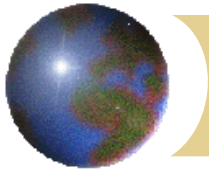# The Fate of Young Democracies

Ethan B. Kapstein
INSEAD and Center for Global Development
and
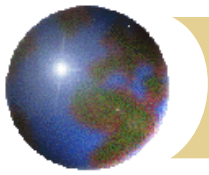Nathan Converse
London School of Economics

Motivation for the Study

- Democracy under stress in several countries (Venezuela, Georgia, Russia, . . .).

- Since project began, democratic governments overthrown in Thailand, Fiji, and Bangladesh.

- Nascent democracies in Iraq and Afghanistan are vital to U.S. national security.

Goals of the Project

- Policy-oriented study of young democracies
  - Survey existing literature
  - Compile and analyze a new data set
    of young democracies
- Output:
  - Seminars attended by policy-makers (USAID, State Department, World Bank, etc.)
  - Articles in policy-oriented journals (Journal of Democracy, Survival)
 - Forthcoming book from Cambridge University Press
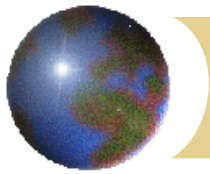
New Dataset:
Young Democracies 1960-2004

	1960s	1970s	1980s	1990s	2000-	**Total**
Total	**26**	**20**	**17**	**52**	**8**	**123**
Latin America	6	3	11	5	1	**26**
W. Europe	1	3	0	0	0	**4**
E. Europe	0	0	0	19	2	**21**
Sub-Saharan Africa	15	6	2	19	4	**46**
Middle East/N.Africa	0	1	1	1	0	**3**
Asia	4	7	3	8	1	**23**
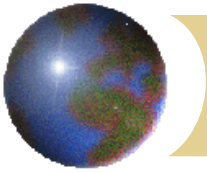
Today's Talk

- Identify Correlates of Democratic Reversal
    - Descriptive Statistics
    - Regression Analysis
- Lessons for Foreign Assistance
- Questions for Future Research
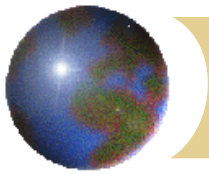
Possible Correlates of Democratic Reversal

- Initial Conditions

  (Engerman and Kenneth Sokoloff 2002)

- Economic Performance

  (Haggard and Kaufman 1995, Svolik 2007)
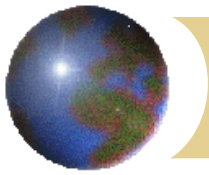
- Economic Policy (Przeworski 1991)

