

EUROPEAN UNIVERSITY INSTITUTE, FLORENCE
DEPARTMENT OF POLITICAL AND SOCIAL SCIENCES

EUI Working Paper **SPS** No. 99/11

**Challenge, Prevention and Response:
Game-Theoretical Perspectives on
Breakdown and Survival of Democracy**

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Challenge, prevention and response:
Game-theoretical perspectives on breakdown
and survival of democracy

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December 15, 1999

Abstract

The paper presents in a simple model the possible choices and constraints facing democratic governments when confronting an anti-democratic party challenge that is able to seriously endanger the survival of the democratic system. Miscalculations by the players about the occurrence of future states of the world, and the relaxation of some of the basic assumptions of the game provide possible explanations as to how "legal" (that is, not based on an armed insurrection) breakdown can come about. The last part of the paper focuses on the logic of prevention of democratic challenges by means of short-term suboptimal choices by the government and gives some historical examples of the modeled situations.

Conference: EPCS20

JEL Code: C73

Keywords: dynamic games; political parties; coalition theory.

"One of any successful politician's greatest gifts tends to be his or her sense of timing"

Philippe C. Schmitter and Javier Santiso (1998)

1 Introduction

What has been labelled as "the democratic dilemma" refers to the potential contradictions in democratic principles in guaranteeing the respect of the freedom and participation rights of those actors that have as their main political goal the breakdown of the democratic system. The term "anti-system party" (Sartori 1966) has been coined to label this kind of (party) actor in a democracy. Identifying, for the purposes of this paper, "anti-system" with "anti-democratic",¹ we can have the case in which a party exploits the democratic rights of political participation with the exclusive goal of setting up a non-democratic regime. While the theoretical discussion of this contradiction is not the object of this paper, it is interesting to explore how the problem of the response to anti-democratic challenges was solved historically. The record of "democratic defense" against anti-democratic parties is mixed: next to cases of breakdown such as those of the inter-war Italian and German democracies should also be remembered the successful reaction against a strong extremist party challenge in the same years in Belgium and Finland, for example. In more recent years, the problem of effectively reacting against anti-system challenges can be especially important in those democratizing states in which a large potential for religious or ethnic-based extremism exists.

This largely exploratory analysis in game-theoretical terms of the political strategies of reaction adopted by democratic governments against anti-democratic parties presents advantages and disadvantages. The main advantage is given by the fact that game-theoretical analysis proves to be an interesting tool to throw light on the interplay of important actors in critical junctures and its consequences for the regime outcome. As O'Donnell, Schmitter and Whitehead put it, referring to the breakdown of democracies in inter-war Europe, "...none of those breakdowns was fatalistically bound to occur, that is, they could have been avoided if some strategic decisions had been made and especially some crucial mistakes had not been committed" (1986: 19). This paper attempts to look at the logics of some of these (non-) decisions and mistakes. One disadvantage is that of the impossibility of accounting, in a simple model, for all the important factors that play a role in the whole interplay: as usual in this kind of analysis, it is necessary to exclude even some important aspects, in order to keep the model manageable.

¹Within a general theory of "democratic defense", the category of "anti-system" can actually be broadened to include secessionist parties (Capocchia 1999a).

2 The Basic Model

The model is based on a dynamic game between two players which share common beliefs about three possible (future) states of the world, corresponding to election results. Each player has two moves, and the game has four possible outcomes. I will first describe the players and their moves, and then their payoffs.

The game models the following situation: in a challenged democracy, G (the "government") and B (a "bordering party") are part of the same governmental coalition. G represents the core of the governmental coalition, i.e. the forces that are hegemonic in it. B represents the forces (normally a party, or a fraction of a party) that are part of the governmental coalition or support it externally but are not hegemonic in it. Another defining characteristic of B is that it is ideologically closer to O than G is. Governmental coalitions in challenged democracies are often heterogeneous; thus it often happens that a certain internal ideological distance and disagreement exists in them. In the situation modeled, general elections are upcoming. The situation is one in which (thanks to a crisis, or to an external shock, or simply to a growth in consensus for O), the elections in question might bring about a shift in the general political equilibria. B, which feels "uncomfortable" in the governmental coalition, has the possibility to exploit a possible electoral success of O to establish a new coalition in the political system, in which B itself would be hegemonic and have a larger share of power than it has in the coalition with G. G, for its part, has an interest in maintaining the status quo, in which it has the largest share of power.

G and B have two possible moves. G can repress (R) or not repress (\bar{R})² the anti-system party before the elections. This can be done with a party ban, or with some other strategies which, although less drastic, can definitely reduce the potential for O to do well in the next elections, and at the same time reduce its attractiveness as a political partner for B. B can veto (V) or not veto (\bar{V}) G's decision to repress. B, in fact, is a member of the governing coalition, and although it does not have the power to hegemonize the government, it does have a veto power for G's decision. In the construction of the game I assume that B is ideologically democratic, that is, it does not share the anti-system views of O. Yet the very fact that B is not hegemonic in the coalition constitutes an incentive for B to look for a different political equilibrium. This can be done by "exploiting" an eventual (relative) electoral success of the opposition party's (O).

O is a crucial actor, although it actually does not play in the game. I assume that O is an anti-democratic party, and that its main interest is to substitute democracy with a non-democratic system of government. I assume this to be common knowledge to all players.

Moves are not simultaneous. The political forces represented by G put forward a proposal for strongly repressive policies against O, and before this becomes a formalized decision, B might decide to veto it, in parliament or in the

²A bar above the symbol stands for "not".

cabinet.

There are four possible outcomes for this game.

1. SQ (status quo): the strength relationship between G, B and O remains the same after the elections. That is, G retains a parliamentary strength superior to B, and O does not constitute a serious threat for the system nor for the equilibrium of the governing coalition.

2. MD (militant democracy): G represses O successfully (i.e., without B vetoing it). MD is costly for G (unpopular in some sectors of the public opinion), and thus G prefers SQ, but MD is in fact its second-best option for G. The elections are therefore contested between G and B, O being either not in conditions to compete (if affected by a party ban) or not in conditions to constitute a dangerous competitor.³

3. IRC (infra-regime change): this is the situation in which B excludes G from power and hegemonizes a new coalition with O, which does not manage to fulfil its subversive aims. A clear victory of B in the elections would pave the way to such an outcome. O would enter such a coalition since it would give it the chance of increasing its power, although not in a decisive fashion to fulfil its long-term goals.

4. BD (breakdown of democracy): O wins the elections and hegemonizes an eventual new coalition with B. Thus O has the possibility of fulfilling its anti-democratic goals.

G's payoff function is:

$$SQ > MD > IRC > BD = 0$$

Any outcome different from SQ would be worse for G. This means that G would only repress the anti-democratic party if this was necessary to avoid the breakdown of democracy, since the curbing of the political rights of a political actor is bound to be contested in any democracy. This means that G would pay a political price in terms of popularity for this, which would make it prefer in any case a status quo situation. The IRC outcome would be less preferable for G, since in the depicted scenario it would be pushed in the opposition, while the worst possible outcome is BD, in which G (and B as well) would not have the possibility of existing politically, since the democratic system would be suppressed by O.

