

Party Organizational Structures and Electoral Competition

Gideon Doron

Tel-Aviv University

Tel: 972-3-6409743

Email: gideond@post.tau.ac.il

Maoz Rosenthal

The Lauder School of Government, Diplomacy and Strategy

The Interdisciplinary Center (IDC), Herzlia

Email Address: mrosenthal@idc.ac.il

Tel no.: 972-9-9602805

Snail mail: P.O.Box 167, Herzliya 46150, Israel

Paper Prepared for the "WHAT WERE THE ELECTIONS ABOUT? HOW DO WE KNOW IT?" RESEARCH WORKSHOP, Tel-Aviv University October 2010.

DRAFT UNEDITED PAPER- PLEASE DO NOT CITE!

Party Organizational Structures and Electoral Competition

Abstract

In this study elections are perceived as a process guided by organizational considerations. These considerations are made by political parties that provide the framework for voters' preferences to be aggregated, issues to be defined, ideological platforms and agendas to be designed and proper structures that could provide essential means in times of elections. While some students of election claim that political platforms are an outcome of an intraparty balance of preferences, this study argues that the said political organizations are based on enforcement and competition between political winners and losers rather than cooperation amongst the various parts of the party. Moreover, in political parties once losers prevail they have no reason to cooperate and contribute electoral efforts of the party. Using game theory we show that intraparty cooperation during elections is far from being self-evident and is based on party's leadership policy preferences, the activists' threat power over leadership and the generosity of party funding schemes.

Keywords

Political Parties, Party Organizations, Political Institutions, Intraparty Cooperation

Even in a mass party with a very democratic form of organization...the mass of voters at least, and to a considerable extent the ordinary 'membership' too is not involved in deciding on programs or candidates. The electors only participate in the sense that both programmes and candidates are adapted to, and chosen in accordance with, the chances of winning their votes."

Weber, 1949: 150

1. Introduction

A main feature of democratic electoral systems is political parties which mediate between the citizens-voters and their representatives. The way political parties are organized affects not only the nature of this mediation and the outcomes of the elections but also the long term features of the political culture in democratic systems (Weingast, 1997). Intraparty competition has significantly affected the structures of parties (Strom, 1990). Within the framework of a party individuals and groups constantly compete over power and positions so as to be able to control their decision making apparatus (see: Michels 1915; Weber, 1949: 149-156). Control implies obtaining positions from which intraparty winners may be able to obtain representative and executive posts; posts that could further enhance the probability of them sustaining their place and influence in politics (Strom, *ibid*).

In this study we take the issue of party organizations in the context of democratic elections as a problem of party management. That is, it can be said that party's leaders approach success in electoral competition, among other things, so as to obtain several targets: increase the number of ministerial portfolios and hence their influence on the policies they design and implement (Austen-Smith and Banks, 2005), expand the budgets that are allocated to improve the welfare of the groups that are represent by the party (Roemer 2001), sustain and prolong the mandate they received from their constituency (McDonald, Mandes and Budge, 2004), or seek policy positions (Strom, *ibid*). Yet, in order to attain each of these targets the prime objective of a party involved in electoral campaigns is aimed at optimizing the party's votes share (Schofield and Sened, 2006). Obtaining a greater share of votes through election and indeed getting the support of most (either in a majority or in a plurality senses) voters imply a better chance to control both the legislative and the executive branches (*ibid*). To get to that point the party has to balance the interests of both its leadership and activists. The search for the balancing point between these groups is not an easy matter; it directly affects the strategy used in the electoral campaign. It also affects the substance of the policies which formally appear in the party's platform and which had explicitly been

promised to their supporters during the electoral campaign (Downs, 1957; Strom, 1990; Doron, 1996; Roemer, 2001; Schofield and Sened, 2006).

Party organization based on both party platform and factions' preferences distribution may yield an unenforceable contract between party's elite, its activists and registered members and of course, its voters. The unenforceable nature of such a contract is being manifested during election periods, when the party's leadership decides to maximize the party's vote share by moving and shifting positions all over the issue space while keeping ideologically-oriented supporting factions from defection on the one hand and making them contribute to the campaign efforts on the other (Strom, *ibid*). With the aid of game theory we comprise recent political economy literature (Roemer, *ibid*; Schofield and Sened, *ibid*) with the insights taken from neo institutional economic theory of organizations as proposed by Strom (*ibid*). Yet, we take Strom's insights one step further using Moe's critique of the usage of that approach to the study of political organizations (Moe, 1991; 2005). Namely, after intraparty decisions of who enters the elite and who remains as a rank and file activist creates a group of political winners (elite) and political losers (activists). In political organizations based on conflict over views and resources internal cooperation is far from being self-evident (Moe, *ibid*).