- Political Institutions

  (Przeworski et al. 2000, Bernhard et.al. 2001)
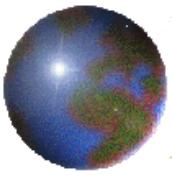
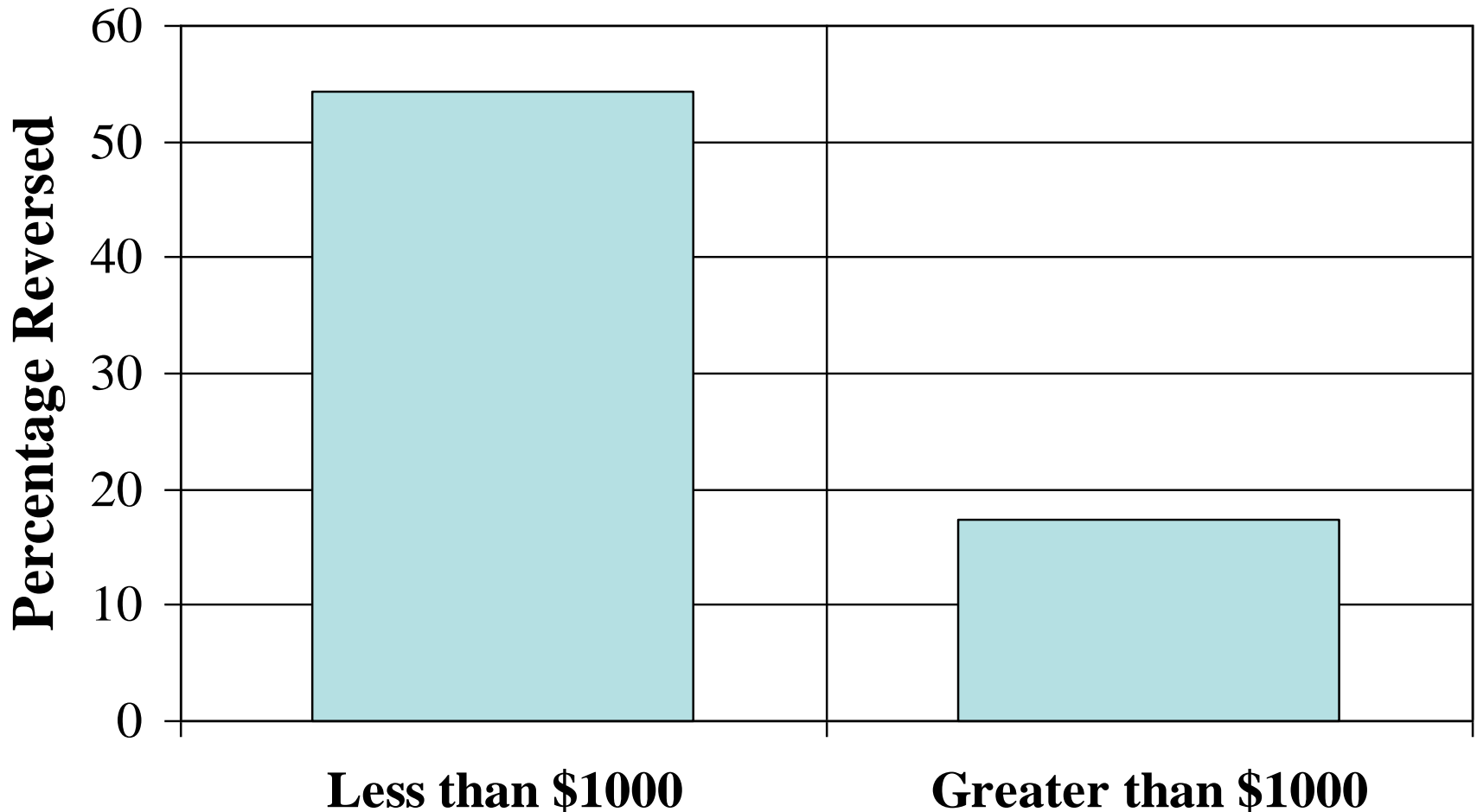- The Role of Time