B's payoff functions is:

³Such a circumstance can come about when the party is not formally banned, or manages to reconstitute under a different name after a ban, but, for example, its leaders or MP are arrested just before the start of the electoral campaign, which naturally affects its electoral performance. A historical example of this can be found in the Finnish history of the 20s, when the Communist Party leadership was badly hit by governmental repression in two occasions (1923 and 1928), which of course had negative repercussions on the electoral performance of the party in the ensuing elections.

$$IRC > MD > SQ > BD = 0$$

A shift in the political equilibrium towards a new political majority in which B is hegemonic (IRC) is the best outcome for this player. This depends on the outcome of the upcoming elections, with O scoring less successfully than B itself. In this case B will veto G's decision to repress. As a second-best outcome, I assume that B prefers repression (MD) to the status quo. The argument here is based on the spatial theory of politics, which predicts coalitions and electoral behavior on the basis of the spatial distance (along a linear, or multidimensional, space) between party actors. As I said above, B and O are spatially bordering (by definition), thus it is plausible to assume that the elimination of O by means of G's repression would cause at least a part of O's electorate to support B, whose share of votes would therefore probably increase.⁴

Payoffs Table⁵

<i>G</i>	<i>B</i>
<i>SQ</i> = <i>a</i>	<i>IRC</i> = <i>d</i>
<i>MD</i> = <i>b</i>	<i>MD</i> = <i>e</i>
<i>IRC</i> = <i>c</i>	<i>SQ</i> = <i>f</i>
<i>BD</i> = 0	<i>BD</i> = 0

G and B share *beliefs* about the possible results of the upcoming elections. Assuming that there are only three party actors (or that the other minor parties will gather around three political poles), I model the possible outcomes of the elections in the following way:

⁴This is what happened, for example, to the Finnish Social Democrats in the '20s after the banning of the Communist Party. The left-wing electorate voted for them or abstained, and the relative political weight of the Social Democratic Party increased.

⁵Although not playing in the game, O is a crucial actor, and I list here its payoffs to outline its political nature, which is important in further modifications of the game to be introduced further down in the paper. O's payoff function is:

$$1 = BD > IRC > SQ > MD = 0$$

O is an anti-democratic actor; therefore the best possible outcome is the breakdown of democracy (BD) and the setting up of a new system in which O would have unchecked powers. The payoff for O in this case is 1 (the maximum possible), and larger of what the democratic actors G and B would get in their respective preferred outcomes, namely SQ and IRC (a non-democratic party leading a non-democratic system has absolute power and is therefore more powerful than a dominant party in any democratic system). The second-best outcome for O is a shift in the political equilibrium towards a coalition in which it, although not managing to break the system down, actually has some share of power, even if as a "junior partner". SQ is a worse situation than IRC, since in the former O is by definition excluded from power. Finally, the worst possible outcome for them is MD, where the party would be repressed or even banned altogether and therefore get a payoff of 0.

- | | | | |
|---|-------------|-------------|-------------------------------|
| 1 | $G + B > O$ | and $G > B$ | $[\gamma_1]$ |
| 2 | $O + B > G$ | and $B > O$ | $[\gamma_2]$ |
| 3 | $O + B > G$ | and $O > B$ | $[(1 - \gamma_1 - \gamma_2)]$ |

The outcome in the first row basically reproduces after the elections the pre-electoral status quo. O does not score well enough in the elections, and G has a better result than B, which allows it to perpetuate its hegemony on B within the coalition. O is not a viable ally for B's political projects, thus B remains in the coalition with G. Both B and G expect this outcome with probability γ_1 . The outcome represented in row 2 is what B aims for instead: a shift in the equilibrium in which B manages to be hegemonic in a different coalition with O that excludes G from power. Both B and G hold this possible with probability γ_2 . Finally, $(1 - \gamma_1 - \gamma_2)$ is the probability with which both G and B expect an election result which sees O strong enough to become hegemonic in an eventual coalition with B.⁶

3 A defense game

The game [see fig. 1] starts with a Chance move (C) that represents both G and B's uncertainty about the future outcome of the upcoming elections. The game in question is a dynamic game. G moves first, and B second. The political forces represented by G either do nothing, or draft/initiate a proposal for the repression of O, for example in the form of a new law, or a decree. B reacts to this proposal using its veto power or not. In order to identify the subgame perfect equilibria of the game, I start by solving the last two moves by backward induction. Then I calculate the beliefs of G that make it indifferent between its two possible moves. In the left-hand node B will choose \bar{V} , since its payoff would be higher in this case ($e > f$).⁷ This means that, in the same branch, G will choose \bar{R} since this would give it a higher payoff ($a > b$). That is, if G believes that it is at that node, namely that it would win elections, there is no need to use repressive (and unpopular) means. In the central node, representing the probability that B will win elections, B would veto in order to get its preferred outcome of d , while G would be indifferent between repressing and not repressing. In the right-hand node, representing the probability that O would emerge from the elections with a success, B would not veto G's repression of O since the latter's anti-democratic nature is common knowledge (by assumption). Thus, to avoid the outcome BD

⁶In selecting only these three as the outcomes of the elections on which G and B have beliefs with probability larger than 0, I am ruling out other possible outcomes both in terms of strength relationship between the three actors after the elections and in terms of possible coalitional formulae following the electoral result. For a discussion of these alternative outcomes and the reasons for their exclusion from the expectations of the players, see Appendix 1.

⁷See the payoff table at page 5 for the ordinal preferences of actors across the parameters representing the different outcomes.

(which would give both G and B a payoff of 0) G would repress and B would not veto the repression. In fig. 1, payoffs are listed as (G,B).

[Fig. 1 about here]

The game has three equilibria which can be determined by backward induction:

$$\begin{array}{ll} \text{Eq. 1} & (\overline{R}, V) \quad (\text{pol. indifference}) \\ \text{Eq. 2} & (R \sim \overline{R}, V) \quad (\text{pol. defection}) \\ \text{Eq. 3} & (R, \overline{V}) \quad (\text{militant democracy}) \end{array}$$

Equilibrium 1 is what I call "political indifference", since G does not repress, and even if it did, B would veto the repressive action. This leads to a persistence of the status quo after the elections, on the basis of the beliefs expressed by γ_1 . Equilibrium 2 is one in which B decides to veto G's proposal for repression, and since B and G are part of the same coalition, I label this equilibrium as the "political defection" equilibrium. If the beliefs about the election results supporting this equilibrium are correct, this could be the prologue to an "infraregime change (IRC)" after the elections themselves. Equilibrium number 3 is the one in which G represses O and B does not veto it. This is when "militant democracy" comes about. In this case, O would not take part in the elections, or would do so under very unfavorable conditions.

Each of the three equilibria will be supported by a pair of necessary conditions:

Table: general conditions supporting the three equilibria:

$$\begin{array}{lll} \text{Eq. 1:} & \gamma_1 > \gamma_2 & \text{and } \gamma_1 > (1 - \gamma_1 - \gamma_2) \\ \text{Eq. 2:} & \gamma_2 > \gamma_1 & \text{and } \gamma_2 > (1 - \gamma_1 - \gamma_2) \\ \text{Eq. 3:} & (1 - \gamma_1 - \gamma_2) > \gamma_1 & \text{and } (1 - \gamma_1 - \gamma_2) > \gamma_2 \end{array}$$

At this stage it is necessary to find the values for γ_1 and γ_2 that support each of the three equilibria. I know by backward induction that G will obtain a with probability γ_1 , b with probability γ_2 and c with probability $(1 - \gamma_1 - \gamma_2)$.

Therefore, Eq. 1 will be supported by the following conditions:

$$\begin{array}{l} a\gamma_1 > b\gamma_2 \\ \text{and} \\ a\gamma_1 > c(1 - \gamma_1 - \gamma_2) \end{array}$$

Solving for γ_1 :

$$\begin{aligned}\gamma_1 &> \frac{b}{a}\gamma_2 \\ \gamma_1 &> \frac{c(1-\gamma_2)}{(a+c)}\end{aligned}$$

Both these conditions have to be met for Eq. 1 (\bar{R}, V) to come about. Similarly, the conditions supporting Eq. 2 are:

$$\begin{aligned}b\gamma_2 &> a\gamma_1 \\ &\text{and} \\ b\gamma_2 &> c(1-\gamma_1-\gamma_2)\end{aligned}$$

Solving for γ_1 :

$$\begin{aligned}\gamma_1 &< \frac{b}{a}\gamma_2 \\ \gamma_1 &> 1-\gamma_2\left(1+\frac{b}{c}\right)\end{aligned}$$

Finally, the conditions for Eq.3 are:

$$\begin{aligned}c(1-\gamma_1-\gamma_2) &> a\gamma_1 \\ &\text{and} \\ c(1-\gamma_1-\gamma_2) &> b\gamma_2\end{aligned}$$

Solving for γ_1 :

$$\begin{aligned}\gamma_1 &< \frac{c(1-\gamma_2)}{(a+c)} \\ \gamma_1 &< 1-\gamma_2\left(1+\frac{b}{c}\right)\end{aligned}$$

The following table summarizes the six conditions.