In that sense it is unclear why losing activists, those who are not members of the party's leadership, cooperate with their political rivals and contribute to campaign that may result in the enhancement of their rivals' political future and the possible demise of their own political future. As we show below the answer to that question affects the party's organizational structure, its platform and its ability to join coalitions and promote legislation from these coalitions. the ability of party leaderships to handle these process is mainly affected by the party's policy positions, its preference towards the existence of a party bureaucracy and the generosity of party funding schemes. This study is developed as follows, section two presents the research problem and question. Section three presents our theoretical speculations regarding the emergence of intraparty cooperation in various strategic settings. We then turn to conclude our claims and discuss their relevance to the essence of elections in democracies.

2. Party Organizational Structure as an Electoral Strategic Choice

Intraparty strategic competition relates, amongst other things, to the spatial position of the party relative to the constituencies they represent, as well as being a viable mechanism to get power and representative positions at various relevant political stages (Strom, 1990). The prevalent position in recent political economy literature (e.g. Roemer, *ibid*; Schofield and Sened, *ibid*) implicitly assumes that post intraparty competition, the winning and losing factions may cooperate in an effort to win elections. This assumption should be re-studied because, in organizational terms, without a credible threat or commitment, (to actually implement policies the party supported and campaigned for, or to grant power positions to its activists), parties are merely voluntary organizations. And as such, to be effective (i.e. in terms of achieving its prescribed goals) it first must solve the collective action problem (Olson, 1965). Neo-institutional organizational economics shows that such organizations (including parties) will have difficulties in creating an intra-organizational cooperation (Strom, 1990). In political organizations the problem of cooperation is even enhanced and it might be analytically problematic to assume that voluntary political organizations are actually able to create such cooperation (Moe, 2005).

Generally speaking organizations are based on of their members' ability to cooperate under a framework of enforceable contracts. Such contracts are based on the full understanding of players' preferences, incentives and organizational sanctions. Compliance with the organization's management is based on its ability to reward or sanction deviations from its formal and informal directives. This is to say that management ability to lead and enforce its will upon the organization members derives from the contract that defines the nature of the activities and the prevailing expectations within the organization (Moe, 1991). However, political organizations, like parties (Strom, 1990), constitute a special case, because their members operate on the basis of disagreement and debates. In such organizations members often refrain from cooperation, and leadership has no viable threat power to sanction misbehavior. Thus, in political organizations the principle question is not

necessarily the ability to enforce existing contracts but rather the ability of political winners to sustain their victory within the organization (Moe, 2005).

The role of the management (read: leadership or apparatus) of political parties is to organize the efforts of their members so as to increase their payoffs from the electoral process. Indeed, different types of party structures have been utilized so as to obtain prescribed goals in various political environments (Arian, 2005: 167-173). We use here two ideal types of party structures: cadre, skeleton and mass party types. The cadre party type is based on a strong group of politicians which become the party's elite with all other organizational tiers ordered around them (Wolientz, 2002). Mass parties are based on elite which tries to recruit large parts of the population as party members (ibid). In ideological terms these two party types can take after two other ideal types of policy preferences: *center* parties and *niche* parties (as parallel to *catch-all* parties and *devotee* parties, c.f. Arian, ibid and Wolientz, ibid). Center parties aim at the electoral median of the voters' preferences distribution and hence their leaders and members are usually willing to compromise their policy positions so as to maximize their votes. In counter-distinction, Niche parties aim at specific parts of the electoral edges of the policy space (Adams et.al., 2006). Both party types may be organized either as a mass party consisting on a large bureaucracy of activists and members or as a cadre party based on small elite with a skeletal organizational structure (Wolientz, 2002).

Usually, the people who lead public organizations are engaged in two main tasks. First, to be effective they initiate activities that maximize the utilization of resources that can be mobilized from their environment. Second, to prolong the survival of their organization they act to minimize shocks and disturbance that are generated by same environment (O'Toole and Meier, 1999). Hence, it may be argued that the design of public organization is a product of its leadership response of external pressures (Meier, O'Toole, Boyne and Walker, 2006), and its attempts to control turbulent environment. Indeed, Arian (ibid) had argued that parties constitute special cases of public organizations.

However, the specialty of parties is being manifest by the fact that players acting inside these organizations aim to attain public authority and political power

(Moe, 2005). This means that their structural patterns should not be different from the structures of other types of public organizations. That is, their structural configurations are selected as a mean for the party's elite (i.e. management, leadership etc.) to maximize its intraparty powers (Michels, 1915; Castanheira, Crutzen and Sahuguet, 2010). It can be speculated that such variations in party structures occur as a result of the relative powers the competing factions have within the organization. These powers are derived from institutional rules and the ability of the factions to enforce or change them. To obtain the power of enforcement factions often strategically collude by compromising on issues as well as on leadership posts.

