

## Young Democracies in the Balance: Lessons for the International Community

By Ethan B. Kapstein and Nathan Converse\*

### Executive Summary

The recent backsliding of democracy in such countries as Thailand, Bolivia, Venezuela, and Russia poses renewed concerns about the viability of this regime type in the developing world. This CGD brief explores the underlying reasons for backsliding and reversal in the world's fledgling democracies, and offers the international community practical recommendations of what they might do to help these states stay on track toward political stability. In particular, public officials in both the industrial and developing worlds should focus on ensuring that government leaders, who might otherwise abuse their power, are constrained by effective checks and balances. Understanding the underlying reasons for democratic failure is essential if we are to offer policy recommendations that have any hope of making a difference on the ground.

Across the developing world, democratic institutions are being threatened or rolled back in what observers fear is a growing number of countries.<sup>1</sup> In 2006, democracy was reversed in Thailand and Fiji, and in early 2007 Bangladesh experienced a "soft coup" in which the military once again assumed a prominent role in politics. More recently, events in Georgia and Russia have suggested that a democratic rollback may be occurring in those post-Soviet states, while in Latin America, long-standing constitutional arrangements are being tampered with in such countries as Bolivia and Venezuela. Overall, we estimate that at least half of the world's "young democracies" (which we define, following the well-known Polity IV rankings, as those states that, since 1960, have held regular, contested elections; adopted relatively "open" processes of executive recruitment; and placed "effective" constraints on the executive)—including those of vital national security interest to the United States, like Afghanistan and Iraq—are still struggling to consolidate their institutions.<sup>2</sup>

This CGD Brief uses descriptive statistics in exploring the underlying reasons for backslid-

ing and reversal in the world's fledgling democracies, and offers some proposals with respect to what the international community might do to help these states stay on track toward political stability. To the extent that a backlash against democracy may be emerging in a growing number of countries, public officials in both the industrial and developing worlds will wish to ensure that they adopt the policy mix (including foreign aid policies) that is best suited to democratic consolidation. Our research indicates that the greatest threat to democracy is found in the temptation of the leaders of young democracies to concentrate political and economic power in the executive office, causing the members of other branches of government, investors, and citizens to doubt whether public policies will be designed that advance the general welfare.

### Young Democracies: Survival and Reversal

We base our analysis on a newly created dataset of all episodes of democratization that occurred between 1960-2004, based on Polity IV measures and several other publicly

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Table 1. Democratizations by Region and Decade

	1960s	1970s	1980s	1990s	After 2000	Total
<b>Total</b>	26	20	17	52	8	123
Latin America	6	3	11	5	1	26
Western Europe	1	3	0	0	0	4
Eastern Europe	0	0	0	19	2	21
Sub-Saharan Africa	15	6	2	19	4	46
Middle East-North Africa	0	1	1	1	0	3
Asia	4	7	3	8	1	23

Source: PolityIV, Author's Calculations.

available sources of economic and political data. This methodology identified 123 democratization episodes in 88 countries, meaning that a number of countries (like Thailand and Pakistan) have made several attempts at establishing democratic polities. Given that our focus is on democratization since 1960, the data base is dominated by developing world examples, unlike most of the earlier generation studies which emphasized industrial world experiences. Further, ours is among the first data bases to incorporate the post-Soviet democracies. Table 1 lists our cases by region and by decade.

Of the 123 democratic regimes in our dataset, 67 had survived through 2004 (the end of our sample period) while 56 had been reversed. As is evident in table 2, rates of reversal vary widely between regions. While sub-Saharan Africa has been the site of nearly twice as many democratizations as any other region, 63 percent of African democratization episodes have ended in reversal. Democracy in Latin America and Asia has also exhibited limited durability, with nearly 35 percent and 57 percent of all cases, respectively, undergoing reversal. By contrast, over 90 percent of Eastern Europe's democratizations have been sustained as of 2004, which is particularly notable given the economic crisis they suffered following the post-Communist transition; more on this below. North Africa and the Middle East have seen the fewest attempts at democratization, sustained or otherwise.