Table: conditions supporting the three equilibria of the game:

Eq. 1	(A)	$\gamma_1 > \frac{b}{a}\gamma_2$	and	(B)	$\gamma_1 > \frac{c(1-\gamma_2)}{(a+c)}$
Eq. 2	(C)	$\gamma_1 < \frac{b}{a}\gamma_2$	and	(D)	$\gamma_1 > 1 - \gamma_2(1 + \frac{b}{c})$
Eq. 3	(E)	$\gamma_1 < \frac{c(1-\gamma_2)}{(a+c)}$	and	(F)	$\gamma_1 < 1 - \gamma_2(1 + \frac{b}{c})$

The table makes it clear that these conditions are mutually exclusive in couples: if (A) is true, then (C) must be false and vice versa; if (B) is true, then (E) must be false and vice versa; if (D) is true then (F) must be false and vice versa. As a consequence, each of the equilibria, if realized, excludes the other two. No more than one equilibrium is possible at the same time, depending on the values of γ_1 and γ_2 .

By assigning numbers to the payoffs of G and B, it is possible to solve the game by finding a unique equilibrium point corresponding to unique values of γ_1 , γ_2 , and $(1 - \gamma_1 - \gamma_2)$. These values make G indifferent between the three nodes, and, since it does not repress in the left-hand node, represses in the right-hand node, and is indifferent between repressing and not repressing in the center node, these values make G indifferent between its two possible strategies too. A possible numerical solution of the game is given in Appendix 2.

4 Possibility of a democratic breakdown

The three equilibrium outcomes, supported by the players' beliefs, are the status quo (SQ), an infra regime change (IRC), and the adoption of a militant model of democracy (MD). What about the breakdown of democracy (BD)? Apart of the consequences of a miscalculation by B and G on the future strength of O, BD is not in the equilibrium set of this game principally for two reasons: the assumption that B is actually a *democratic* party, and the assumption that the anti-democratic nature of the opposition party is common knowledge. Let us briefly explore these alternatives in turn.

The first way in which BD can come about in the logic of the interparty designed in the game is simply that G and B hold wrong beliefs about the future states of the world. That is, they might hold that either the elections are going to replicate the status quo ante, and therefore G would simply not repress, or that B is going to have a sufficient electoral victory to hegemonize a future coalition with O. What really happens after the elections, however, is that O results strong, and it would be very difficult for B to play a leading role in a coalition with it. This situation is likely to evolve soon into a democratic breakdown.

A short note is in order here: the entering of B in a coalition with O after the latter's electoral breakthrough may appear irrational, since O does not appears "malleable" enough (at least in "numerical" terms) to be used by B for its political goals. Yet, this can happen, and there are historical examples of at least

some fractions of B supporting O after the latter's electoral victory.⁸ And this strategy is not irrational, rather seems to stem, again, from B's miscalculations about both the "duration" of O as a strong competitor, and the political influence of B itself in the coalition. In a nutshell, B's leader might accept to go into a coalition with O even if sheerly numerically this is preponderant for two reasons: first, they might count on their "political seniority" to steer the coalition, *da facto*, also from a "junior" position. O is normally an emerging actor, and its sweeping electoral success is likely to bring up as candidates for governing posts unexperienced politicians. B is instead normally a part of the establishment, and its leaders can legitimately think to be able to steer the "political parvenus" of O. A second assumption by B that might prove wrong but can induce B to enter a coalition with O also after the latter's electoral success, can be given by predictions about the duration of strong electoral swings like the one that we are assuming has favored O in this situation. A wrong prediction by B on the short duration of O's success, that can be reduced in the short term if the crisis of the system is avoided and the political equilibrium is shifted more towards that extreme, can lead B make that choice. Moreover, entering the coalition seems in any case a better choice than remaining outside it: O is an anti-democratic party, and its sweeping victory means the crisis of the democratic system and at the same time the defeat of the governmental policies in which B was involved: entering the coalition with O, a coalition which B still hopes to be able to steer, gives B the opportunity of both remaining in the saddle in order to avoid that the crisis takes undesired directions, and at the same time respond to the shift in the electorate trying to recapture the extremist votes. Needless to say, this alliance can also give more strength to the factions which are more ideologically "ambiguous" towards democracy, further increasing, in the subsequent phases, the probability of democratic breakdown.

An "ambiguous attitude" towards democracy by B in the actual playing of the game can also make democratic breakdown possible. In this scenario, B is what has been called a "half-way" (Sartori 1966) or "semi-loyal" party (Linz 1984). Such a party would be, for instance, one in which pro- and anti-democratic fractions coexist and control approximately equal parts of the party organization, and in which the anti-democratic fraction takes the lead shortly before the elections, or a party that supports democratic government only for practical interests, and not for ideological reasons. The payoff function of such a

⁸Both Italy and Germany in the inter-war period, the two best-known cases of democratic breakdown by "legal revolution" (Bracher 1966), present features approaching a situation in which B supported an already strong O. In neither case, in the "decisive" elections for the final takeover, the anti-system party obtained the absolute majority of the seats. In Germany the NSDAP simply fell short of that even in the election of March 1933, when Hitler was already in power, but was backed by the small nationalist party afterwards. In Italy the final Fascist victory was possible only thanks to an electoral alliance in common lists (in 1924, that is, two years after Mussolini's advent to power) between the Fascists and large sections of the liberal, conservative, and catholic establishment. While the German Nationalists by 1933 had definitively abandoned the cause of democracy (and on the consequences of an anti-democratic B, see later), the political groups allying with Fascism in Italy were still ideologically ambiguous and large parts of them did not "ideologically" oppose democratic rule.

party would be different from that hypothesized for B in the original version of the game, and the payoffs would be such that it would have strong incentives to veto G's repression also in the right-hand node of the game. More specifically, a B leaning towards anti-democratic positions would have the following payoff function:

$$B = (IRC > BD > MD > SQ)$$

Since we are hypothesizing B as a "semi-loyal" party, in which anti-democratic tendencies coexist and slightly overcome other internal tendencies which are pro-democratic or in any case compatible with democracy, the party would still prefer IRC to BD, that is, keeping alive a democratic system in which it is hegemonic, since the complete elimination of democracy would probably threaten the cohesion of the party (or of the pole) itself. However, breakdown would be preferred to a persistence of unfavorable political equilibria in a democratic system. The predominance of the extreme wing within B accounts for this crucial shift in B's preferences. This payoff function changes the situation essentially in the right-hand branch of the game tree, in which B would now veto G's repression, preferring BD to MD. The game tree with the new equilibria are represented in Fig. 2.