The competition between the party's factions may be described as one that involves three generic types of party factions: party bureaucrats aiming to increase their personal payoffs as a result of the elections; reformers who are willing to compromise in their views so as to attain more votes but who are not willing to waive the basic policy positions of the party; and the militants who are not willing to make any concession (Roemer, 2001:148; c.f. Schofield and Sened, 2006). The coalitions that may (or may not) form between these three groups (e.g. consisting on one dominate faction, two equal size factions that constitute a majority and so on) construct a signal to old and potential voters concerning the future position of the party (Pure Unanimity Nash Equilibrium as Roemer calls it. See: Roemer, *ibid*: 145-171). However, the basic question concerning political organizations remains unanswered in the above mentioned analyses: why should members of the factions cooperate with each other even though they do not have a contract (in a constitutional sense) that sustains the prevailing structure?

That is, an intraparty competition between factions having conflicting interests and views will, by definition, produce winners and losers. Without binding contract little is there to prevent losers from defecting to another party or to form one of their own. They may even quit politics altogether. Yet, it is easy to observe that many of these losers choose to stay and continue to compete. Perhaps the reason losing factions stay in the party is because they are trapped in a non-cooperative Nash equilibrium (Nash, 1951). Nash equilibrium implies no movement

by the players because even though a move may yield a better outcome to a player compared to the status quo, it may alternatively yield one which is much worse (ibid). Simply put, in the context we analyze here the decision not to defect to another party may be based on the potential defector realization that his or her spatial preferred policy location is too far from the policy positions of the members of the other parties. It might also happen because they do not have the sufficient funds needed for the establishment of a new party. Indeed, few fans will abandon their losing soccer or basketball teams. Thus, even in times of great loss compliance may constitute smaller damaged ego than a total loss of identity, representation and power.

Like winning, losing too may mean different things to different people. Let us think how an average activist may consider his or her losses. The activist is involved in politics so as to attain some feasible resources such as jobs in the party's organizational machine or other type of perks that could be made available by party's leadership. Hence, the tradeoff needed for the sustainment of the party's organization and activities is between policy positions and material resources (Moon, 2004). If that happens then a game between the party's leadership and its activists becomes cooperative: a formal agreement is approved by both leadership and activists who now become employees and can be sanctioned for a lack of cooperation. In the follow we use game theory as a heuristic tool to analyze various strategic interactions (Ward, 2002) that are generated by party elites wishing (or not) to sustain their control over activists. This commits us to clarify who the players are, what are the strategies selected by them and what are the consequences of the combinations of their acts in terms of the involved players' benefits (Doron and Sened, 2001: 22-23).

3. The Electoral Consequences of Party's Organizational Strategy: a Theoretical Framework

There are two types of players in the intraparty competitive game: party's leadership and party's activists. For sake of analysis it is assumed that each group is cohesive and has a clear set of targets. Party's leadership may assume one of the following

two ideal types structure: a center party activating its platform strategically and aiming at the median of the general population preferences distribution. Or, it may sincerely aim at the median of its activists' preference distribution. These two types of leaders would prefer to minimize both policy compromises and the amount of payoffs transferred to the activists.

Putting it somewhat more formally, assume there is a set of intraparty policy decisions (x_{elite}) or for convenience (x_e) that the elite has an institutional right to take, a move that belongs to the general set of moves (x) allowed in the game for all players $i \in I$ or:

$$x = \prod_{i \in I} x_i$$

The first consideration employed by the elite regarding the intraparty policy moves is the party's policy position. This is assessed using the distance in spatial theory terms between the elite's P'_e and the policy position which would be declared by the party at the end of the intraparty bargaining moves p^j from a set of parties $p \in P$ and their available policy positions $j \in J$. So with respect to policy positions the basic calculation is:

$$u_e(x_e) = \{-\| (P'_e - p^j) \|^2\}$$

That is, as the policy declared by the party at the end of the bargaining process is farther away from the elite's position its utility decreases. The second parameter is the amount of party resources spent on activists which as more is spent on activists the party's elite utility would decrease. Assume a set of resources for the party R_j with resources spent on activists (r) from that set. This yields the following expression: $\left\{ \frac{r}{R_j} \right\}$ As this fraction approaches 0 the elite's utility increases and as it approaches 1 the elite's utility decreases. So the utility equation is:

$$u_e(x_e) = [\{-\| (P'_e - p^j) \|^2\} - \left\{ \frac{r}{R_j} \right\}]$$

Hence, as the distance between the party's position increases and the amount of resources spent on activists approaches all the party's resources increases then elite's utility will decrease.