  (Gerring et al. 2005, Persson and Tabellini 2006)
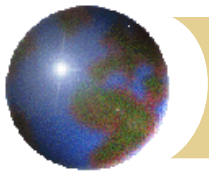
Democratic Reversal: The Role of Initial Conditions
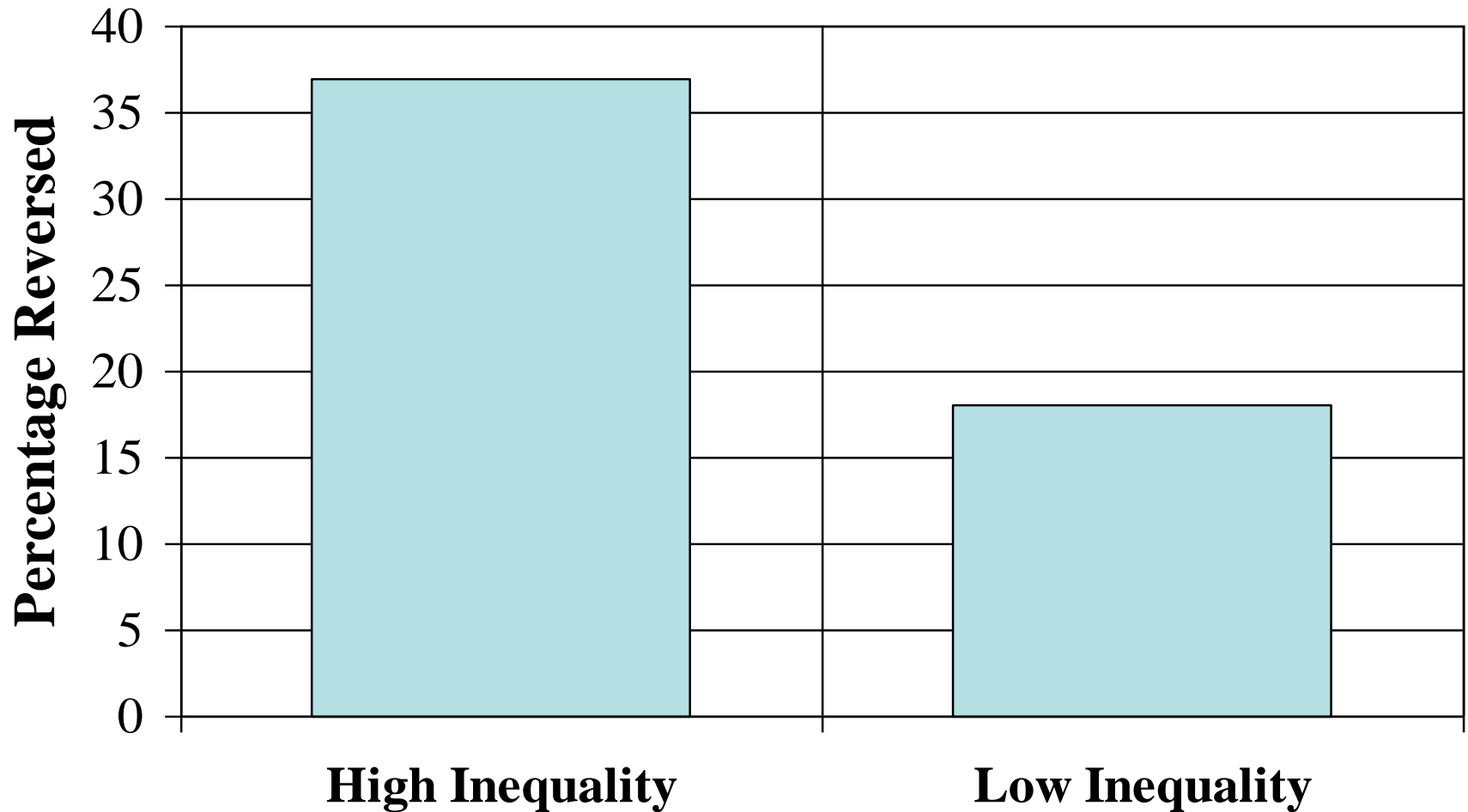
- Per Capita Income