Of those cases that ended in reversal, the average length of the democratic episode was just under six years (see figure 1). Almost 68 percent of the unsuccessful democratic experiments ended during the first five years and nearly 84 percent failed within the first ten years. Although it is important to note that we find no threshold age beyond which a democratic government is apparently safe from overthrow (think of Thailand, which reversed in 2006 after 14 years of democracy), we have focused in our research on the first ten years of democracy in

analyzing the factors associated with the success and failure of democratic regimes.

Among those democracies that were reversed, several later underwent second and even third democratization episodes. Whereas only around 47 percent of cases in which countries underwent democratization for the first time were sustained, those undergoing democratization for the second time succeeded almost 64 percent of the time, and four of the six cases in which countries made a fourth attempt at democratic governance were sustained as of 2004. Only Peru and Pakistan failed to sustain their fourth democratization, along with Thailand more recently (the latter episode of reversal is not included in our database, which ends in 2004).

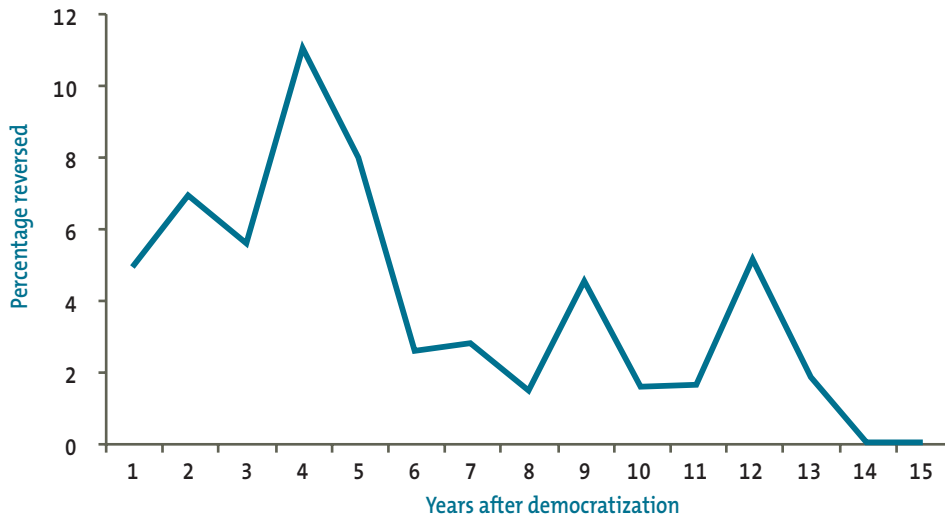
This trend is closely aligned with the improving success rate of democratizations over time, as is clear from figure 2. Only 11.5 percent of the democratizations in the 1960s were sustained, while 30 percent of those taking place in the 1970s were sus-

Table 2. Democratizations by Region and Outcome

	Sustained	Reversed
<b>Total</b>	67	56
Latin America	17	9
Western Europe	3	1
Eastern Europe	19	2
Sub-Saharan Africa	17	29
Middle East-North Africa	1	2
Asia	10	13

Source: PolityIV, Author's Calculations.

### Figure 1. Democratic Reversals over Time

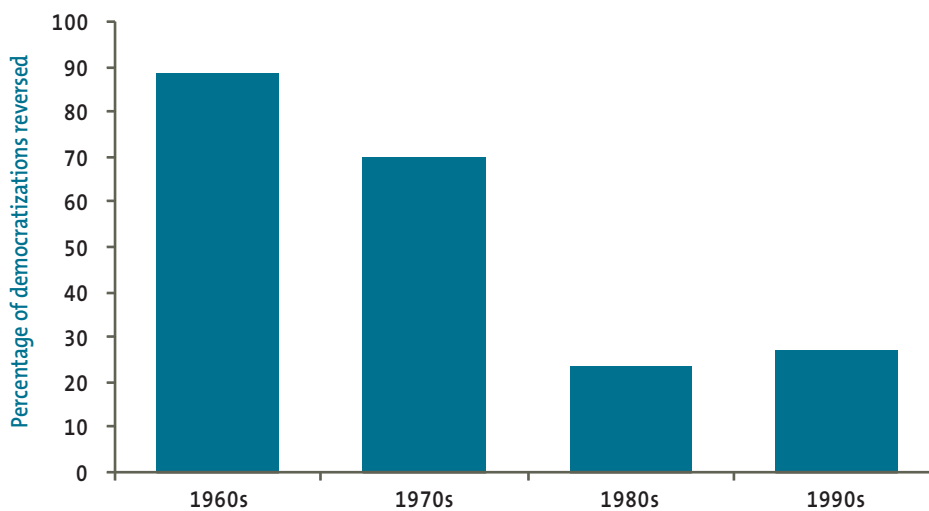


Source: Polity IV, Authors' Calculations

tained. The success rate reached 76.5 percent in the 1980s and 72.5 percent in the 1990s. This change in success rates over time has not yet been explained, and constitutes an important area for future research. Leading hypotheses include the role of

