the following: "La Opinión Pública de los Salvadoreños" (1988), "Los Salvadoreños ante la Elección Presidencial" (July 1989), "La Opinión Pública a un año del Gobierno de Cristiani" (June-July 1990), "La Comisión de Verdad y el Proceso Electoral en la Opinión Pública Salvadoreña" (July-August 1993), "Los Salvadoreños y las Elecciones de 1994" (October 1993), and "La Opinión Pública de los Salvadoreños" (March-April 1994).

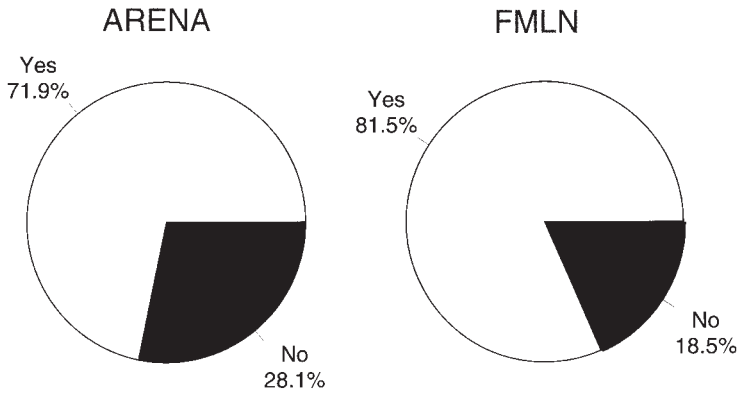


Figure 1. Party supporters with registration cards.

Source. Instituto Universitario de Opinión Pública (November-December 1993).

cards according to IUDOP (1993) between the ARENA and the FMLN supporters.

Given the dubious legacy of the partisan Central Elections Council, a carry-over from the 1980s until after the peace accords were signed, the 1991 constitutional reforms and 1993 electoral code stipulated the creation of the Supreme Electoral Tribunal (TSE) as an independent body. However, as Montgomery (1995) and others suggest, the TSE was not always impartial. Accusations of incompetence and fraud seriously challenged official claims of transparency of the electoral process, particularly given the historical context in which they arose (Baloyra, 1982).

With respect to the allocation of public campaign subsidies, ARENA was given 54% of campaign funds compared with 31% for the PDC and 7% for the FMLN-MNR-DC (Stahler-Sholk, 1995, p. 24). However, this unfair allocation was likely most damaging to the FMLN-MNR-DC not in presidential but local races where there were fairly narrow margins of ARENA victory for seats in areas thought to be FMLN strongholds. Furthermore, to the extent that the FMLN-MNR-DC seemed not to be entirely committed to winning at the presidential level, the campaign finance inequity issue is less compelling. I find reason to question the FMLN's commitment in the presidential campaign because the key party leader of the FMLN-MNR-DC, or the coalition of the People Expression of Renewal (ERP), declared that "winning could be harmful for the country's stability" (Vickers & Spence, 1994, p. 10). It should

also be noted that the PDC won fewer votes than the FMLN-MNR-DC (16% to 24%) despite having been allocated a share of campaign funds more than four times higher. As explained below, the disproportionate distribution of campaign funds was instrumental in ARENA's victory because it gave this party more resources to play the fear card through television ads. Although ARENA would have won on the fear factor without the funding advantage, having more funds enhanced ARENA's ability to frighten voters.

Another possible explanation for the electoral outcome concerns divisions within the Left. There was disagreement among the Left about the choice of the presidential candidate and about the platform of the coalition. The ERP leaned toward a centrist platform, and the Popular Liberation Forces (FPL) wanted to develop a clear leftist political identity. However, this type of discord also affected ARENA, especially at the beginning of the political campaign (Vickers & Spence, 1994, p. 10). We have seen no evidence that these internal party conflicts affected the public perception of the candidates' abilities to run the country.

The data on voter turnout also support an argument based on voter apathy resulting from situational factors such as a lack of trust in the electoral authorities and process (IUDOP, 1994). Forty-five percent of the electorate reportedly did not vote in the presidential election (IUDOP, 1994). In my view, the lack of trust Seligson and Macías (1995) found was exacerbated by the high costs of voting. According to Barajas (1994), polling booths

were few and far between and were organized by voters' last names. Voting required not only long trips and even longer waits, but generated enormous confusion as crowds of voters struggled to find the proper table at which to cast their ballots. Many polling places were not set up in any recognizable order: A's followed by M's followed by J's etc. (p. 1)

Considering that Annabelle Conroy, Ricardo Córdova Macías, Orlando Perez, and Andrew Stein (in Seligson & Booth, 1995) found the primary predictor of turnout beyond registration status to be socioeconomic status, it would then follow that rural FMLN-MNR-DC supporters would turn out at disproportionately lower rates—as mediated by the high costs of voting and the related voter distrust.

Evidence on distribution of abstainers might help measure how much this low turnout favored ARENA. However, even with the voting costs of ballot box irregularities and the related disinterest in voting, it is not clear that this favored ARENA significantly more than it did the FMLN-MNR-DC. Therefore, it may explain a low voter turnout, but not the massive vote for ARENA. In fact, the electoral outcome simply confirmed the trends already observed



in the public opinion polls: Since 1985, ARENA had become the dominant party in the country. This party had already supplanted the Christian Democrats and the FMLN-MNR-DC in the polls.<sup>3</sup> From this perspective, the question at hand then moves from explaining low voter turnout to accounting for why those who voted in 1994 tended to support ARENA. This is not to deny the importance of the factors discussed above or the substantial implications of low participation. But if participation had been high, it remains likely that ARENA would have nevertheless won the 1994 presidential election.<sup>4</sup> Therefore, we will turn to the issue of why those who *did* vote supported ARENA.