Their position is also in the set of potential intraparty policy decisions ($x_{activists}$) or for convenience (x_a). The first consideration employed by the activists is also assessed using the distance in spatial theory terms as the distance between the activists' P'_a and the policy position which would be declared by the party at the end of the intraparty bargaining moves p^j from a set of parties $p \in P$ and their available policy positions $j \in J$. So with respect to policy positions the basic calculation is:

$$u_a(x_a) = \{-\| (P'_a - p^j) \|^2\}$$

We assume that activists prefer to obtain more public resources for their use than spend resources out of their own pockets. Hence, for the activists as $\left\{\frac{r}{R_j}\right\}$ increases their utility also increases and vice versa. Yet they also have an amount of resources they can contribute or ($c_j \in C$) So the activists' utility calculation is:

$$u_a(x_a) = \left[\{-\| (P'_a - p^j) \|^2\} + \left\{ \frac{r}{R_j} - c_j \right\} \right]$$

This level of contributions is also reflected in the elite's calculations yet in a different way:

$$u_e(x_e) = \left[\{-\| (P'_e - p^j) \|^2\} - \left\{ \frac{r}{R_j} + c_j \right\} \right]$$

So as to identify the different players' types we add in two parameters: $\{0 \leq (\alpha, \beta) \leq 1\}$ each parameter relates to a different component of the utility equations in the following way:

$$u_e(x_e) = \left[\alpha \{-\| (P'_e - p^j) \|^2\} - \beta \left\{ \frac{r}{R_j} + c_j \right\} \right]$$

and

$$u_a(x_a) = \left[\alpha \{-\| (P'_a - p^j) \|^2\} + \beta \left\{ \frac{r}{R_j} - c_j \right\} \right]$$

As a player (elite or activists) has an ($\alpha \rightarrow 1$) then she can be perceived as more determined in compromising her ideological belief. As a player has a ($\beta \rightarrow 1$) then

this player is kin on maintaining her resources (elite) or acquiring more of them (activists). Using GAMBIT software (McKelvey, McLennan and Turocy, 2010) we have the following basic game structure:

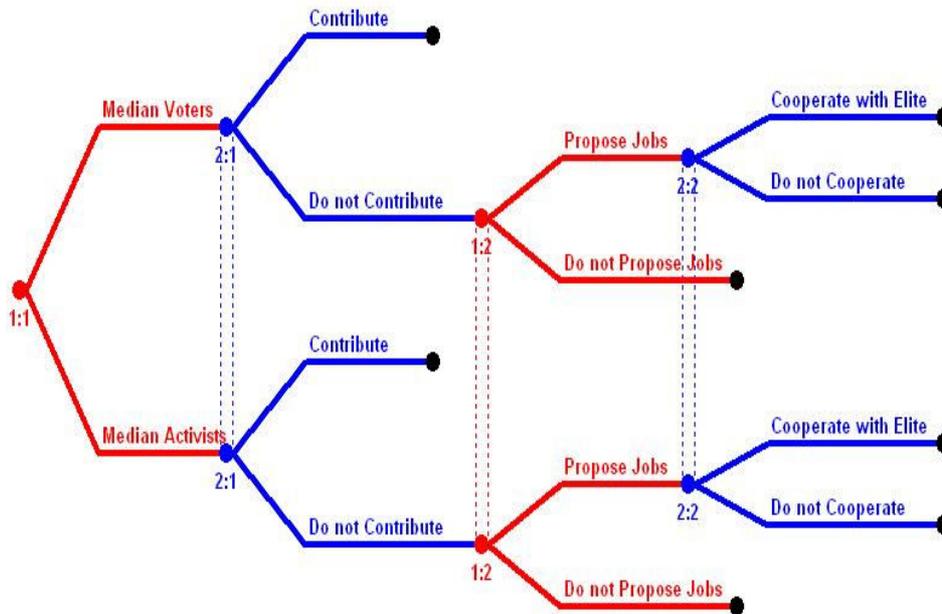


Figure 1: Basic Game Structure

At the root of this extensive form game we have the first information set (1:1) with two strategies that may be taken by party's leaders. The upper strategy aims at the general population's median while the lower strategy in this information set aims at the activists' median. The second information set represents the moves that might be taken by the activists. It deals with their dilemma: whether or not to contribute to the leadership's efforts. If the upper strategy of the second information set (2:1) is chosen by the activists than the game is stopped. This point reflects a situation in which the party organization is based on cooperation without a need to sustain a professional bureaucracy.