the United States and European Union in encouraging democratization, the role of globalization in promoting "good governance," and the relative success of many young democracies in bringing both economic growth and civil liberties to their people.

### Figure 2. Reversal Rates by Decade



Source: Polity IV, Authors' Calculations

## The Role of Initial Conditions

We now turn to some features of young democracies that are frequently cited as possible causes of variation in their economic performance and political development. In this Brief we emphasize graphically revealing descriptive statistics (mainly bivariate correlations in which the independent variable is generally divided according to whether it is above or below the sample size average) that illustrate potentially significant relationships that merit further investigation (in our book manuscript we examine the *relative* importance of our independent variables using event history models). We further check our results through a series of “case studies” on differences in democratic performance across developing world regions. Again, we note that our data base mainly contains developing world cases, along with all post-Communist democracies in Central and Eastern Europe.

We begin by comparing what are frequently labeled “initial conditions” (focusing on socio-economic conditions) in those democracies that were reversed with the conditions in democracies that were sustained through 2004. As has long been known by social scientists, sustained democratizations have tended to occur in relatively wealthier countries, with an average income in our data set of \$2618 (2006 dollars), compared with an average of around \$866 for young democracies that end at some point in reversal. This fact may be of particular salience given the growing number of democratizations that have taken place in the developing world in recent years.

Figures on per capita income, however, may conceal severe inequities within a given society, whether of income, assets, or opportunities, which may play a significant role in determining how a democracy fares and whether it ultimately consolidates and survives. If large segments of the population do not share in the nation’s wealth, they may view the political order, even if “democratic” in institutional form, as being unresponsive or even detrimental to their interests.

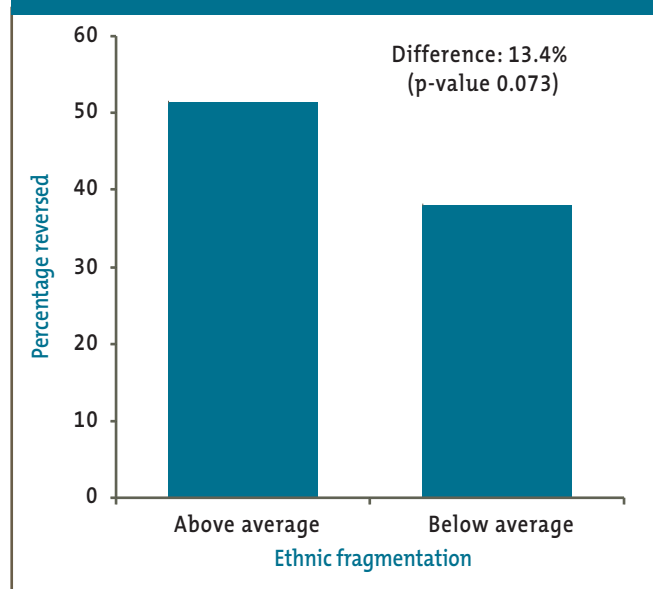
Our data show that income inequality was indeed significantly higher in democracies that eventually underwent a reversal. Likewise, the poverty rate (the percentage of the population living on less than one PPP-adjusted dollar per day), is on average higher in countries in which democratization was reversed than in those where it was sustained, with an average of around 40 percent of the population living on less than one dollar per day in the former, as against just over 20 percent in the latter. Similarly, infant mortality provides an indicator of how broadly the benefits of economic growth have been distributed. The average rate of infant mortality per 1,000 live births during the first five years of democracy is twice as high in countries where democracy is reversed as in countries where democracy is sustained. *This stark difference suggests*

*that the extent to which economic development has benefited all citizens may be a key factor in determining how democracy fares; economic growth alone may be insufficient to ensure democratic consolidation.*

Some non-economic divisions in societies also appear to play a role in determining the fate of democracy. For example, ethno-linguistic fragmentation (or ELF, as defined by Alesina, et.al. 2003, based on a combination of the linguistic, religious, and ethnic—mainly racial—distinctions found among social groups within a country) was significantly higher in those cases where democracy was reversed than where democratic governments persisted through the end of the period under study. Indeed, as figure 3 illustrates, democratizations in countries with ethnic fragmentation greater than the world average are reversed 51 percent of the time, as compared to 38 percent of the time when ethnic fragmentation was below average.