In our view, threats of postelectoral violence and uncertainty about the implementation of the peace accords were the deciding factors in the 1994 electoral outcome.<sup>5</sup> Even if the fundamental cause of the war was poverty, ending the war itself increasingly became the salient issue in the minds of voters. This is supported by the polls taken in November-December 1988 (see Figure 2).

Peasants were preoccupied by violence and voted for the party they perceived would most likely guarantee stability. As a result, the militarily strong ARENA won in the rural areas. In February 1994, 1 month before the elections, 28% of rural voters were leaning toward the ARENA as opposed to 10% for the FMLN and 12% for the PDC (Vickers & Spence, 1994). Polls taken 5 years earlier in December 1988 showed that only 20.7% of rural voters were then favorable to ARENA as opposed to 19% for the PDC (IUDOP, 1994). From 1989 to 1993, the proportion of the electorate placing law and order at the top of their agenda dropped from 58% to 31%. However, this proportion remained high enough for us to claim that the war and law and order were the most important issues in El Salvador in the late 1980s and the early

3. As late as February 1994, a Central American University (UCA) poll found that only 83% of registered voters had cards, pointing to a deficit that was only addressed shortly before the April runoff election, under pressure from international observers (United States Citizens Observer Mission [USCEOM] 1994). As the UCA analysts indicate, however, this factor was not likely to have been enough to have swayed the vote in favor of either of the two main parties (IUDOP 1994). For further discussion of registration issues, see also Ricardo Córdova Macías (1994).

4. One can also point out other motives for the electoral outcome such as the effect of discrediting of the Christian Democrats because of corruption. However, the polls show the voters' main concern to be the threat of violence, not corruption.

5. Another factor to consider might be the traditional patronage-client relations between landowners and the rural poor voters. However, most analysts do not give weight to this explanation (see Stahler-Sholk, 1995; Vickers & Spence, 1994). Stahler-Sholk (1995) makes a minor reference to this point (p. 19). This is no surprise because the existence of patronage networks in rural areas did not prevent the Farabundo Martí National Liberation Front (FMLN) from recruiting a great number of its members from these areas and from forming a strong rural army during

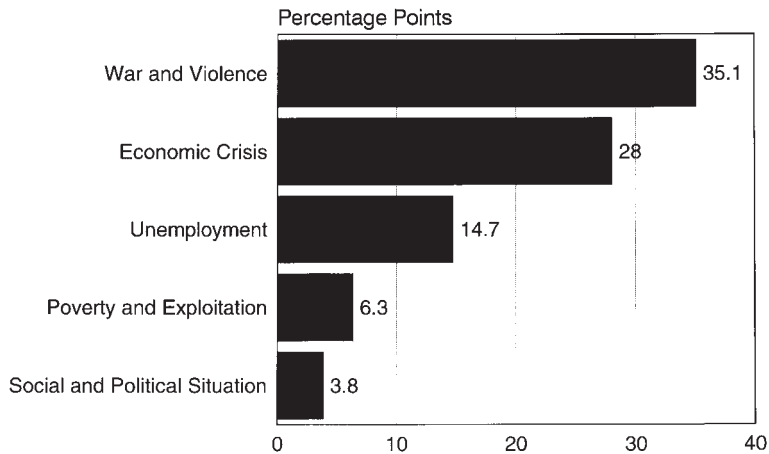


Figure 2. **Most significant problems of El Salvador.**

Source. Instituto Universitario de Opinión Pública (November-December 1988).

1990s.<sup>6</sup> These polls show that rural voters, who constitute a majority of the electorate, clearly placed threats of political violence and law and order above land reform when casting their ballots in the 1994 presidential election.<sup>7</sup>

The theory developed in the next section is consistent with the observed outcome of the 1994 presidential election. This theory is valid whether or not the outcome of the election is due to a low turnout. If there were empirical evidence showing that most abstainers were FMLN-MNR-CDC supporters, then the model could be used to explain the mechanism leading to such a situation. If a low turnout were not a factor, the model could explain why those who voted chose ARENA.

the civil war. These networks also did not prevent the centrist Christian Democrat Party from defeating the Nationalist Republican Alliance (ARENA) in the 1984 presidential elections.

6. These concerns about the survival of the peace process were shared by the rural population. In 1989, 55% of the rural electorate considered war and violence to be the single most important issue (IUDOP, 1989). In 1990, this percentage dropped to 52% and in 1993 to 22% (IUDOP, 1990, 1993). See also Seligson (1995) and Macías (1994).

7. I should also mention that the economy comes second in all polls in the 1980s and early 1990s. This might indicate that ARENA was more attractive than the FMLN because of its superior ability to manage the economy. However, it might be the case that those who care about improving the economy implicitly care about peace, because the former is nearly impossible without the latter.