Yet, if the activists do not contribute than there is second information set for the leaders (1:2) in which they may decide to propose jobs to activists or not to

propose. Should leaders decide not to propose jobs the game ends and a cadre party emerges. However, in this case no cooperation prevails. If the leadership decides to propose jobs to activists than as information set (2:2) shows activists may decide to cooperate with the leaders and accept the jobs and a mass party organization emerges. If the activists reject no cooperation emerges and the elite takes after the cadre party setting. We now use the GAMBIT and our basic definitions to hypothesize about the various interactions that may occur within that dynamics.

3.1 Center Party Leadership and Activists Position seekers

In the first interaction it is assumed that leadership is strategic aiming at an ideological compromise in its platform and the activists are position seekers. In terms of the equations we defined above-

$$u_e(x_{median\ voters}) = [\alpha\{-\| (P'_e - p^j) \|^2\} - \beta\left\{\frac{r}{R_j} + c_j\right\}] \geq$$

$$u_e(x_{median\ activists}) = [\alpha\{-\| (P'_e - p^j) \|^2\} - \beta\left\{\frac{r}{R_j} + c_j\right\}]$$

Yet, since the activists are position seekers ($\beta_{activists} > \alpha_{activists}$) then we would expect that their utility calculation would yield:

$$u_a(x_{do\ not\ contribute}) = \left[\alpha\{-\| (P'_a - p^j) \|^2\} + \beta\left\{\frac{r}{R_j} - c_j\right\} \right] >$$

$$u_a(x_{contribute}) = \left[\alpha\{-\| (P'_a - p^j) \|^2\} + \beta\left\{\frac{r}{R_j} - c_j\right\} \right]$$

That is, since they care less about the ideology and more about resources then they have no interest in cooperating without reward. Hence they would choose not to contribute. On the next node the party's elite has to make a choice: does it need the activists or not? If it does assume that it needs the activists, and by now it is clear that they are after the resources, then the party's elite will propose jobs or resources the activists would concur and the game would end at cooperation for jobs (last node. Using GAMBIT the interaction is described as follows

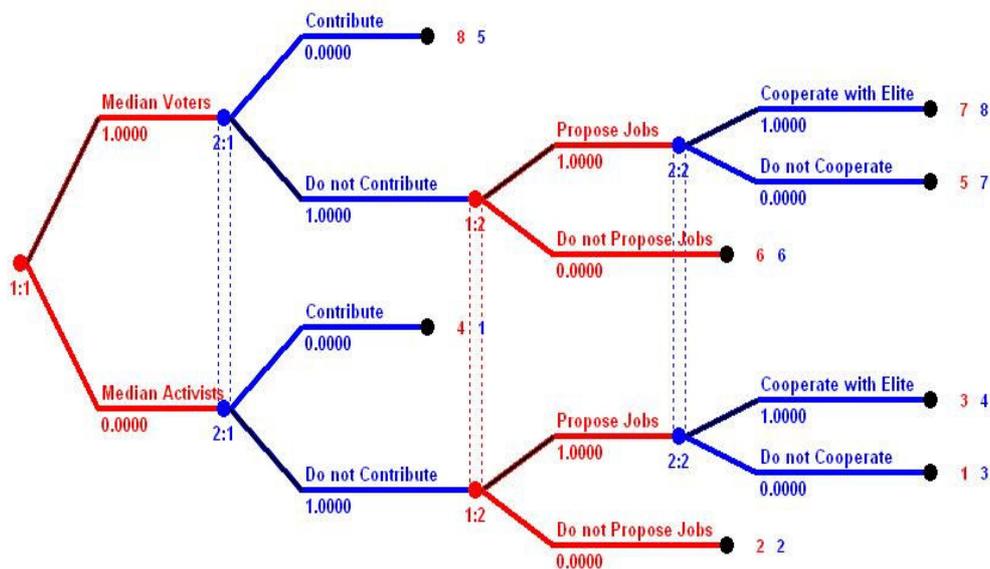


Figure 2: Strategic Leadership and Power Seeking Activists Cooperate

The GAMBIT was programmed to calculate a single Nash equilibrium with pure strategies in an extensive form. The utilities fed into the software were reflective of the distinction between these two players' types. The best outcome has a utility of 8 (which is the best outcome of the eighth possibilities) and the worst is simply marked by 1 and all other outcomes are ranked in-between these outcomes.

The black colored path of moves within the different nodes of the game is the equilibrium path. Since GAMBIT was asked to program a single equilibrium it computed the moves taken with a 100% probability and those taken with a 0% probability. As the utility equations above show, since it is assumed in this case that the leaders are general median seekers than their best strategic response (these that yields the highest payoffs) is located at the upper set of nodes. Thus, leaders will choose to play median voters' campaign. At this position, having complete information concerning leaders' aim, activists know that while the probability of their receiving jobs from the leaders is high their contribution to the party may decrease their utility. Hence, leadership best option is to propose jobs to the

activists hoping that they will accept them. In such a setting cooperation between leaders and activists may lead to the creation of bureaucracy mass party.