[Fig. 2 about here]

Finally, G might not be fully sure about the real anti-democratic nature of the opposition party. This means that G has a further set of beliefs, about the nature of the opposition party O, which also guide its decision whether to repress or not. It is not unlikely that the very formal possibility (specific legislation, wide executive powers, etc.) for the government to repress an extremist party leads the latter to the adoption of political tactics aiming to disguise its real (anti-democratic) nature. Thus, anti-democratic parties might pay lip service to democracy while concealing their real subversive aims. In these cases the government may not be 100% sure of the nature of the opposition party, and this can affect its decision to repress it or not. In fact, if the opposition party does not have anti-democratic goals, the government might not want to repress it and might rather attempt to stabilize the system by integrating the party in question in it. The repression of an opposition party is in fact always costly in a democracy, and G would not repress it unless this was absolutely necessary to avoid a breakdown, since it might be an unpopular move that would negatively affect G's performance in the upcoming elections. On the contrary, if O is anti-democratic, its insertion in the parliament only gives it more power to fulfil its plans of breaking the system down, and this must be avoided by G at all costs.⁹

⁹A possible way to model this further set of belief would be to add another Chance move at the beginning of the game tree, with two parameters indicating the subjective probabilities attached by both G and B respectively to the compatibility and incompatibility of O's ideology and political goals with democratic rule, and then solve the game accordingly. Needless to say, this would considerably complicate the game.

5 Prevention and Suboptimal Choices

The game designed in this paper represents a situation in which the probability of a "legal" takeover of democracy by an anti-democratic opposition is realistically possible, both for the expected future electoral performance of O in itself, and for the incentive to defect that this can represent for parts of the governmental coalition (namely B) even before the election takes place. In the situation represented in the game, G's decision to repress O and B's decision to veto would be driven by their expectations about their own and O's strength after the elections. In the original design of the game, the two players move in such a way to avoid the breakdown of democracy if they believe that O is going to win elections and be hegemonic in any possible future coalition. In this case, G would pay the price of some unpopularity for its repressive strategy, but a breakdown would be avoided. However, if some of the basic assumptions of the game are relaxed, G might find itself in a very difficult situation that makes it impossible to avoid breakdown by means of a defence strategy respectful of democratic procedures. In fact, if B vetoes G's repression on the basis of a mistaken belief about the outcome of the elections because it does not fully share G's commitment to defend the democratic system of government, breakdown might become a realistic, or even likely, scenario. The argument here is the following: higher values of γ_2 actually make breakdown more likely, since these would push B to veto an eventual repressive strategy undertaken by G. As explained before, γ_2 captures not only the expected strength of B in the future elections, but also the belief in an eventual relative victory of O that makes a coalition with B (against G) possible. In that branch of the tree, G is actually powerless, since it has the choice between not repressing and seeing B veto its eventual repression (see fig. 1). The values of γ_2 are, other things being equal, a function of the stability of the electorate. In other words, a situation of crisis, in which the electorate is largely unsatisfied with G's performance, could be exploited by both B and O to increase their electoral following. In such a situation, the values of γ_2 would increase if G and B think that both B and O would benefit from this situation, but B would do so more than O. What G can do is prevent this situation by acting against O preventively, in a situation of relative stability, when γ_1 is high. This would be a suboptimal choice in the short term, but would probably avoid that O ever becomes strong enough to be seen by B as a possible political partner. By thwarting the development of O when it is still weak (so that B does not expect it to be strong enough for it to desert G in a situation of crisis), G also reduces the likelihood of miscalculations about the outcome of future elections. Let us see this argument in detail.

[Fig. 3 about here]

Fig. 3 describes schematically the following situation.¹⁰ Assuming that at t_i there is a situation of stability in which G is strong and B has no incentive to defect, a situation of crisis developing between t_i and t_n (the game is played

¹⁰Lines are imaginarily drawn.

at some time between t_m and t_n) would provoke a decrease of γ_1 and a parallel increase of the areas of γ_2 and $1 - \gamma_1 - \gamma_2$. In each of the three areas the equilibrium strategies of G and B are indicated. However, if B and G's beliefs about the election result are wrong, and O has a much larger victory than expected, then evolution of the system towards breakdown would be likely. A "semi-loyal" B, represented by a different payoff function for this actor, would also make breakdown probable, in such a situation. Thus, the situation shown in the game can actually be very risky for G, and for democracy as such, if the game is played between t_m and t_n .

To avoid this risk, a solution for G would be to act preventively on O, namely to enact protective anti-extremist provisions (and to implement parallel negotiations and specific policies aiming to solve the more general social problems that nurture the extremist vote) that will render the situation designed in the game unlikely. G would be better off and avoid the risk of breakdown by enacting a defensive strategy (in which repression plays an important role but is by no means the only aspect of the strategy) *early*, that is, when O is still weak, and its expected future strength is not such that it can constitute a sufficient incentive for B to defect from G. As shown in fig. 1, B would not veto repression in the left-hand branch of the tree, since it prefers MD to SQ. This strategy, however, would run counter to the fact that, since repression is unpopular in a democracy, G would not repress if this is not absolutely necessary. In other words, on the one hand, G would be better off not playing the game described in fig. 1, since if one of the assumptions about B's payoffs, or about the common knowledge about the anti-democratic nature of O is not met, democratic breakdown becomes a realistic perspective. On the other hand, G might actually get to that stage, since in the previous time periods it plays the game represented only in the left-hand branch (with $\gamma_1 \simeq 1$), where its dominant strategy is \bar{R} . In other words, by not repressing O when it is weak (since there is no need to pay the political costs of repression), G might have to repress it in a crisis situation, when it might become more difficult to do so, because of the higher costs of repressing a bigger party, or it might even find it impossible to do so, since B might have a stronger interest to veto G's decision for the above mentioned reasons.

Fig. 4 represents this situation. At t_i G has very strong beliefs that it is going to win the next elections and that O does not constitute either a danger or a possible alternative partner for B, meaning that at t_{i+1} the situation will stay more or less the same. Its short-term equilibrium strategy is that of not repressing, since there is no need to pay the political price for that. However, if G could foresee the development of the belief curves as portrayed in the graph in fig. 3 (and reproduced in fig. 4) and the situation, between t_m and t_n , in which it could find itself playing a dangerous game, it might actually decide to repress O even when this is weak, and to pay a relatively small political price in the short term to avoid the risk of having to pay a much higher price at a later date. Repressing at time t_i (and whenever is necessary even if γ_1 is high) would reduce the probability of the other two outcomes, namely that O breaks through in elections ($1 - \gamma_1 - \gamma_2$) and (especially) that it can constitute a useful

partner for B's political strategies (γ_2). The new beliefs, probable long-term consequences of short term suboptimal choices by G, are represented in the graph by the dotted curves.

[Fig. 4 here]

Tsebelis (1990) has made us aware that when an actor appears to be pursuing a suboptimal strategy in a certain game, this can depend on the fact that it is actually playing two or more games simultaneously, either games in different arenas, or a game on the rules of the game itself. In the case described here, G plays two games at t_i : one having to do with the expectations about O at t_{i+1} , another one having to do with expectations at $t_m - t_n$. It would be rational under certain circumstances (B's ambiguous ideological nature, or signals of crisis that may foster O's electoral performance in the long run, etc.) for G to play a suboptimal strategy in the game at t_i , namely to repress O, in order to reduce the risk of obtaining a very negative payoff between t_m and t_n .

6 Conclusions: Some Historical Examples

Although the dynamics underlying the defense and breakdown of democracy is very complex, the game elaborated in this paper and its variations direct attention towards some crucial aspects of that dynamics. In many cases of successful and failed defense of democracy against anti-democratic forces, the beliefs of both G and B about the nature of O, and about future power equilibria, as well as the democratic commitment of B, have proved crucial. For the purposes of this paper, I will refer only to three cases: the breakdown of democracy ("legal revolution", see Tarchi 1994) in Italy in the early '20s, the interplay between the government parties and the anti-democratic Sudetendeutsche Partei in Czechoslovakia in the mid-30s, and the role of the institutional anti-extremist apparatus in force in the Federal Republic of Germany after 1949.