In the model, parties hold divergent positions on the issue of land reform. There is also a minimum or a maximum level of reform beyond which either party will abstain from the peace accords. We show that when the costs (to parties) of a breakdown of the peace accords are moderate, and if law and order are more likely to be secured under an ARENA government, then voters will favor ARENA. In anticipation of this outcome, the FMLN-MNR-DC will have an incentive not to run competitively (in the presidential election) but instead to favor deal making on key issues such as state building and land reform. I argue that uncertainty about the peace accords provided a structural advantage for the Right in the 1994 elections. Thus, I support arguments based on direct intimidation of voters to the extent that such intimidation is seen as part of a broader strategy of the ARENA to convince voters that an FMLN-MNR-DC's victory could lead to political instability. On the basis of the evidence, I anticipate that in future elections, voters' attention will switch from concerns about political order to issues such as education or the alleviation of poverty. This development, I argue, should improve the competitiveness of the political process.<sup>8</sup>

## THE MODEL

I present a simple game theoretic model to investigate how uncertainty about the peace accords in El Salvador could have affected voting behavior in the 1994 elections. To make the analysis transparent, I restrict the political environment to the leftist coalition represented by the FMLN-MNR-DC and the rightist party of ARENA. I assume that these two parties compete in a one-dimensional policy space for votes from a finite set of  $N$  voters. This policy issue is agrarian reform. I choose this issue because it is the most complex, the most polarizing, and clearly the most critical issue in the rural areas. As acknowledged by Stahler-Sholk (1995) and others, it was also one of the main substantive components of the peace accords about which there was still much uncertainty at the time of the election. I further assume that each party has both a political wing, which defines its policy platform, and a

8. The outcome of the March 1997 congressional elections clearly confirms this prediction made in December 1996 when this article was first drafted. For instance, in the congressional elections the FMLN won 32.1% of the vote compared with 33.3% for ARENA. These numbers translated into 27 seats for the FMLN and 29 seats for ARENA. In the mayoral elections, the FMLN more than quadrupled the number of municipalities under its control (54), including the city of San Salvador and its working-class suburbs, where more than one fifth of the country's population live (Banks & Muller, 1998). In short, the fact that electoral support for ARENA has declined as the peace process became more consolidated is well in line with the theory developed in this article.

military wing consisting of a group of activists with military equipment capable of initiating and organizing riots.

### PLAYERS

Let  $R$  denote the right-wing coalition (ARENA) that is backed by the military establishment and  $L$  denote the left-wing coalition (FMLN-MNR-DC) that has a relatively weak military wing. Assume that parties are policy oriented and are characterized by two policy parameters. The first parameter represents a party's most preferred policy. Because the FMLN-MNR-DC stands in favor of a comprehensive land reform, its ideal policy is  $-1$ . Because ARENA is in favor of the status quo, its ideal point is  $+1$ . The second parameter is the reservation utility representing the minimum level of reform necessary to maintain a party's participation in the peace agreement. The reservation policy for the leftist party is  $\bar{y}_L$ , and it represents the minimum amount of land that the FMLN-MNR-DC would like to see transferred to peasants. The reservation policy for the rightist party is  $\bar{y}_R$ . It represents the maximum amount of land that ARENA would like to see transferred to peasants or, equivalently, the minimum amount of monetary compensation that the landowners should receive from the government.

Voters are assumed to be policy oriented and to care particularly about the issue of land reform. On the basis of the demographic structure of El Salvador and the fact that peasants had consistently and unequivocally favored comprehensive land reform (IUDOP, 1988, p. 1075), it is safe to conclude that the median voter in Salvadoran rural areas is a landless or near-landless peasant who is in favor of land reform. I denote this voter by  $M$  and assume that this voter is the pivotal and the only relevant voter in the election.

Winning the election gives the victor the prerogative to implement a policy. I define by  $y_L$  the level of reform initiated if  $L$  wins and  $y_R$  the level of reform if  $R$  wins. Depending on this policy outcome, the loser, say  $R$ , decides whether or not to break with the peace agreement. A break in the peace agreement is costly and this cost is  $-c_L$  for the FMLN-DC-MNR,  $-c_R$  for the ARENA, and  $-c_M$  for the median voter  $M$ . I define by  $p_R$  the probability that the peace agreement breaks down if  $R$  loses the election.

### TIMELINE AND PAYOFFS

The game starts when voters observe parties' policy characteristics and choose to cast their vote for either  $R$  or  $L$ . The winner, say  $L$ , then implements a policy. Finally, the loser, say  $R$ , observes this policy outcome and chooses to fight with probability  $p_R$  (see Figure 3).

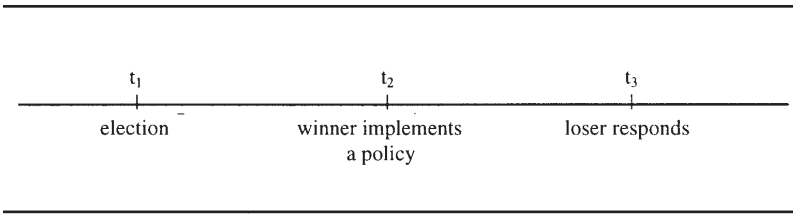


Figure 3. Time line of the political competition.

Each party’s expected payoff depends on (a) the distance between its ideal policy and the final policy outcome, and (b) the probability of fighting. For example, assume that a party  $i$  wins the election and implements  $y_i$ . Its opponent, ( $-i$ ), can then opt to fight or not to fight. If the opponent decides not to fight, the game ends and  $R$  receives a payoff of  $-|y_i - 1| = y_i - 1$ ,  $L$  receives a payoff of  $-|y_i + 1| = -y_i - 1$ , and  $M$  receives a payoff of  $-|y_i|$ . If ( $-i$ ) chooses to fight, this decision leads to an outbreak of violence, and  $L$  receives  $-c_L$ ,  $R$  receives  $-c_R$ , and  $M$  receives  $-c_M$ .