3.2 The Importance of Credible Threat Power and Credible Commitments

Why should party leaderships relate to the wills and demands of activists? We claim that the defining feature is whether the activists have credible threat powers over the leadership. What is the credible threat power in this type of political organizations? It usually relates to the potential damage to the party's interests the misuse or abuse of this organizational source. It might be information about potential campaign strategies, the potential settings of voters who can be mobilized between sides, sources of party funding and potential recruits. Furthermore, activists can be the labor behind the ability of the parties to mobilize voters and recruit more funding. Threat credibility in this setting can be presented as a beliefs' set the party's elite has on the outcomes of the moves the activists might take. That is, should the party elite believe that the activists will contribute to the party anyhow because of the lack of other alternatives (in policy or positions) then after the activists signal a threat in no-cooperation by choosing not to contribute at the second node of the game, the leadership's utility would be:

$$u_{\epsilon}(x_{\text{do not propose jobs}}) = [\alpha\{-\| (P'_{\epsilon} - p^j) \|^2\} - \beta \left\{ \frac{r}{R_j} + c_j \right\}] \geq$$

$$u_{\epsilon}(x_{\text{propose jobs}}) = [\alpha\{-\| (P'_{\epsilon} - p^j) \|^2\} - \beta \left\{ \frac{r}{R_j} + c_j \right\}]$$

And the game would end without cooperation and the construction of a mass party structure yet with the activists at least not harming the party if not eventually contributing to it.

_____ Another way which cooperation might disappear when the party's elite is still centralized yet is bureaucracy avert. That might be from ideological reasons or due to a belief that such a bureaucracy might become an electoral liability or interfere with the post-election processes and decrease the leadership's flexibility in making decisions, monitoring and leading the activities of the party whether pre and post elections. In that case when the activists do not contribute after the leadership takes a general median strategy, the leadership's utility from the next decisions (propose jobs/do not propose jobs) would be:

$$u_e(x_{do\ not\ propose\ jobs}) = [\alpha\{-\| (P'_e - p^j) \|^2\} - \beta \left\{ \frac{r}{R_j} + c_j \right\}] \geq$$

$$u_e(x_{propose\ jobs}) = [\alpha\{-\| (P'_e - p^j) \|^2\} - \beta \left\{ \frac{r}{R_j} + c_j \right\}]$$

And the game would end with no cooperation and a choice in a cadre party option. Figure 3 below shows such an interaction which in essence assumes that activists do not have a credible threat power over the leadership. Let us study this interaction:

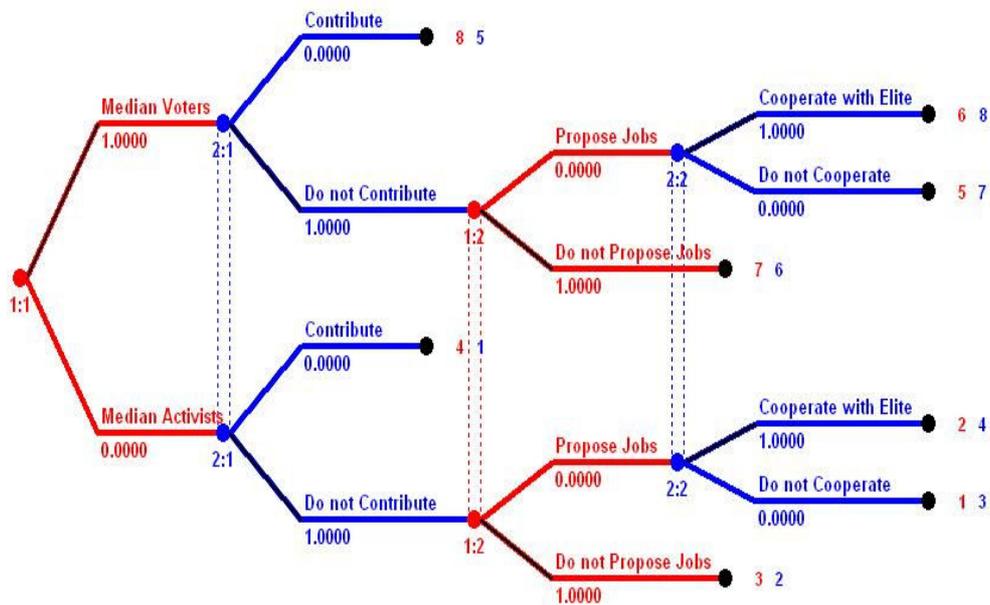


Figure 3: Strategic Leadership and Power Seeking Activists that do not Cooperate

In this interactive setting it is assumed that party's leaders do not believe that the activists have a credible threat power. Given this they may reason that not paying the activists and not receiving their cooperation is better for them than receiving the activists' cooperation. With this difference in utilities (only on the account of the leaders) the game ends at the lower move on upper path of information set (1:2). In the same sense so as the party's leadership would have an incentive to cooperate with the activists it has to make a credible commitment to the activists to indeed be bale to transfer these resources. If not, they would not have any incentive to assume