The breakdown of democracy in Italy between 1922 and 1925 was certainly caused by many factors, and it is difficult to lead it back to a single cause. However, the final Fascist victory, although certainly helped by a diffuse phenomenon of political violence, showed on the whole a relative respect of formal parliamentary procedures (Galli 1976; Farneti 1981). Mussolini's tiny party was first brought into the Parliament in 1921 thanks to a political alliance with some sectors of the liberals, then supported in government after October 1922 by again the liberals and the catholic Popular Party. The initial strategy of some liberal sectors was to shift the political equilibrium of the country (and of the government) towards the right by "exploiting" the relative electoral successes of the emerging Fascist party in the 1921 elections. Although after this election only 35 fascists obtained a seat in the Chamber of Deputies, it was soon clear that the new party did not intend to allow anybody to instrumentalize it for anything different than its own political projects. A strategy of attempted insurrection (the "marcia su Roma") induced the King to appoint Mussolini as

Prime Minister, and the subsequent intensification of political violence against the oppositions gave the fascists increasing political power, well beyond their share of parliamentary seats. This paved the way to the reform of the electoral law (1924) and to an authoritarian regime in the immediately subsequent years. The deviation from the sketchy model described in the paper here has to do with the methods by which the Fascists gained absolute power. In other words, the right-wing liberal and catholic factions (B) that counted on the support of the Fascist party (O) to gain power themselves were not wrong about the *electoral* performance of the Fascists in 1921. They were however wrong about the possibility of "hegemonizing" the Fascist party once it had entered parliament. Thanks to the tactics described above, the Fascists actually managed to form a government in which they played the hegemonic role, and their allies only a junior one. This was the first step towards democratic breakdown.

In the First Czechoslovak Republic (1920-1938) the anti-democratic and irredentist Sudeten German Nationalist (DNP) and Nazi parties (DNSAP) were increasingly dangerous after the rise to power of Hitler in Germany at the end of January 1933. The Czechoslovak government, based on a broad (and heterogeneous) coalition of bourgeois (Catholic, Agrarian, Conservatives for a short period) and socialist parties (the Social Democrats and the National Socialists) managed to ban both parties in October 1933. However, the German anti-democratic elements gathered again under the banners of a new formation, the "Sudeten German Home Front" (later the Sudeten German Party, SDP). The SDP did not manage to break Czechoslovak democracy from within, but it was an essential actor in the general strategy of Hitler in neutralizing Czechoslovakia, which he considered as a major obstacle to his plans of territorial expansion in Eastern Europe. Czechoslovakia was actually dismembered after the Munich Conference in September 1938, and the rest of Bohemia was definitively transformed into a protectorate of the German *Reich* in March 1939.

The study of the interaction between the various components of the Czechoslovak executive and the SDP in the crucial years 1933-1938 shows several interesting points that are partially captured in the model elaborated in the paper and its variations.

One point towards which to direct attention is that of the uncertainty of the government and of parts of the neutral public opinion about the real nature of the SDP. The impressive apparatus of anti-extremist legislation present in Czechoslovakia (Capoccia 1999b), and the skilful tactics of the party leader Konrad Henlein in paying lip service to democratic values and institutions in the eyes of both the Czechoslovak and the international public opinion led many important political actors to feel uncertain about the real nature of the party. In the governmental coalition, the two Socialist Parties, and the influential figure of the Foreign Minister Eduard Benes were in favor of the ban, while other forces, especially the right-wing of the Agrarian Party, were against it. The Prime Minister, the Agrarian Malypetr, decided to overcome the *impasse* by referring to the President of the Republic Thomas G. Masaryk for settling the matter. The President decided not to ban the party. In those conditions, in fact, a party ban would have been very costly for the government: the political

equilibrium of the cabinet would have been compromised, and the unpopularity costs in the country and abroad (international public opinion was also divided on its judgement about the party) would have been high too. However, there is evidence that Masaryk decided not to ban the SDP also because he thought that its entry into the national parliament would moderate its goals and behaviour. In addition, he thought that a ban would still be possible in the future (Mamatey 1973).

Here two kinds of beliefs seem to be present. First, a belief about the real nature of the SDP. In fact, any hopes about moderating the SDP were over-optimistic, but evidence shows that the President was not fully sure about the nature of the party in question as an irreducible enemy of Czechoslovak democracy. A second belief regards the result of the elections. The question whether to ban the SDP arose in fact in the months prior to the 1935 election, in which the breakthrough of the SDP came as unexpected. The victory of the SDP in 1935 (the second-largest parliamentary group, only one seat less than the Agrarian Party) made it much more difficult for the government to ban it.

The right wing of the Agrarian Party also prophesized the outcome of the elections wrongly. The Agrarians were the main party of Czechoslovakia, had constantly appointed the Prime Minister after 1922, and can be described as a "center" party. However, they were a very diverse group internally, and already in 1930 the right wing started to gain power within the party. This internal fraction felt increasingly uncomfortable in a governmental coalition where the socialist forces and the left wing of their party placed them in the position of a minority, and where they could not push their issues through. Thus, in 1933-35 they started toying with the idea of exploiting the relative success of the SDP (one Agrarian leader spoke clearly of the "usefulness of letting the SDP obtain 15 seats") in order to change the equilibrium within the cabinet and, if possible to exclude the socialist parties from the governmental coalition. This is why the Agrarian right wing vetoed the proposal –put forward by the majority of the other governmental forces– to ban the party already in 1933-34. As said, the SDP obtained an unexpected electoral victory (about three times the "15 seats" of the plans of the Agrarian right-wing), and of course showed very little signs of moderation that were not formal lip service and homage to the democratic rituals.

In sum, notwithstanding the Czechoslovak state was formally endowed with sufficient legal means of banning the Nazi SDP, the party was not banned mainly for two reasons: first, the veto of a component of the coalition (B), which held mistaken beliefs about the kind of future relationship (in terms of parliamentary strength) between it and the SDP (O). Secondly, the strategy of the President of the Republic –who can be considered as part of G, in this context, since in his power it lay to resolve the conflict about the matter internal to the governmental majority– who held a wrong belief both about the election result and about the real nature (and "malleability") of the SDP.

The problem of making the government certain about the nature of O has been solved in the Federal Republic of Germany thanks to a particular facet of the institutional design contained in the 1949 constitution and the subsequent

legislation on the protection of the democratic regime. As in the Czechoslovak legislation mentioned above, also according to the German Fundamental Law (art. 21, alinea 2), an anti-democratic party can be banned by the Federal Constitutional Court on the request of the Federal Government (or of the Presidents of the two Chambers of Parliament). However, the German institutional arrangements go beyond the mere possibility of banning an extremist party. The so-called *Verfassungsschutz* (Service for the protection of the constitution), a governmental information service, monitors and infiltrates all groups, associations, and parties that might fall under the competence of the legislation about the protection of the Republic. The *Verfassungsschutz* gathers information on subversive individuals, groups, associations and parties which are suspected of being extremist and publishes it yearly at both the regional and the federal level (*Landes- and Bundesverfassungsschutzberichte* – Regional and Federal Reports on the Protection of the Constitution). In this way, not only the government but also public opinion is informed about the real nature of extremist political actors that may be dangerous for the democratic system in Germany. Thus, on the one hand, the government has detailed information about the nature of the extremist party (O) as far as its loyalty to democracy is concerned. On the other hand, public opinion is informed about this, which (other things being equal) reduces the unpopularity costs of an eventual governmental repression.

As a result of the status of the party system of Western Germany in the last fifty years, no O has ever been able to constitute a possible incentive to defection for any B. However, there were two cases of party ban in the 50s (the extreme right-wing SRP in 1952 and the extreme left-wing KPD in 1956) that can be interpreted in a logic of prevention, similar to that illustrated in fig. 4 above. In other words, early repression coupled with the mechanisms described for reducing at the same time uncertainty and unpopularity costs, proved very effective in forestalling a situation such as that described in the game, preventing the dangerous consequences for democracy that such a game might have.