To summarize, our preliminary examination of the data indicates that the initial conditions under which democratizations take place do exert a significant impact on the survival of the regime. Low per capita income, high levels of inequality, high rates of poverty, and higher ethnic fragmentation influence the chance that democracy will be sustained. However, we wish to emphasize that these relationships are not deterministic. There are several countries (e.g., Ecuador, Malawi, and Mozambique) in which initial conditions were extremely unfavorable, yet democracy was sustained; in fact, we wish to

**Figure 3. Ethnic Fragmentation and Democratic Reversals**



stress that most of the countries in our data set that reversed in the past have subsequently re-democratized.

## Economic Performance and Reform

More than any other single factor, the literature on the causes of democratic reversal has long emphasized that democracies are put under stress by poor economic performance, with the collapse of Weimar Germany during the early 1930s providing one of history's most dramatic examples. The data that we have gathered lead us to conclude that this view must be revisited. After all, most Eastern European democracies have endured despite suffering an economic collapse of Great Depression magnitude during the early 1990s; conversely, democracy failed in Thailand despite robust growth rates from 2000-2005, and it is arguably under threat in Venezuela, Georgia, and Russia today, all of which have enjoyed strong growth in recent years. Overall, these examples suggest that *low economic growth per se is not a clear sign that democracy is threatened, while high economic growth provides no guarantee against democratic reversal.*

Similarly, the extent to which economic reforms and democratic consolidation are compatible has been a key question for economists and political scientists studying developing countries. Some have argued that the two processes are complementary, while others have argued that "shock therapy" could threaten fragile democratic regimes.

Our research indicates that democratization can facilitate economic reform and is not threatened by it. Taking the case of foreign trade, we note that most young democracies have opened their economies without suffering the expected protectionist backlash or political overthrow; on average, trade rises by nearly 6 percentage points (as a share of GDP) in the five years following democratization. What seems to be more important, however, is the extent to which the benefits of economic reform are widely shared, giving everyone a stake in the process.

In sum, much of the "conventional wisdom" on young democracies has held that poor growth threatens their survival while rapid reform is politically destabilizing. Our evidence suggests that one must look beyond economic variables if we are to understand the causal factors behind democratic consolidation or reversal.

## Political Institutions

The literature on democratic political institutions has most frequently compared parliamentary and presidential systems, generally finding the former to be more durable than the latter, especially in the face of economic crises. Parliaments with dominant parties, it is argued, can more readily take the tough

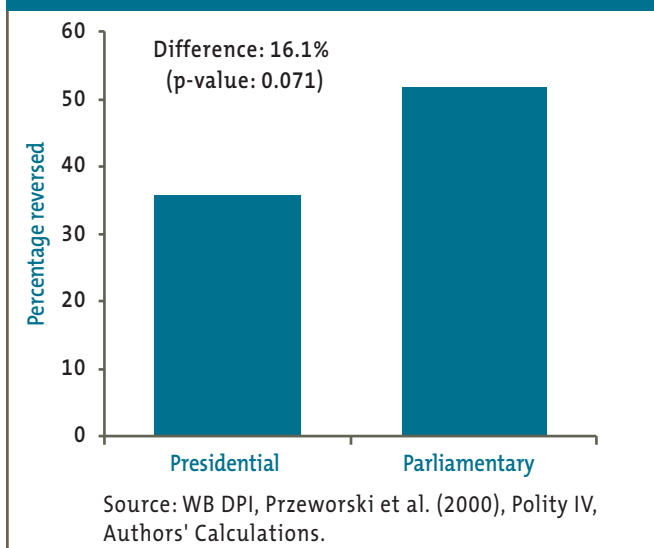
decisions needed to stabilize economies and thus fragile political orders as well. The results from our dataset, however, differ notably from the findings of this earlier work.

