

fueled inflation by generously issuing investment credits to unreformed enterprises, to the frustration of the Russian government and befuddlement of Western economists (pp. 69–73). The central bank's unexpected Soviet-like largesse demonstrates that outcomes are not determined by formal arrangements per se, but by the personal dispositions and informal ties of actors.

Another key assertion concerned the botched handling of fiscal policy that led to the 1998 ruble crash. "The ultimate cause," Johnson argues, "lay in the evolving relationship between the Russian state and the banking system" (p. 217). Certainly, there is no disputing that the government and the bankers had ensnared themselves in a short-term credit trap. But how does one reckon this development with other factors? The financial debacle can easily be explained with alternative "ultimate causes," such as the lack of elite consensus among the major political parties, the government's exchange rate policy, or the price of a barrel of oil. The research design, however, does not provide for an examination of alternative explanations.

Finally, the study claims that Russia's big bankers undermined the development of democratic institutions by forming patronage ties to politicians, penetrating the policymaking process, and disregarding the nascent middle class. While the study's introduction laid out several criteria to indicate how bankers may affect democracy, it was not obvious how these distinctions should be applied. When is a banker who finances an election campaign a democracy-supporting "interest group" and not a democracy-usurping "patron"? Johnson is convincing on how not to build democracy, but is less persuasive on a better approach. Her assertion that democracy requires property rights, impartial administration, and political accountability (p. 232) identifies institutional features associated with democracy, but begs the question of how to construct them. In conclusion, Johnson maintains, "[w]e in the West have been slow to grasp Russia's status as a late developer" (p. 232). That may or may not be so, but democracy is hardly a trait commonly ascribed to late-developing states.

The book should enjoy a wide readership. The nontechnical prose and clearly presented argument makes this complex subject accessible to upper-level undergraduates. The book is probably better suited for graduate students learning their way around the maze of postcommunist Russian politics. For Russian specialists, the book provides a tidy packaging of the messy issues involving big bankers, the state, and economic reform. General comparativists likewise should profit from the richly detailed case study of commercial bankers and the state. Overall, the book is a noteworthy contribution to the study of the political economy of the postcommunist transitions.

Institutions and Innovation: Voters, Parties, and Interest Groups in the Consolidation of Democracy—France and Germany, 1870–1939. By Marcus Kreuzer. Ann Arbor: University of Michigan Press, 2001. 224p. \$52.50

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As its title indicates, this book explores the links between institutions and innovation—specifically, between electoral systems and parties' capacity to innovate. The latter, in turn, is considered a crucial determinant of democratic performance because it shapes parties' capacity in times of economic crisis to offer policy prescriptions sufficiently attractive to limit voter defection to nondemocratic alternatives.

Marcus Kreuzer investigates these relationships by looking at France and Germany from 1870 to 1939. During the 1870–

1918 period, Third Republic France and imperial Germany had the same electoral law, the double-ballot system (single-member districts and two-round elections with runoffs in the second round). During this period, the parties' main challenge was to adapt their campaign techniques and platforms to the advent of mass politics. Parties in both countries were "reluctant entrepreneurs" in this regard. For ideological reasons, for example, socialist and conservative parties were divided in both countries over whether to innovate, as new campaign techniques and platforms would violate traditional tenets. The important point, as Kreuzer argues, is that French and German socialist parties were more similar to each other than either were to the conservative or liberal parties of their respective countries, and vice versa. Under similar institutional configurations (electoral systems), French and German parties all behaved similarly, with the main differences between parties being ideologically driven.

After World War I, in contrast, French parties became more similar to one another than to their German counterparts, and vice versa. French socialist, liberal, and conservative parties were all relatively adept at modernizing their party organizations and responding to economic crises, whereas German socialist, liberal, and conservative parties failed on both counts. Why? France maintained its single-member-district two-ballot electoral system, whereas Germany's Weimar Republic introduced a system of virtually pure proportional representation (PR). Electoral institutions in the two countries differed dramatically from 1919 on, and these systems created dramatically differing incentives for innovation by parties as well.