7 Appendix 1 – Assumptions on beliefs

A larger set of possible outcomes of the elections than that taken into account in the text, both in terms of parliamentary strength and subsequent coalitions, is given in the following table:

Election Outcomes Table			
<i>El. Re s.</i>	<i>Str. Party</i>	<i>Poss. Coal.</i>	<i>Im poss. Coal.</i>
$G + B > O$ and $G > B$	<i>G</i>	$G + B; G + O$	$B + O$
$G + B > O$ and $B > G$	<i>B</i>	$G + B; B + O$	$G + O$
$B + O > G$ and $B > O$	<i>B</i>	$B + O$	$B + G; G + O$
$B + O > G$ and $O > B$	<i>O</i>	$B + O; O + G$	$B + G$

Considerations based on the ideological distance between G and O rule out any plausible expectation of this kind of coalition by B and G, even if it were

numerically possible. To reduce the set of possible outcomes, I link the outcomes in the four rows to expectations about which one will be the strongest party (political pole). Row one represents a status quo situation, in which the preexisting relation $G > B > O$ persists after the elections. Row four refers to a landslide victory of O, after which the only possible coalition is with B (see before, footnote __). Rows two and three depict a situation in which B becomes the strongest actor. The difference between the two is given by the results of G, which in row two is still numerically strong enough to make a governmental coalition with B numerically possible, while in row three this possibility is not even numerically there. While all other outcomes are expected by G and B with positive subjective probability, the most problematic assumption here is that I rule out (G and B believe it with probability 0) the eventuality that a strong B would again choose G as governmental partner, and instead would pick the extremist O as a junior partner in a new government. Although, as all assumptions, this might be questionable, the very characteristics of the situation described in the game render this choice of an electorally victorious B as reasonably expectable by both G and B itself. Before the elections, B is a non-hegemonic partner in the coalition with G, and wants to lead a governmental coalition in which its policy preferences have precedence. O is normally a new, emerging actor. Other things (parliamentary strength of the actors and ideological distance of B from G and O) being equal, it would be easier for B to hegemonize a coalition with the new-emerging O than re-edit a coalition with its old partners of G.

8 Appendix 2 – A possible solution

A possible way of assigning payoffs to outcomes is that of assuming that, in a non-democratic regime in which O is the single-party, it gets 100 and everybody else 0, since no other political actor holding substantial power independently from O would be admitted, by definition. In a democracy, and in the situation I have called SQ, G would have a payoff of 60, since the share of power of the majoritarian member of a multi-party government coalition is substantially smaller than that held by the single-party in a non-democratic system. It can be hypothesized that, in the same situation, the junior party in that coalition would have a share of power which is less than half than that held by the hegemonic partner. Therefore, I assign B the payoff of 25, in this solution. O, in a SQ situation, would be outside the governing coalition, but still would be able to exert opposition, and to influence the choices of the government from outside. It has thus a payoff of 15. The IRC outcome would imply the same payoffs for the major and junior coalition partners assigned respectively to B and O, while G would get 15, being in opposition. MD would give 0 to O, since it would be banned or repressed, while G would suffer a certain political cost for the repression of which probably B would benefit. I have set their respective payoffs for this outcome to 55 and 30.

Payoffs Table

<i>G</i>	<i>B</i>	<i>O</i>
<i>SQ</i> = 60	<i>IRC</i> = 60	<i>BD</i> = 100
<i>MD</i> = 55	<i>MD</i> = 30	<i>IRC</i> = 25
<i>IRC</i> = 15	<i>SQ</i> = 25	<i>SQ</i> = 15
<i>BD</i> = 0	<i>BD</i> = 0	<i>MD</i> = 0

At this stage it is necessary to find the values for γ_1 and γ_2 that support each of the three equilibria. I know by backward induction that *G* will obtain 60 with probability γ_1 , 15 with probability γ_2 and 55 with probability $(1 - \gamma_1 - \gamma_2)$.

Therefore, Eq. 1 will be supported by the following conditions:

$$\begin{aligned}
 60\gamma_1 &> 15\gamma_2 \\
 &\text{and} \\
 60\gamma_1 &> 55(1 - \gamma_1 - \gamma_2)
 \end{aligned}$$

Solving for γ_1 :

$$\begin{aligned}
 \gamma_1 &> \frac{1}{4}\gamma_2 \\
 \gamma_1 &> \frac{11}{23} - \frac{11}{23}\gamma_2
 \end{aligned}$$

Both these conditions have to be met for Eq. 1 (\bar{R}, V) to come about. Similarly, the conditions supporting Eq. 2 are:

$$\begin{aligned}
 15\gamma_2 &> 60\gamma_1 \\
 &\text{and} \\
 15\gamma_2 &> 55(1 - \gamma_1 - \gamma_2)
 \end{aligned}$$

Solving for γ_1 :

$$\begin{aligned}
 \gamma_1 &< \frac{1}{4}\gamma_2 \\
 \gamma_1 &> 1 - \frac{14}{11}\gamma_2
 \end{aligned}$$

Finally, the conditions for Eq.3 are:

$$\begin{aligned} 55(1 - \gamma_1 - \gamma_2) &> 60\gamma_1 \\ &\text{and} \\ 55(1 - \gamma_1 - \gamma_2) &> 15\gamma_2 \end{aligned}$$

Solving for γ_1 :

$$\begin{aligned} \gamma_1 &< \frac{11}{23} - \frac{11}{23}\gamma_2 \\ \gamma_1 &< 1 - \frac{14}{11}\gamma_2 \end{aligned}$$

The following table summarizes the six conditions.

Table: conditions supporting the three equilibria of the game:

Eq. 1	(A)	$\gamma_1 > \frac{1}{4}\gamma_2$	and	(B)	$\gamma_1 > \frac{11}{23} - \frac{11}{23}\gamma_2$
Eq. 2	(C)	$\gamma_1 < \frac{1}{4}\gamma_2$	and	(D)	$\gamma_1 > 1 - \frac{14}{11}\gamma_2$
Eq. 3	(E)	$\gamma_1 < \frac{11}{23} - \frac{11}{23}\gamma_2$	and	(F)	$\gamma_1 < 1 - \frac{14}{11}\gamma_2$

The table makes it clear that these conditions are mutually exclusive in couples: if (A) is true, then (C) must be false and vice versa; if (B) is true, then (E) must be false and vice versa; if (D) is true then (F) must be false and vice versa. As a consequence, each of the equilibria, if realized, excludes the other two. No more than one equilibrium is possible at the same time, depending on the values of γ_1 and γ_2 .

Graphically, the values of γ 's supporting the different equilibria can be found by transforming the six reciprocal inequalities in three linear equations, and then plotting the corresponding lines in a cartesian graph. The equations are the following:

$$\begin{aligned} [1] \quad &\gamma_1 = \frac{1}{4}\gamma_2 \\ [2] \quad &\gamma_1 = \frac{11}{23} - \frac{11}{23}\gamma_2 \\ [3] \quad &\gamma_1 = 1 - \frac{14}{11}\gamma_2 \end{aligned}$$

[Fig. 5 - "Equilibrium areas" about here]

The line ($\gamma_1 = 1 - \gamma_2$) represents the constraint to the possible variation of the two values, which, by definition, cannot have a sum superior to 1. Thus, logically, all pairs of values of γ_1 and γ_2 that lie *above both* line [1] *and* line [2] support Eq.1. Eq. 2 is supported by all pairs of values of γ_1 and γ_2 lying *below*

line [1] *and above* line [3]. Finally, Eq. 3 is supported by all pairs of values of γ_1 and γ_2 lying *below both* line [2] *and* line [3].