The payoffs show that under a peaceful democratic regime, each party is guaranteed a payoff of at least  $-2$  and the median voter is guaranteed a payoff of at least  $-1$ . To see why, note that if one party wins the election and implements its ideal point, its payoff is 0, its opponent’s payoff is  $-2$ , and the median voter’s payoff is  $-1$ . For the remainder of the article, I will assume that (a)  $c_L \geq 2$ , (b)  $c_L \geq c_R$ , and that (c)  $c_M \geq 1$ . The first assumption captures situations in which one party (in this case  $L$ ) has vested interests in peace because its payoff under a peaceful democratic regime is always higher than its payoff if there is violence. The second assumption shows that ARENA has greater military strength than the FMLN-MNR-DC and therefore loses less from an outbreak of violence than does the FMLN-MNR-DC. Finally, the third assumption reveals that  $M$ , like  $L$ , has vested interests in peace. The following game tree (Figure 4) summarizes the description of the model.

Before I present the electoral outcome, I need to provide a more precise definition of the concept of reservation policy. The policy outcome  $\bar{y}_R$  is the reservation policy of  $R$ , if and only if  $R$  fights if  $\bar{y}_R - 1 \leq -c_R$  and does not fight otherwise. Therefore, if  $\bar{y}_R$  is the reservation policy, it must be case that  $1 - \bar{y}_R = c_R$ . In addition, because by assumption the cost of fighting to  $L$  is greater than 2,  $L$  can never credibly threaten to fight  $R$  and, as a result,  $L$ ’s reservation policy is at best  $-1$ . I assume that  $R$  knows the true location of its reservation policy  $\bar{y}_R$ , but for  $L$  and  $M$ ,  $\bar{y}_R$  is distributed in the interval  $[b, a]$  with cumulative distribution  $F$  and density  $f$ , where  $-1 \leq a \leq b \leq 1$ . If  $c_R \leq 2$ ,  $R$  will

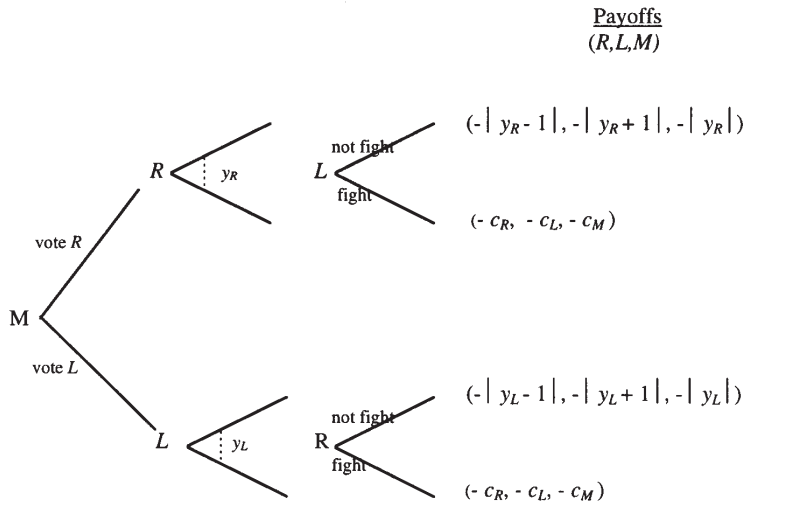


Figure 4. Game tree.

fight when  $y_L \in [\bar{y}_R, a]$  and will not fight otherwise. Consequently, the probability that the peace process breaks down if L is elected is given by

$$p_R(y_L) = \Pr \{ \bar{y}_R \leq y_L \} = F(y_L).$$

### EQUILIBRIUM ANALYSIS

The problem facing ARENA and the FMLN-MNR-DC is to maximize their respective payoffs subject to the constraints imposed by the political environment. Because I assume that players cannot commit themselves to future actions, parties and the median voter are required to behave in a sequentially rational manner. I will show that the FMLN-MNR-DC will tend to implement a policy that is moderate, whereas ARENA will tend to implement a more extremist policy. However, in the case of uncertainty with respect to ARENA's military capabilities, a moderate policy only comes at the expense of a positive, the probability of fighting. The following describes the equilibrium postelection scenarios when L is elected.

*Proposition 1:* If the FMLN-MNR-DC wins the election, then, unless the cost of violence  $c_L$  is extremely high, the policy outcome will be in the interval  $(a, b)$

and fighting will occur with positive probability. On the other hand, if ARENA wins, the policy outcome is 1 and there will be no fighting.

The intuition of this result is as follows. Unless the cost for fighting is infinitely high, fighting can occur in equilibrium. In other words, unless the FMLN-MNR-DC has much to lose from fighting, it will not make the policy compromise necessary to secure peace. There are thus two possible postelection scenarios: (a) either an extremist policy, one with no violence, or (b) a moderate policy, with a risk of violence.

In El Salvador, the electorate had reasons to take threats of postelectoral violence seriously, even though at the time of the elections the FMLN-MNR-DC had already disarmed, and the armed forces were being reorganized. For instance, from 1992 to 1994, six top-ranked leaders of FMLN-MNR-DC had been assassinated by right-wing death squads. Both parties, especially ARENA, had retained some of their ability to create civil disorder. As a result, voters could understandably believe that if the FMLN-MNR-DC were to win, the policy outcome would be moderate but uncertain and that the peace accords might be broken, leading to violence.

Voting behavior, like the bargaining outcome, will depend critically on the cost ( $c_i$ ) associated with the breakdown of the peace agreement. When these costs are too high, the policy outcome will be 1 if ARENA wins and  $a$  if the FMLN-MNR-DC wins. As a result, the median voter, whose ideal point is 0, will prefer the FMLN-MNR-DC. With "moderate" costs, civil unrest might break out if the FMLN-MNR-DC were to win the election. Voters then weigh the policy gain when  $L$  is elected against the cost if there is a breakdown in the peace agreement. This situation clearly increases the likelihood of  $R$  being elected. Voters would rather have the most violence-prone party setting the agenda because, with this party in office, conflicts are less costly and less likely. The results are summarized in the following proposition.