Electoral mechanisms strongly influence candidate selection processes and levels of career uncertainty, campaign finance requirements, and levels of strategic voting. Thus, Germany's high district magnitude and vote-pooling mechanisms centralized the candidate recruitment process, reducing career uncertainty for individual politicians but destroying their autonomy from party leaders, and thus their opportunities for innovation. Large districts and frequent elections increased electioneering costs for German candidates and increased their dependence on financial benefactors—the party leadership and economic interests that contributed to party coffers. Finally, Germany's PR system eliminated incentives for strategic voting, so that political actors in turn had little incentive to adapt to shifts in voter preferences. In contrast, the effects of the French electoral system were to decentralize candidate recruitment and raise career uncertainty, keep campaign costs relatively modest, and encourage strategic voting in the second round. All three of these effects promoted innovation in policy platform and campaign strategy by French politicians, while discouraging them in the German case.

These relationships are not merely of theoretical interest, argues Kreuzer, but they also had huge implications for democratic performance in France and Germany. Both countries faced rampant inflation after World War I, horrendous industrial unemployment after 1929, and agricultural depression. Electoral mechanisms encouraged French mainstream party politicians to innovate sufficiently to keep voters' loyalties and discourage defections to the extreme right or left. In contrast, mainstream German politicians lacked such incentives, and their parties lost voters in droves to the upstart communist and Nazi parties. The rest, as the saying goes, was history.

In this elegantly argued and very well written book, Kreuzer roots himself explicitly in rational-choice institutionalism, and he uses it to explain the historical differences between French and German interwar democratic performance. To complement the rational-choice institutionalism,

he argues that historical contingency and contextual factors interact with institutions and limit their effects. Rearranging his empirical material into national, cross-party comparisons (holding institutions constant so as to observe the impact of contextual factors), he finds that "history matters since neither did all French parties retain their level of support nor did all German parties lose votes at the same rate" (p. 159). Moreover, while the effects of strategic voting and career uncertainty were relatively consistent across the various parties in both France and Germany, the effects of electioneering costs varied, depending on the logistical endowments of parties; Germany's liberal parties suffered much more than other parties. So, concludes Kreuzer, "the influence of historical contingency varies with different institutions" (p. 161). These are welcome insights, but even for a concluding chapter they are developed somewhat sketchily.

As for democratic performance, Kreuzer joins the fight against the various theories of German "exceptionalism," which account for National Socialism in terms of such long-past events as failed democratic revolutions. Instead, he sides with those who argue that German development was not so very exceptional, and he points to the effects of contemporary, Weimar-era (electoral) institutions to account for the failure of democracy there. Thus, while he bases his argument largely on structural factors (as opposed to relying simply on historical contingencies like the Versailles Treaty or the Great Depression), these structural factors are contemporary, rather than rooted in the distant past. These insights also have considerable appeal.

Although Kreuzer's argument seems persuasive in terms of explaining the differences in party and democratic performance in France and Germany, questions arise as to the generalizability of the argument. In my view, the book would have been considerably strengthened by a chapter which (briefly!) tested his argument in at least several more cases. To this reader's "naked eye," it is not immediately clear why, in the 1930s, the Swedish Social Democrats were able to innovate (by adopting Keynesianism) despite their system of proportional representation, whereas the German Social Democratic Party (SPD) failed to adopt (proto-)Keynesianism before 1933 because of (in Kreuzer's view) the incentive structure embedded in their similar (though not identical) PR system. Similarly, in the 1930s, the British Labour party failed to adopt Keynesianism despite their single-member-district system, which presumably shared many incentives with the very French system that enabled French socialists, according to Kreuzer, to adopt Keynesianism. (Although it lacks the French system's second ballot, the incentive structure of the British system is surely closer to the French system than to PR, given the single-member districts in each).