- Inequality

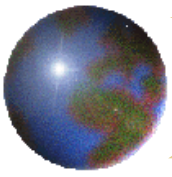- Ethnic Fragmentation
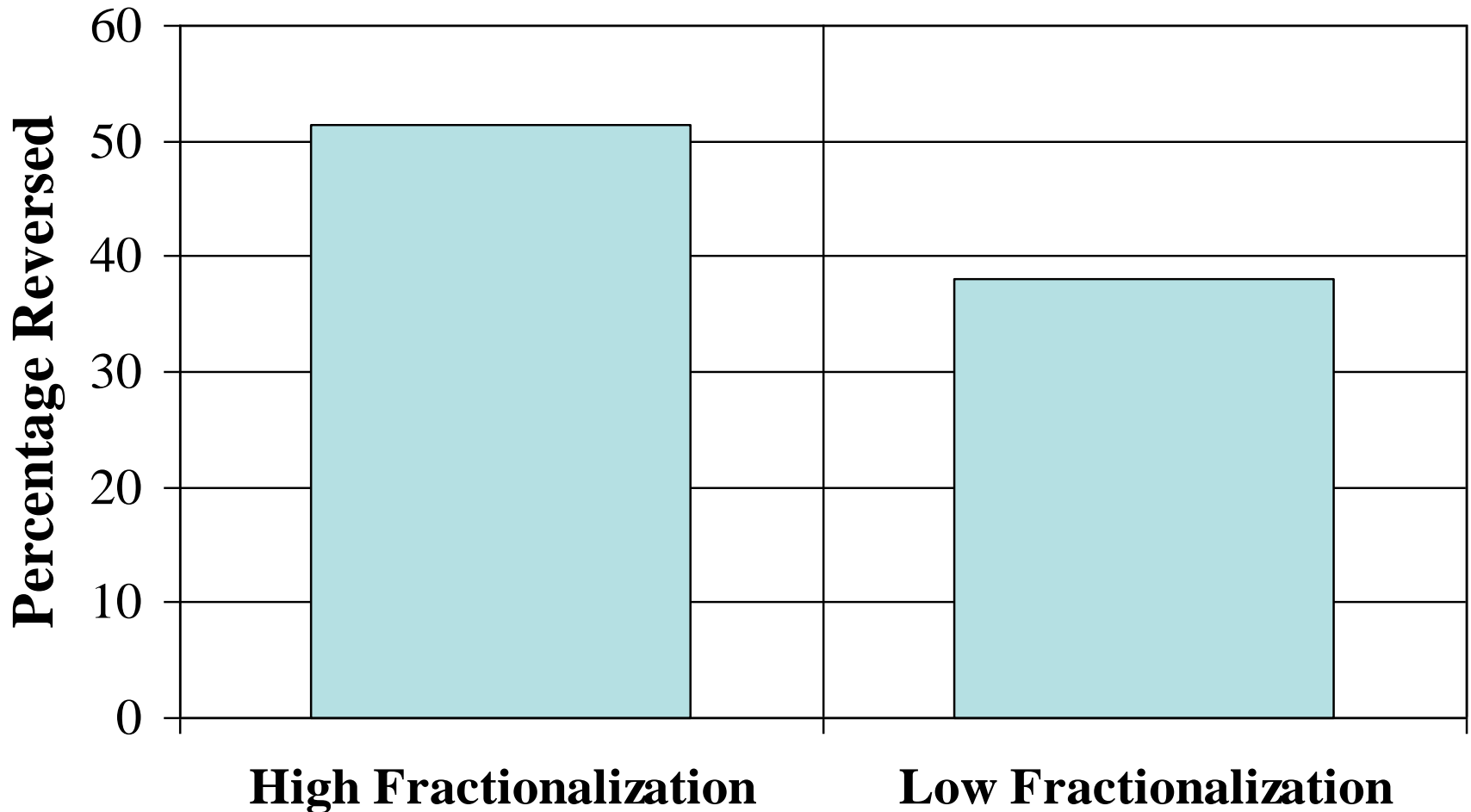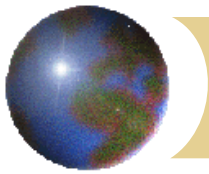
Per Capita Income and Democratic Reversal

Inequality and Democratic Reversal

Ethnic Fragmentation and Democratic Reversal

Initial Conditions: "Hard Cases"

Of 28 democratizations with:

- Above average ethnic fragmentation

- Above average inequality

- Per capita income under $1000
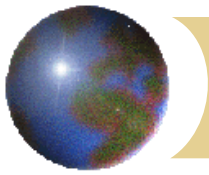
54 percent lasted more than 5 years.

32 percent were sustained for at least 10 years.
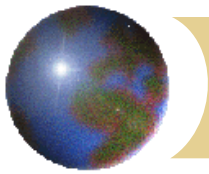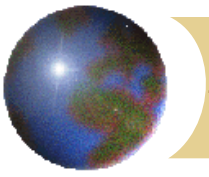
"Hard Cases" Sustained for More Than 10 Years:

Country	Year of Democratization
Thailand	1978
Bolivia	1982
Pakistan	1988
Nepal	1990
Benin	1991
Zambia	1991
Ghana	1992
Mozambique	1994
Malawi	1994

Economic Performance and Democratic Reversals

- Few relationships evident from descriptive statistics

- High growth does not prevent reversal and low growth does not guarantee reversal.

- Inflation rises more often in cases that were ultimately reversed.