*Proposition 2 (voting outcome):* Suppose  $c_L$  and  $c_R$  are moderate so that parties do not care enough about preventing violent conflict to occur. Then, there exists a threshold level of cost of violence  $\hat{c}_M$  such that when  $c_M$  is greater than  $\hat{c}_M$ , ARENA wins the election and for  $c_M$  less than  $\hat{c}_M$ , the FMLN-MNR-DC wins the election.

Proposition 2 shows that uncertainty about the implementation of the peace accords was the deciding factor in the peasants' decision to support ARENA. Two conditions must have caused this electoral behavior. First, the cost associated with an outbreak of violence must have been perceived by the parties as at least "moderate." Second, voters must have perceived violence under an ARENA government to be less costly than violence under an

FMLN-MNR-DC government. Evidence shows that both of these conditions were present during the 1994 elections in El Salvador. As Montgomery (1995) and Stahler-Sholk (1995) show, the armed forces from both sides were being scaled down before the election. Hence, parties may have perceived the cost of violence to be at most moderate. Evidence also suggests that voters may have perceived violence under ARENA to be less costly. According to polls taken in 1994, a plurality of voters (31.1%) thought the peace accords would be implemented if ARENA were elected, and 65.6% of the electorate believed that this party was backed by the military (IUDOP, 1994). Even some top FMLN officials thought that a victory by their party could endanger the country's stability (Vickers & Spence, 1994). From 1992 to 1994, six top-ranked leaders of FMLN had been assassinated by right-wing death squads. In such an environment, rural poor voters believed that an FMLN victory would jeopardize the peace accords and would lead to a collapse of the democratic process. These concerns about stability and order led them to prefer ARENA, even though this party would implement policies that hurt their interests concerning land reform.

The result implies ARENA has an incentive to scare voters and to hide its military strength. Scaring voters leads them to perceive an outbreak of violence as being highly costly ( $c_M \geq \hat{c}_M$ ). Moreover, unless the cost of fighting ( $c_L$ ) is infinitely high, uncertainty surrounding ARENA's military strength creates an atmosphere of insecurity that forces voters to lean toward this party.

Proposition 2 raises the following questions: If private information can generate an outbreak of violence, why does ARENA not share such private information? If a take-it-or-leave-it bargaining mechanism leads to *ex post* inefficiency, why do parties not adopt an alternative bargaining mechanism? Proposition 2 sheds light on this question and shows that ARENA has a strategic incentive to withhold or misrepresent its private information. For example, if the median voter fears an outbreak of violence, so that  $c_M \geq \hat{c}_M$ , then  $R$  will lose the election and get a negative payoff  $-\bar{y}_R - 1$  if it reveals the size of its army. On the other hand,  $R$  can win the election and receive a payoff of 0 if it hides the size of its army (Proposition 2). Consequently, regardless of the bargaining mechanism, ARENA always has an incentive to hide its military power rather than reveal it. In other words, ARENA had a vested interest in creating among voters a perception of great political instability.<sup>9</sup>

9. According to the April 7, 1994 report by the Committee in Solidarity with the People of El Salvador (CISPES, "The U.N. documented the violent deaths of fifteen (FMLN) candidates and campaign workers in the three months prior to the vote. At least 32 FMLN members have been assassinated since the cease fire went into effect on February 1, 1992." For a historical perspective on death squads, see Stanley (1996).



If parties want to win, they will have an incentive to convince voters of the high probability of a costly conflict in the event that they lose the elections. In the meantime, they will engage in bilateral secret negotiations to ensure that conflict never occurs. This was exactly the strategy followed by ARENA during the political campaign. According to Vickers and Spence (1994), both ARENA and the FMLN tried to secure compliance and implementation of the peace agreements through behind-the-scenes bargaining. In addition, during the last 2 months of the campaign, "the television airwaves were saturated by ads that featured gruesome pictures of wartime destruction warning that a vote for the FMLN would mean a return to the past" (Stahler-Sholk, 1995).

The evidence shows that, for most voters, the election of ARENA will increase both the effectiveness of efforts to reduce violence in Salvadoran society and the likelihood that the peace accords will be implemented.

The most intriguing part of the present argument is that voters prefer the party most likely to jeopardize the peace process. They prefer the troublemaker. In my view, this voting behavior is not the result of direct intimidation but rather a rational decision to put "power where there is military force." Direct intimidation affected the electoral outcome by helping ARENA signal to the voters that it (the ARENA) holds the key to the country's political stability.<sup>10</sup>

That the overlapping dynamic between peace negotiations and elections played a significant role in the electoral outcome has been acknowledged by the FMLN-MNR-DC. According to a strategist from this party, the leftist coalition was prevented from waging a more aggressive attack on ARENA because it did not want to undermine public support for the peace process (Stahler-Sholk). In addition, because the atmosphere of fear and violence was playing into the hands of ARENA, the FMLN-MNR-DC could only hope for a guarantee of protection for political rights. To achieve this goal, the FMLN-MNR-DC had to participate in the national election and concentrate its energies on bilateral negotiations with ARENA in order to demilitarize political life.