An answer to such questions might require a more detailed exploration of the relationship between institutions and historical contingency than that presented in Kreuzer's elegant treatise. One place to start would be with intraparty politics; recent literature points to its importance for successful adaptation to changing competitive environments. For example, Herbert Kitschelt's (1994) *The Transformation of European Social Democracy* relates the innovative capacity of social democratic/socialist parties in the 1980s to their internal organizational structures and distribution of power. Both Kitschelt and Frank Wilson, in "The Sources of Party Change" (in Kay Lawson, ed., *How Political Parties Work*, 1994), point out the impact of particularly effective leaders. Finally, Sheri Berman ("The Life of the Party," *Comparative Politics*, 30, no. 1 [1997]: 101-23) points to the importance of historically rooted ideological flexibility; the Swedish Social Democrats' practice in forging cross-class coalitions (with farmers in the 1930s and middle-class

groups in the 1950s) was replicated in the party's undercutting of the Swedish Greens by coopting postmaterialist themes in the 1980s. To push Kreuzer's line of research further, it would be quite fascinating to investigate in greater depth whether or how electoral systems contribute to any of these conditions, particularly to parties' internal organization. One would also want to know more about how parties in PR systems do in fact manage to adapt over time, given Kreuzer's argument that PR systems contain disincentives for innovation.

State Formation and Democracy in Latin America, 1810-1900. By Fernando López-Alves. Durham, NC: Duke University Press, 2000. 295p. \$49.95 cloth, \$17.95 paper.

Lawrence Boudon, *Library of Congress*

One of the most vexing questions posed over time by political scientists is: Why do democratic polities develop in some countries, but not in others? In his seminal work *Social Origins of Dictatorship and Democracy* (1986), still read today by most students of comparative politics, Barrington Moore strove to answer that question by examining the historical process in which commercial agriculture emerged in Britain, France, Germany, Russia, and China. In his book, Fernando López-Alves takes the framework that Moore provided and applies it to three countries in Latin America whose trajectories in the nineteenth century led to different polities and experiences with democracy—Argentina, Colombia, and Uruguay (he also makes brief reference to Paraguay and Venezuela as so-called control cases). While conceding the need for "further testing" (p. 220), he arrives at conclusions that differ significantly from Moore's, even though he does not attempt to dismiss that earlier work.

Relying on historical data (and the comments of historians), López-Alves argues eloquently how, rather than the conversion to commercial agriculture, it was conflict and the actors involved therein that shaped the polities of these countries. It mattered whether the state-making was carried out primarily by political parties (Colombia and Argentina) or by national armies (Argentina and Paraguay). The type of conflict—not the frequency—also mattered: "[T]he degree to which regime outcomes turned out more democratic or authoritarian [is] partially explained by whether the locus of the revolutionary wars was supported by the city or by the countryside" (p. 37). In Argentina, the military efforts were associated with urban elites, whereas in both Colombia and Uruguay, they involved rural-based caudillos.

Another important factor was the way in which the rural poor were mobilized: "The fourth and final claim is that the mode of incorporation of the rural poor into war and politics substantially shaped institutions and the type of resulting regime" (p. 44). In Colombia and Uruguay, the mobilization occurred via the political parties, resulting in weaker states but more inclusive polities. Uruguay was the most democratic due to the fact that there, the elites had less fear of rural uprisings than in Colombia. In Argentina (and Paraguay), incorporation was via the army, resulting in stronger states and restrictive polities. The other case examined, Venezuela, experienced mobilization by caudillo armies, also resulting in a more restrictive polity.

In this qualitative work, López-Alves cleverly utilizes both the method of agreement, when comparing Argentina and Uruguay, and the method of difference, when comparing Uruguay and Colombia. The first pair share many similarities, making a comparison possible. The second pair have little in common, except for the mostly democratic outcomes. As he shows us, however, the conflicts in Uruguay and Argentina