Of the 123 democratizations we analyze between 1960 and 2004, 81 initially established presidential systems while 27 established parliamentary systems (data were not available on the remaining 15 cases). Of the presidential systems, nearly 36 percent ended in reversal, while just over one half of the parliamentary regimes ended in reversal (figure 4).

Why have scholars (and perhaps policymakers as well) tended to prefer parliamentary regimes? In addition to their role as crisis managers, as noted above, the general view among political scientists is that they are better suited to guard against abuses of executive power, because their system of checks and balances is more effective. But our data suggest that they have not performed this function particularly well in new democracies. Presumably, this institutional arrangement is not always robust enough to compensate for a lack of strong opposition parties or an independent judiciary.

Consequently, we turn our attention to a *direct* measure of constraints on executive power, which is included in the Polity IV dataset, irrespective of whether the leader is a president or a prime minister. We divide our 123 cases into two groups: those with a relatively high level of executive constraints, and those with a relatively low level. This institutional feature does appear to have a significant relationship with the fate of the regime, as we

**Figure 4. Political Institutions and Democratic Reversal**



see in figure 5. In cases where constraints on the executive are weak, democracy is reversed just over 70 percent of the time. By contrast, when constraints on the executive are strong, democracy is reversed only 40 percent of the time. We therefore stress the importance of assessing the actual balance of power in new democracies, whether the regime type is parliamentary or presidential. We note that the executive constraints variable also appears as significant in our multivariate regression analysis.

Consider this evidence in light of recent democratic backsliding and reversals, including such countries as Thailand, Bolivia, Venezuela, Georgia, and Russia. In each case, the executive began tampering with the constitution in such a way as to increase his authority, say by declaring states of emergency (Georgia) or by revoking presidential term limits (Venezuela). What this means is that both domestic societies and the foreign powers that support young democracies must keep a watchful eye on constitutional arrangements, and beware of efforts to increase executive authority at the expense of other branches of government.

### Lessons for the International Community

In recent years “democracy promotion” has risen high on the agenda of the international community and of foreign aid donors in particular. The newest U.S. foreign aid program, the

Millenium Challenge Corporation (MCC), for example, only includes countries that “rule justly” among its recipients, while USAID “democracy promotion” assistance funds for the building of political parties, the training of legislators and judges, and the expansion of “civil society” have increased from \$120 million in 1990 to over \$720 million in 2005. Somewhat more obliquely, the World Bank and International Monetary Fund have promoted “good governance” around the world, calling for greater transparency and accountability by public servants and greater empowerment of citizens.

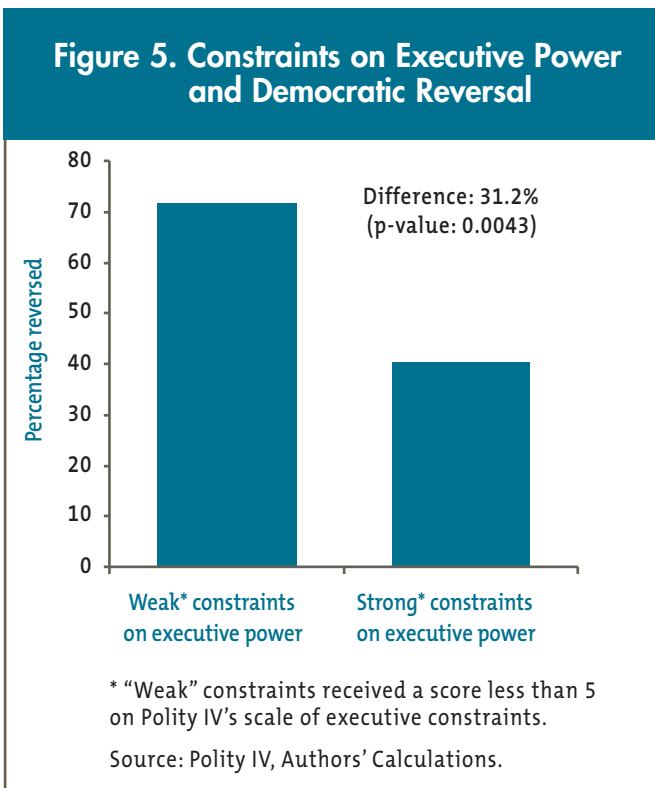
What underlying theory of democratic consolidation guides these efforts? We assert that the implicit assumption underlying much of today’s foreign aid is that economic growth will help to consolidate democracy, while greater democracy will provide the institutional underpinnings of sustained growth. In short, growth and democracy make for a virtuous circle.