that contribution would indeed yield the gains they look for. If it would not contribute and indeed leadership would not be able to propose jobs and the game would end at the same point. That enable us to propose two hypotheses:

Hypothesis 1:

In parties where leadership takes a general median position and activists are position-seekers, if activists have an electoral credible threat power over leaders, leaders would prefer the mass party organizational structure.

However:

Hypothesis 1a

In parties where leadership takes a general median position and activists are position-seekers, if activists do not have an electoral credible threat power over leaders, leaders would prefer the cadre party structure over a mass party organizational structure.

Hypothesis 1b

In parties where leadership takes a general median position and activists are position-seekers, if the elite does not have the ability to credible commitment regarding positions, the cadre party structure would be formed.

Given the above analysis a somewhat more general lesson may be derived: the maintenance of the mass structure demand more resources. This means loss of resources that could be of service to the interests of party's leaders. However, if campaign funding schemes are generous and the parties are not accountable for looting the public's pocket, than there may be no problem in maintaining mass party organizational structure that facilitates electoral victory. Let us now study the probable interactions between parties when the party leadership co-aligns with its activists' median over the choice of the party's organizational structure.

3.3 Niche Party Leadership and Activists

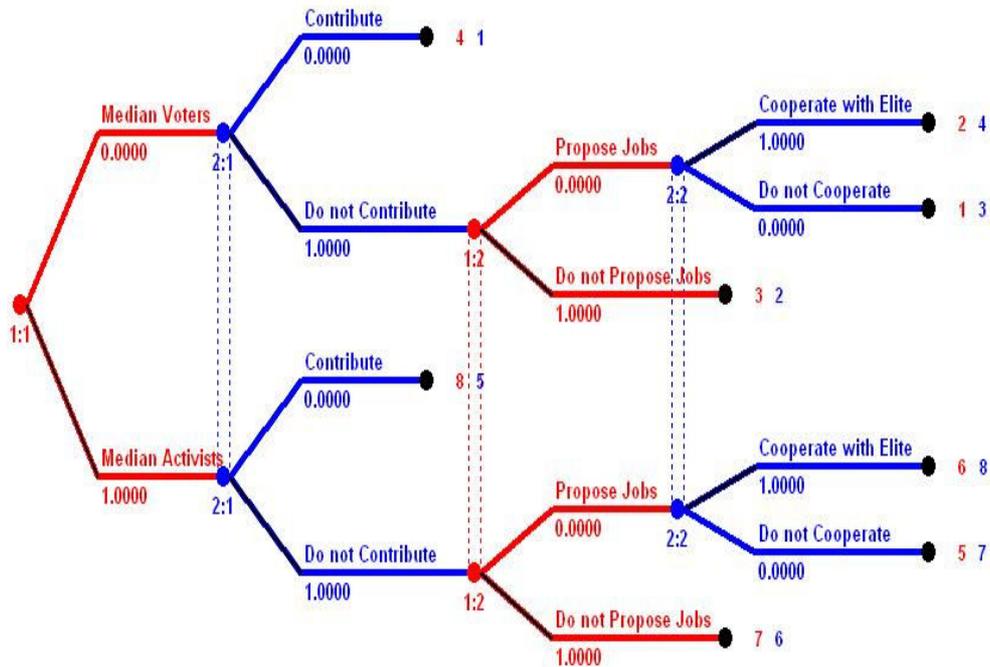


Figure 4: Sincere Party Leadership and Power Seeking Activists that do not Cooperate

Within this case the elite starts by taking the lower strategy in the first node and takes the activists' median (by definition this becomes interesting if the activists' median is different than the electoral median). Here for the activists ($\alpha_{activists} > \beta_{activists}$) and the same goes for the party elite. Thus, the elite prefers taking after the activists' median (assuming this is the party's selected compromise). On face value, the activists should contribute since it is their preferred policy. However, so as to do that they have to lose some of their own resources while this time they are receiving the benefits without any need for costs so strategically they do not have any reason to contribute. Since the activists on this matter cannot commit for contribution then the leadership will also not propose jobs. Moreover, since the party plays their position they cannot credibly threaten to defect to another

party. Paradoxically, also in this case which is the inverse of the previous case two ideological players will eventually reach the cadre party rather than the mass party.