Overall, my analysis shows that the timing of the elections was not optimal and that it gave a structural advantage to ARENA. However, although the implications of this finding are that postponing elections may even out the relative advantage of the troublemaker, it is also the case that pushing the date

10. Note that the dimension of fear to which I refer here is fear of collapse of the peace process. This is related to, but distinguished in, my discussion from traditional fears of communism or fear resulting from intimidation.

far ahead may crush the peace process. Thus, the challenge is to find the balance between holding elections immediately and too late: soon enough so that the peace process may start but not so soon as to give one party undue advantage.

### EQUILIBRIUM WITH ENTRY

In the previous sections, the decision to participate in the presidential election was not endogenous. Voters observed candidates' positions as well as their reservation payoffs and then decided to cast their vote either for *L* or for *R*. In this section, I assume that before the elections take place, parties simultaneously choose whether to enter the race and whether or not to compete seriously in the election. I intend to show that in the 1994 elections, the strategy of the FMLN-MNR-DC will be to enter in the race but not to compete seriously.

I assume that parties' utility functions depend on the level of campaign intensities  $e \in \{0, 1\}$ , where  $e = 0$  corresponds to a low-intensity campaign and  $e = 1$  corresponds to a high-intensity campaign. Campaign intensities affect voters' perceptions of parties' ideological positions as well as the cost of a potential postelection violence. Because in my model there is no uncertainty about parties' policy positions, I will assume that campaign intensity only affects voters' perception of cost of violence. That is,  $c_M = c_M(e)$ . Furthermore, I will assume that only the ARENA can affect the voter's perception of the cost of violence. That is,  $c_M = c_M(e_R)$ . Finally, I assume that campaign intensity is costly to the parties and this cost,  $\gamma$ , is decreasing in the amount of campaign funds allocated to parties by the state. The cost will be equal for both parties if they were allocated the same amount of money and will be lower for whoever has been allocated relatively more money.

The timeline of the new game is as follows: Before the election, parties decide whether or not to compete in the elections. Upon entering in the race, they choose the level of effort from a set  $\{0, 1\}$  in the political campaign. After the political campaign, voters cast their votes, either for *R* or *L*. Then, the winning party implements a policy, and the losing party decides whether or not to create political violence.

If one party does not enter in the race, then the game ends with a status quo. Each party then gets  $-C$  where  $C$ , defined as the political cost of an unsettled conflict, is assumed to be greater than 2. If both parties choose to compete, then they simultaneously decide the level of campaign intensity and play the game as in the section "The Model."

In the equilibrium for this game, party  $i$  makes a proposal of policy  $y_L$ , which is rejected with probability  $F(y_L)$ . The median voter will select party  $i$  if, with this party in office, its utility will be higher. In anticipation of these policy and voting outcomes, parties will behave strategically, choosing whether or not to run and choosing effort levels in the political campaign.

The following proposition describes the equilibrium at the preelectoral stage.

*Proposition 3:* If  $c_M = c_M(1) \geq \hat{c}_M$ , and if the cost of a high-intensity campaign,  $\gamma$ , is lower than  $|\bar{y}_R + 1|$ , then an equilibrium exists such that the FMLN-MNR-DC enters in the race and then chooses to run a low-intensity political campaign.

The logic of this result is as follows. If the ARENA is the only party that can affect voters' assessment of the cost of violence, if the ARENA can make voters believe that this cost is higher than  $\hat{c}_M$ , and finally, if state subsidies could help the ARENA to keep the cost of running an aggressive campaign relatively low, then the ARENA will run a high-intensity campaign and regardless what the ARENA does, the FMLN will run a low-intensity campaign. For the FMLN-MNR-DC, a high-intensity campaign is costly and yields zero return.

The result means that the key to an ARENA's victory was not the unfair distribution of campaign funds per se but the fact that enough resources were provided to the ARENA to play the fear card. If the FMLN would have had access to the same amount of campaign funds as the ARENA, the FMLN would still have remained powerless in preventing the ARENA from playing the fear card and hence from winning the election.

The result provides an explanation for why the FMLN-MNR-DC often behaved as if it did when it conceded victory to ARENA before the elections even took place. Just like most voters, the FMLN and its political allies might have come to the conclusion that its own electoral victory could create more political instability and violence. In fact, since the peace negotiations began in 1989, the FMLN and its allies feared that the military would never allow it to take power even if it were to win the elections. For that reason, the FMLN settled for a gradual demobilization of its forces in exchange for the disbanding of the National Guard, the National Police, and the Treasury Police, and in exchange for partial control over the newly created police force. Although the terms of this settlement have actually been implemented since 1992 and the probability of resuming the war is very small, to some extent the specter of civil war was still haunting the electorate. In my view, this legacy clearly helps explain ARENA's 1994 victory.

Because of the uncertainty about the peace process, the electoral battle was pretty much lost for the FMLN-MNR-DC. Even a strong political campaign could not prevent the victory of ARENA. However, if this uncertainty were reduced, ARENA would have to moderate its policy platform to secure an electoral victory. As result, to have a moderate land reform policy implemented, the FMLN-MNR-DC had to help decrease the level of uncertainty surrounding the electoral process. This was achieved mainly by concentrating on bilateral negotiations between parties to demilitarize the political process. In other words, the best strategy for the FMLN-MNR-DC was (a) to help legitimize the democratic process by participating in the election and (b) to help reduce political uncertainty by focusing on the demilitarization of the political process.