The three lines cross at A, which is the point at which G is indifferent between the three nodes, that is, between repressing and not repressing.¹¹ The coordinates of A are the following:

$$\begin{aligned}\gamma_1 &\simeq 0.16 \\ \gamma_2 &\simeq 0.66 \\ (1 - \gamma_1 - \gamma_2) &\simeq 0.18\end{aligned}$$

Any departure of γ_1 and γ_2 from these values will push the game towards one of three equilibria outlined above.

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¹¹G does not repress in the left-hand node, does repress in the right-hand node, and is indifferent in the center node. Therefore, saying that it is indifferent between the three nodes is tantamount to saying that it is indifferent between repressing and not repressing.

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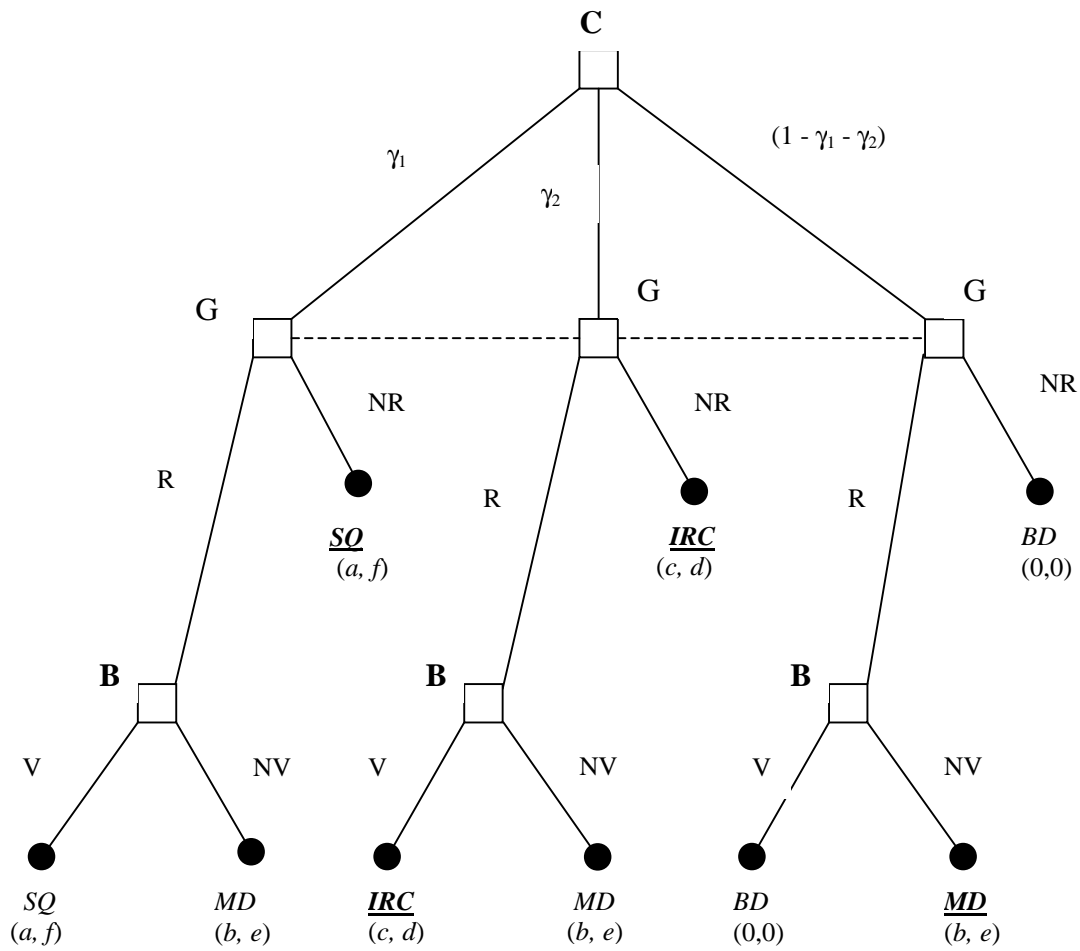


Fig. 1: A two-player game with uncertainty about the result of the upcoming elections

NOTE: Equilibrium outcomes are underlined

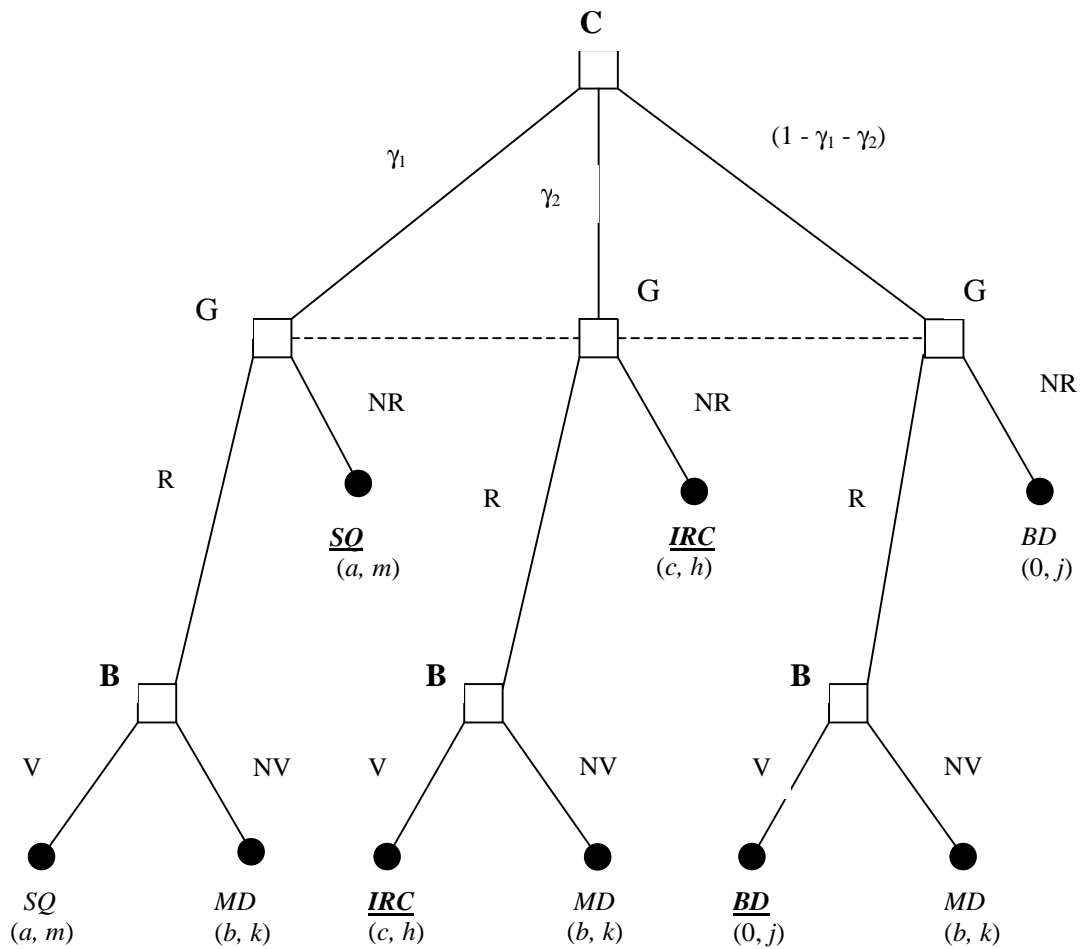


Fig. 2: A game between G and a “semi-loyal” B.