But if sustained economic growth ultimately depends on the quality of a nation’s institutions, the industrial world’s foreign aid programs may have the causal chain backwards. Further, there seems to be little consideration in the policy community of whether the “type” of growth—and especially the extent to which incomes, assets, and opportunities are shared—matters to democratic survival. After all, redistribution is just the economic mirror image of political checks and balances; in both cases the objective is to dilute the concentration of power.

Further, there has been a tendency among donors to support regimes that promote “neo-liberal” reforms even at the expense of institutional development; this has been especially clear in Latin America and Russia. More generally, donor nations will often seemingly support a given leader (e.g., a Carlos Menem or a Boris Yeltsin) irrespective of the institutional damage they might be causing, given the fear that the alternative must be much worse. But as long as a given leader knows that he or she will retain international support no matter their domestic policies, the incentives to engage in institutional development will be greatly reduced.

The foreign assistance community should consider the following policy recommendations that incorporate our concerns with both economic policy and institutional design:

- *First, foreign donors must confront problems of income and asset distribution in recipient nations.* There is increasing evidence from around the world, for example, that globalization and technological change are leading to higher levels of income inequality. Higher levels of inequality, however, could threaten young democratic regimes. If that is the case, a major challenge of policy reform is to ensure that a growing number of citizens have access to education and training programs. This is only possible, however, when credit markets enable



people to borrow against future incomes, and there are very few places in the world where the poor have this opportunity. Further, in certain countries, ethnicity may play a role in access to education and to good jobs. The bottom line is that growth alone will not necessarily promote the life-chances of all the individuals in a given society, and those who are left behind may lose confidence in the democracy. If democracy offers any particular economic benefits, these should be measured in terms of the opportunities made available rather than the average growth rate alone.

- *Second, aid for democracy assistance must emphasize the crucial role of effective checks and balances in building durable democratic institutions.* Checks and balances are provided both by formal and informal institutions. With respect to the latter, a free press, an education system that is tolerant and open to diverse ideas, and a vibrant civil society (including the private sector) can all contribute to the building of a democratic culture. Indeed, these informal institutions may help induce the development of independent judiciaries and central banks among other bodies that provide formal checks on power and prevent abuses of office.
- *Third, the international community must support young democracies not just via aid, but also by opening their borders to trade, through exchange programs of various kinds (e.g., educational and cultural), and through membership in international organizations that can help “lock in” the political and economic reform process.* In this respect the levels of protection that the advanced industrial countries level on developing world agriculture are particularly counter-productive, in that they deny small farmers opportunities for income growth. Again, if donors wish to nurture the world’s young democracies this must be done through a battery of policies whose overriding purpose is to distribute political and economic power while increasing the life-chances of all citizens.

## Conclusion

Most young democracies that fail do so during their first five years, as leaders and institutions struggle to achieve credibil-

ity and legitimacy in the face of monumental challenges. That makes it essential for targeted foreign assistance strategies to be maintained during at least these crucial years, when the fate of newly democratic state lies in the balance. These strategies must be aimed at diluting political and economic power and at augmenting the opportunities for betterment available to the voting public, particularly those who are least-advantaged. In the absence of such redistributive policies, short-run economic growth alone is unlikely to save a young democracy from the threat of reversal.

## Notes

1. Freedom House, “Freedom in the World 2007,” Press Release, 7 January 2007.
2. Our definition of democracy and of political regime change (i.e., reversal) is based on Polity IV rankings; see [www.cidcm.umd.edu/polity](http://www.cidcm.umd.edu/polity). For more on our data base and on case selection, see Ethan B. Kapstein and Nathan Converse, *The Fate of Young Democracies*. Our data base has been posted at [www.cgdev.org](http://www.cgdev.org) and at [www.ethankapstein.com](http://www.ethankapstein.com).

## Further Reading

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