Political competition in post-civil war El Salvador arises from the overlapping dynamics of conflict settlement and electoral competition. In such an environment, electoral uncertainty is compounded by uncertainty about the survival of the democratic process. In my previous work, on consensus democracy (Wantchekon, 1995), I showed that when all parties have everything to lose from a breakdown of the democratic process, they will opt for power sharing or for a form of limited democracy. This has been the case in South Africa and Chile, for example. In the case of El Salvador, it appears that the FMLN-MNR-DC had more to lose from a new outbreak of violence than ARENA. This encouraged the FMLN-MNR-DC to concentrate its energies on winning the peace instead of trying to win the elections. Commenting on what would happen with regard to the peace accords during the electoral period, Joaquín Villalobos, one of leaders of the FMLN, said,

Our political forces will be participating with the aim of preventing the taking of land from the peasants, the reversal of judicial reform and the politicization of the training of the new police force. . . . The question of majority or minority electoral support *does not matter* [italics added]. In El Salvador, it is important that we continue to reach an agreement whether we are in the majority or in the minority. The confrontation ended only months ago. Perhaps, once it is further behind us we can embark upon a path of *more democratic norms* [italics added]. (Bland, 1993, p. 24)

In a consensus democracy, limits on political competition come from the nature of the political institutions. The losing party expects to get a share of the executive power, and this makes the electoral process almost irrelevant in the allocation of power across parties. The losing party gets a level of political power that does not reflect the level of its electoral support. In El Salvador, limits to political competition do not result from an agreement between par-

ties to form a government of National Unity as in South Africa but from the FMLN and its allies downplaying the importance of the elections and trying to secure its place in the political arena. Thus, in new democracies, when either one party or all parties stand to lose substantially from a breakdown of the democratic process, political uncertainty may lead to limited democracy or low-intensity political competition.

### CONCLUDING REMARKS

As Stahler-Sholk (1995) has indicated, in evaluating the electoral climate it was impossible to measure the subjective dimension of fear or to evaluate its importance relative to apathy, clientelism, or other influences. Although it would be difficult to measure fear in exact terms, it is nevertheless present. In this article I consider one aspect of fear: fear of an interruption in the peace process. Looking at preelectoral public opinion polls, I assess the relative importance of fear in shaping voters' preferences for parties. The perception by voters that a left-wing victory might lead to a new wave of political violence was compounded by ARENA's campaign ads that focused on images of destruction from the war. The fact that some death squads were still operating with impunity helped make these threats credible. The evidence clearly shows that concerns about law and order and about what might happen if the Left were to win the elections have been an important factor during the electoral process. In addition to the empirical evidence, I also construct a game theoretic model to explain the mechanism whereby the likelihood of a collapse of the democratic process could have led to the election of ARENA. I argue that if the conflict had been settled so that voters were convinced that the return to political violence was impossible, the Left or the Center could have won the 1994 elections.

In light of this analysis, I do not share the prevalent pessimism about the prospects of democratic consolidation in El Salvador. For example, Stahler-Sholk (1995) has written that "the transition process, as represented by the peace accords and the elections of the 1992-1994 period, failed to instill a consolidated (or irreversible) democracy in El Salvador." However, I point out that when threats of violence have become less of an issue, the right will lose its decisive advantage vis-à-vis the Left, and the political process will become more competitive. As mentioned earlier, from 1989 to 1993, the proportion of the electorate placing law and order at the top of its agenda has been declining. This number is expected to drop even further during the next elections. As a result, voters will switch their attention from concerns about the viability of the democratic process to issues such as education, poverty

alleviation, and unemployment. As a result, an electoral victory by a candidate from a party other than ARENA will become more likely.<sup>11</sup>

11. The postcivil legislative politics in El Salvador supports my view that the FMLN's moderate stance on the issue of land reform during the 1994 campaign did not reflect a lack of commitment to land reform. For instance, the FMLN, with the support of the Christian democrats, recently proposed a bill to forgive 93% of the agrarian debt owed to the government. The bill was vetoed by President Calderón. The executive veto was nearly overridden, with almost two thirds of national legislators opposed to ARENA on land reform. Following this opposition, ARENA is now offering to forgive roughly 65% of the agrarian debt. (I thank a referee of this journal for providing me with this information.) These events confirm my conclusion that (a) the threat of violence was the decisive factor in ARENA's 1994 victory and (b) after the implementation of the peace accords, as the threat declined, the Left and the Center would adopt policy platforms opposed to ARENA.

## APPENDIX

### Proof of Proposition 1

I need to show how different values of the cost of fighting affect the equilibrium policy and the likelihood of violence when  $L$  wins the election.

First, suppose that  $c_R = \infty$ . The best strategy of an arbitrary type of  $R$  is to fight if  $y_L \in [\bar{y}_R, 1]$  and not to fight otherwise. Thus, when  $L$  implements  $y_L \in [\bar{y}_R, 1]$ , the induced probability of violence is  $F(y_L)$  and the expected cost of violence is  $-\infty$ . In particular note that because  $\bar{y}_R$  is distributed in the interval  $[a, b]$ , no type of  $R$  party will fight if  $y_L^* = b$ . Given this strategy of  $R$ , the  $L$ 's best reply is to implement  $b$ . This is because its payoff by offering  $b$  is  $-|b-1|$  and its payoff by offering  $y_L \in (b, 1]$  is  $-\infty$ .