Hypothesis 2

In the case of sincere party leaderships that accept the activists' median position as the party's platform, where activists do not have a credible threat or commitment powers, than party's leadership will choose the cadre party organizational structure.

Conclusion

This study showed that elections are about party leaderships handling a complicated choice process: a selection of a policy platform, the determination of how much resources to appropriate to party's activists in terms of jobs and other party related expenses, the decision to design an organizational mechanism which effectively enables promoting electoral campaign and save spending. Parties utilizing this process properly should be able to maximize votes and minimize costs. Parties that do not follow the logic underlying the process may lose votes, lose resources and might even reach party breakdowns. So then, this study provides an answer to a question that is frequently being raised in recent years: what are elections about (McDonald, Mendes and Budge, 2004)? The answer provided here is as follows: elections are about the management of political organizations. Such management is different from the managerial structures of typical public organizations in the following sense: players who lose in internal organization battles do not have to stay in it to help obtain the winners' goals.

We have shown that this is a double edged sword: it may well be that the party's leadership (the winners) may prefer that activists (the losers) will not stay in the organization and waist resources. However, when activists have a true credible threat over leadership, or when resources available to the leaders are unbounded, than the later will spend resources on the former group trying to incorporate them into the party's mechanism. When this is not the case, party leaderships should opt for the cadre-skeleton party model and remove all losers from intraparty power positions.

Bibliography

Adams, J., Clark, M., Ezrow, L. and Glasgow, G. (2006). Are Niche Parties Fundamentally Different from Mainstream Parties? The Causes and the Electoral Consequences of Western European Parties' Policy Shifts, 1976-1998. *American Journal of Political Science*. 50(3): 513-529.

Austen-Smith, D. and J.S. Banks. (2005). *Positive Political Theory II*. Michigan: Michigan University Press.

Castanheira, M. B.S.Y. Crutzen and N. Sahuguet. (2010). Party Organization and Electoral Competition. *Journal of Law, Economics and Organization*.26(1): 212-241.

Coleman J.S. (1990). *Foundations of Social Theory*. Cambridge MA: Belknap Press of Harvard University Press.

McDonald, M.D., S. M. Mandes and I. Budge. (2004). What are the Elections for? Conferring the median Mandate. *British Journal of Political Science* 34(1):1-26.

Moon, W. (2004). Party Activists, Campaign Resources and Party Position Taking: Theory, Tests, Applications. *British Journal of Political Science*. 34 (4): 611-633.

McKelvey, R. D., McLennan, A. M., and Turocy, T. L. (2010). *Gambit: Software Tools for Game Theory*. Version 0.2010.09.01. <http://www.gambit-project.org>.

Meier, K.J., L.J. O'Toole, G.A. Boyne and R.M. Walker. (2006). Strategic Management and the Performance of Public Organizations: Testing Venerable Ideas against Recent Theories. *Journal of Public Administration Research and Theory*. 66(1): 52-63.

Michels, R. (1949 [1915]). *Political Parties*. New York: Free Press.

Moe, T. (1991). Politics and the Theory of Organization. *Journal of Law, Economics & Organization*. 7: 106-129

Moe, T E. 2005. Power and Political Institutions. *PS: Perspectives on Politics*. 3(2): 215-233

Nash, J. (1951). Non-Cooperative Games. *Annals of Mathematics*. 54(2): 286-295.

O'Toole, L.J. and K.J. Meier. (1999). Modeling the Impact of Public Management: Implications of Structural Context. *Journal of Public Administration Research and Theory*. 9(4): 506-526.

Roemer, J. E. (2001). *Political Competition*. Cambridge MA: Harvard University Press.

Schofield, N. J. & Sened, I. (2006). *Multiparty Democracy*. New York: Cambridge University Press.

Strom, K. (1990). A Behavioral Theory of Competitive Political Parties. *American Journal of Political Science*. 34(2): 565-598.

Ward, H. (2002). Rational Choice. In: D. Marsh and G. Stoker (eds.) *Theory and Methods in Political Science*. 2nd ed. Basingstoke: Palgrave.

Weber, M. (1994). *Political Writings*. Cambridge: Cambridge University Press.

Weingast, B. (1997). The political foundations of democracy and the rule of law. *American Political Science Review*. 91(2): 245-263.

Wolientz, Steven B. (2002). Beyond the Catch-All Party: Approaches to the Study of Parties and party Organization in Contemporary Democracy. In: R. Gunther, J. R. Montero and J. J. Linz (eds.) *Political Parties: Old Concepts and New Challenges*. NY: Oxford University Press.