NOTE: Equilibrium outcomes are underlined

B’s payoff in this game are indicated as follows:
 IRC: h ; BD: j ; MD: k ; SQ: m .
 (With: $IRC > BD > MD > SQ$)

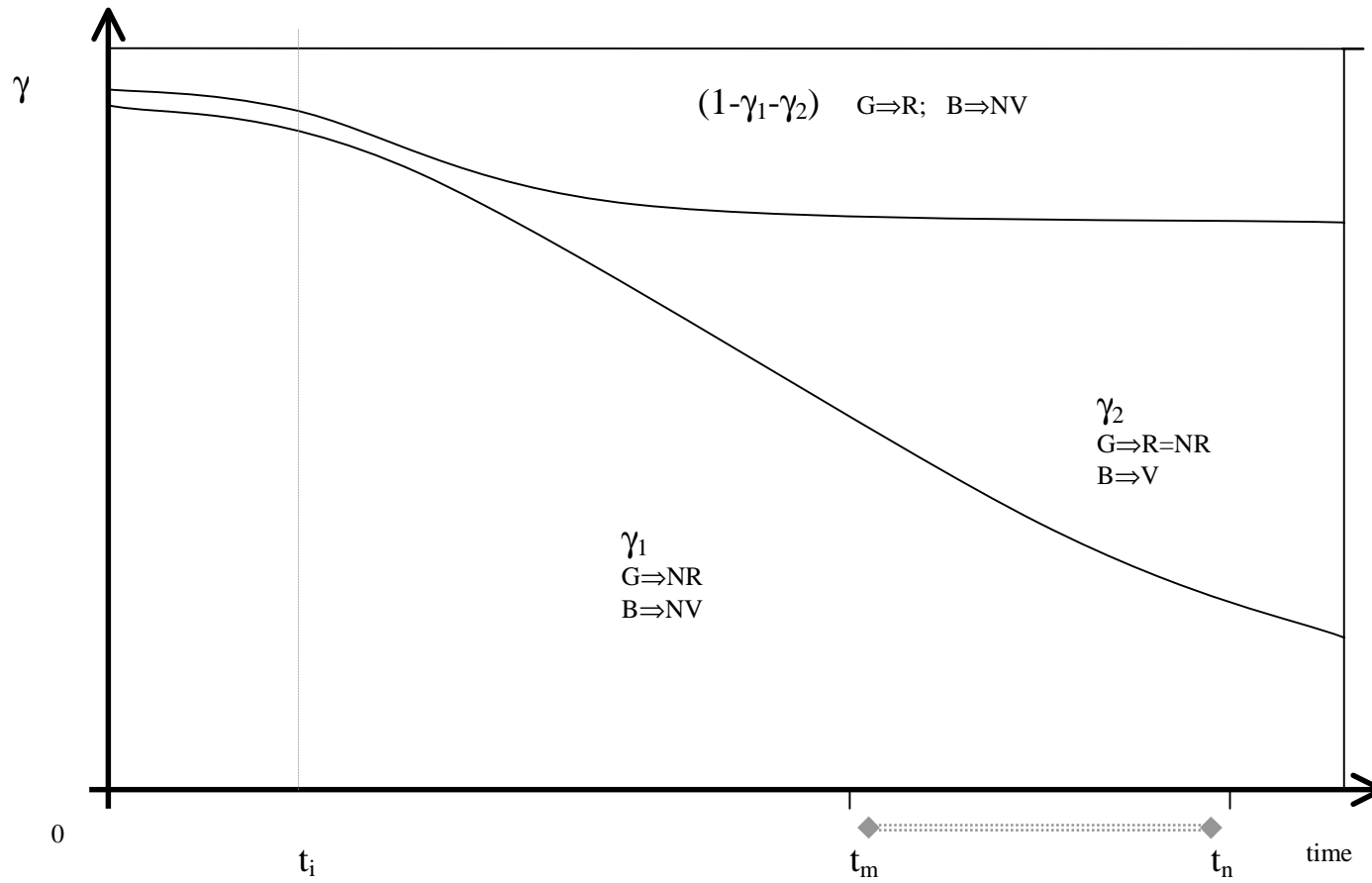


Fig. 3: Representation of the over time development of the players' beliefs in a crisis situation after t_i .

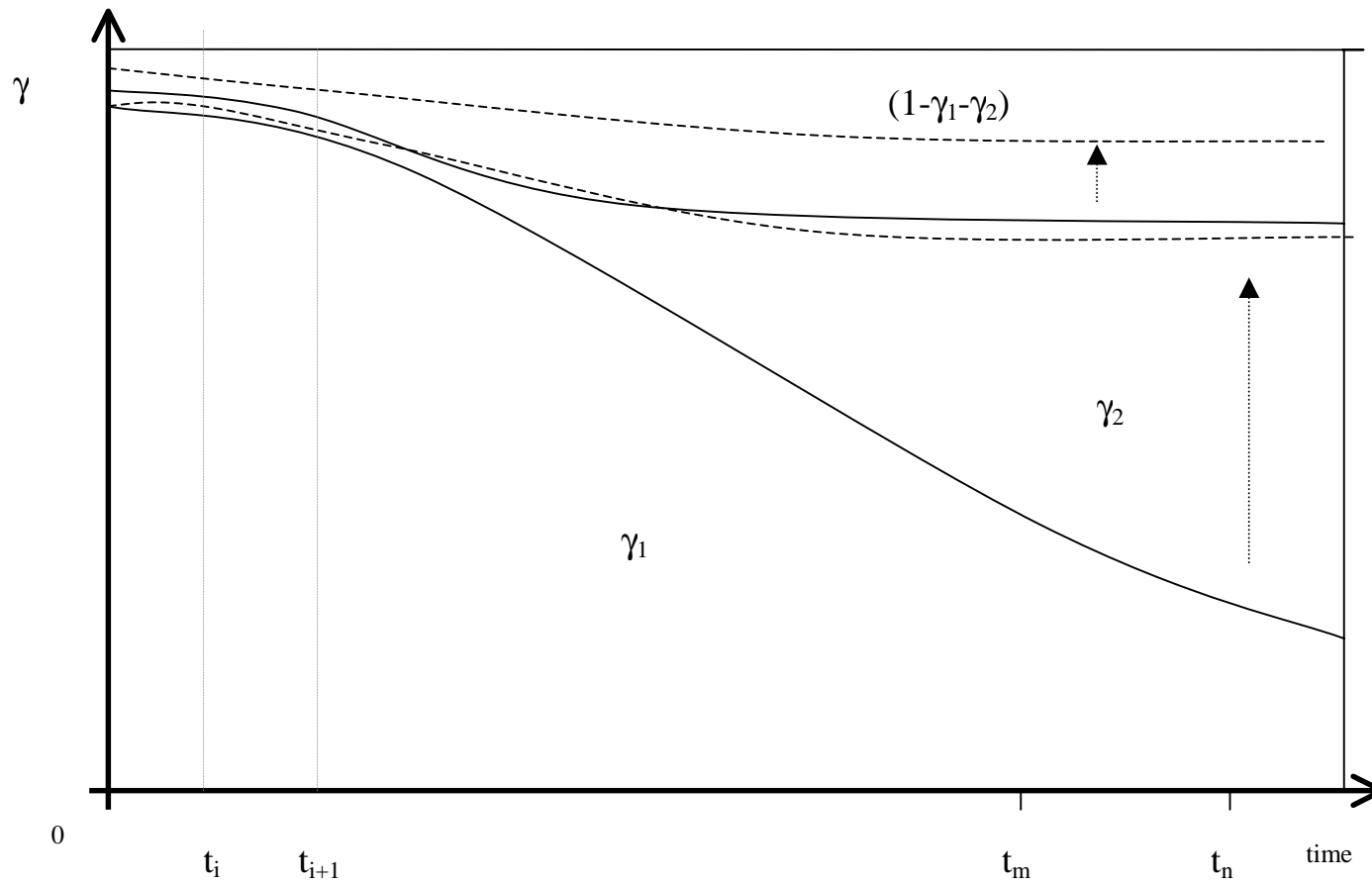


Fig. 4: representation of short-term suboptimality of preventive repression and of its possible long-term effect on beliefs.

Equilibrium areas