Next, suppose  $2 \leq c_L < \infty$ . An arbitrary type of  $R$  will respond to a policy in the interval  $(a, b]$  by fighting with a strictly positive probability,  $F(y_L)$ . In anticipation of this response, party  $L$  will solve for  $y_L^*$  such that

$$y_L^* = \arg \max U_L(y_L) \cdot (1 - F(y_L)) - c_L \cdot F(y_L) \text{ such that } y_L \in [a, b].$$

The first-order condition for an interior solution is:

$$U'_L(y_L^*) (1 - F(y_L^*)) - U_L(y_L^*) f(y_L^*) - c_L \cdot f(y_L^*) = 0$$

or

$$(1 - F(y_L^*)) + (-y_L^* - 1 + c_L) f(y_L^*) = 0. \quad (1)$$

A sufficient condition for the existence of an interior solution to (1) is that the following local second-order condition is satisfied:

$$-2f(y_L^*) + (-y_L^* - 1 + c_L)f'(y_L^*) \leq 0. \tag{2}$$

Next, we claim that (2) is satisfied if and only if the hazard rate of the distribution,

$$\frac{f(y_L)}{1-F(y_L)}$$

is increasing in  $y_L$ . To prove this claim, note that

$$\frac{f(y_L)}{1-F(y_L)}$$

is increasing in  $y_L$  if and only if

$$\frac{f'(y_L)(1-F(y_L)) + (f(y_L))^2}{(1-F(y_L))^2} \geq 0$$

which is equivalent to

$$(f(y_L))^2 \geq -f'(y_L)(1-F(y_L)). \tag{3}$$

We now rewrite (2) using (1):

$$-2f(y_L^*) + (-y_L^* + 1 + c_L)f'(y_L^*) = -2f(y_L^*) - \frac{(1-F(y_L^*))f'(y_L^*)}{f(y_L^*)}$$

Substituting (3) in the right-hand side of (2) yields

$$\begin{aligned} -2f(y_L^*) - (-y_L^* + 1 + c_L)f'(y_L^*) &\leq -2f(y_L^*) + \frac{(f(y_L^*))^2}{f(y_L^*)} \\ &= -f(y_L^*) \\ &\leq 0. \end{aligned}$$

This shows that  $y_L^* \in (a, b)$  only if

$$\frac{f(y_L)}{1-F(y_L)}$$

is increasing in  $y_L$ . Furthermore, if the  $R$  expects  $L$  to implement  $y_L^*$ , its best response is to fight with probability

$$p_L^*(y_L^*) = F(y_L^*) > 0.$$

**Proof of Proposition 2**

Suppose  $2 \leq c_L < \infty$ . To show how the cost parameters  $c_L$  and  $c_M$  affect the median voter's voting behavior, let me first present her payoff. According to Proposition 2, if  $1 \leq c_L < \infty$ ,  $M$  earns  $-1$  by voting for  $R$  and  $-|y_L^*|(1 - F(y_L^*)) - F(y_L^*)c_M$  by voting for  $L$ . Define by  $\hat{c}_M$  the value of  $c_M$  such that

$$-|y_L^*|(1 - F(y_L^*)) - F(y_L^*)c_M = -1. \tag{4}$$

$\hat{c}_M$  is the value of  $c_M$  such that  $M$  is indifferent between voting for  $R$  and voting for  $L$ . It is immediate that

$$\hat{c}_M = \frac{1 - |y_L^*|(1 - F(y_L^*))}{F(y_L^*)}.$$

Since  $y_L^* = y(c_L)$ ,  $\hat{c}_M$  can be rewritten as

$$\hat{c}_M = \frac{1 - |y(c_L)|(1 - F(y(c_L)))}{F(y(c_L))}.$$

We can now derive the median voter  $M$ 's equilibrium voting strategy. If  $c_M \geq \hat{c}_M$ , the right-hand side of (4) is greater than its left-hand side, which means that  $M$  gets a higher payoff if  $R$  wins the election. Therefore, if  $c_M \geq \hat{c}_M$ , then  $M$  votes for  $R$ . On the other hand, if  $c_M \leq \hat{c}_M$ , and  $M$  gets a higher payoff when the FMLN-MNR-DC is in office. Therefore,  $c_M \leq \hat{c}_M$ , then  $M$  votes for  $L$ .

**Proof of Proposition 3**

Denote by  $\pi$  the probability that  $M$  votes for  $R$ .

The payoff of party  $R$  is

$$\pi(e) [U_R(y_R, c_R)] + (1 - \pi(e)) [U_R(y_L, c_R)] - \gamma e_R.$$

$L$ 's payoff is

$$(1 - \pi(e)) [U_L(y_L, c_L)] + \pi(e) [U_L(y_R, c_R)].$$

Finally, the payoff of the median voter is

$$\pi(e) [U_M(y_R, c_M(e_R))] + (1 - \pi(e)) [U_M(y_L, c_M(e_R))].$$

In the subgame starting from the voting game, if  $e_R = 1$ , then  $c_M > \hat{c}_M$  and as a result the ARENA wins. The policy outcome is 1 and there is no violence. If  $e_R = 0$ , then  $c_M < \hat{c}_M$  and as a result, the FMLN-MNR-DC wins and the policy outcome will be  $\bar{y}_s$ . Finally, because  $c_M = c_M(e_R)$ ,  $e_L$  has no effect on the policy outcome.



At the campaign stage, if the ARENA were to choose  $e_R = 1$ , its payoff will be  $-\gamma$ . If it were to choose  $e_R = 0$ , it will lose the election and its payoff will be  $-|\bar{y}_s + 1|$ . Thus, the ARENA will choose  $e_R = 1$  so long as  $\gamma < |\bar{y}_s + 1|$ . On the other hand, for  $\gamma > 0$ , it is a dominant strategy for the FMLN-MNR-DC to choose  $e_L = 0$ . This is because by choosing  $e_L = 1$ , it gets  $-2$ , whereas by choosing 0 it gets  $-2 - \gamma$ .

Finally at the entry stage, because the cost of the unsettled conflict  $C$  is higher than 2, it is a dominant strategy for both parties to enter in campaign.

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