Growth and Democratic Reversal
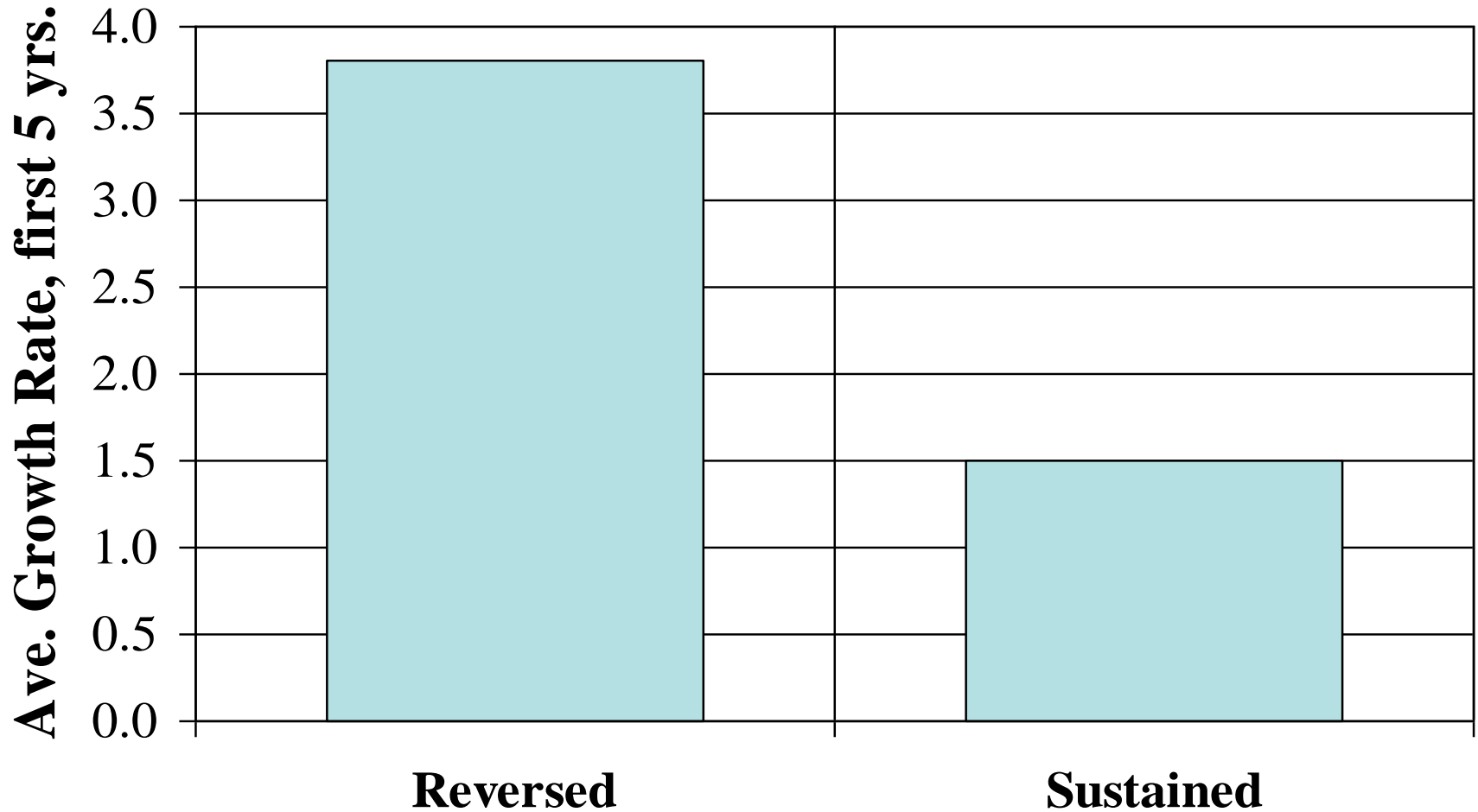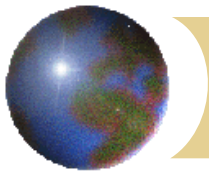
Growth and Democratic Reversal, By Region

Region	Average Growth, First 5 Years	Percentage Reversed
Latin America	3.7	34.6
Eastern Europe	-4.6	9.5
Sub-Saharan Africa	3.8	63.0
Asia	4.8	56.5

Changes in Inflation and Democratic Reversal
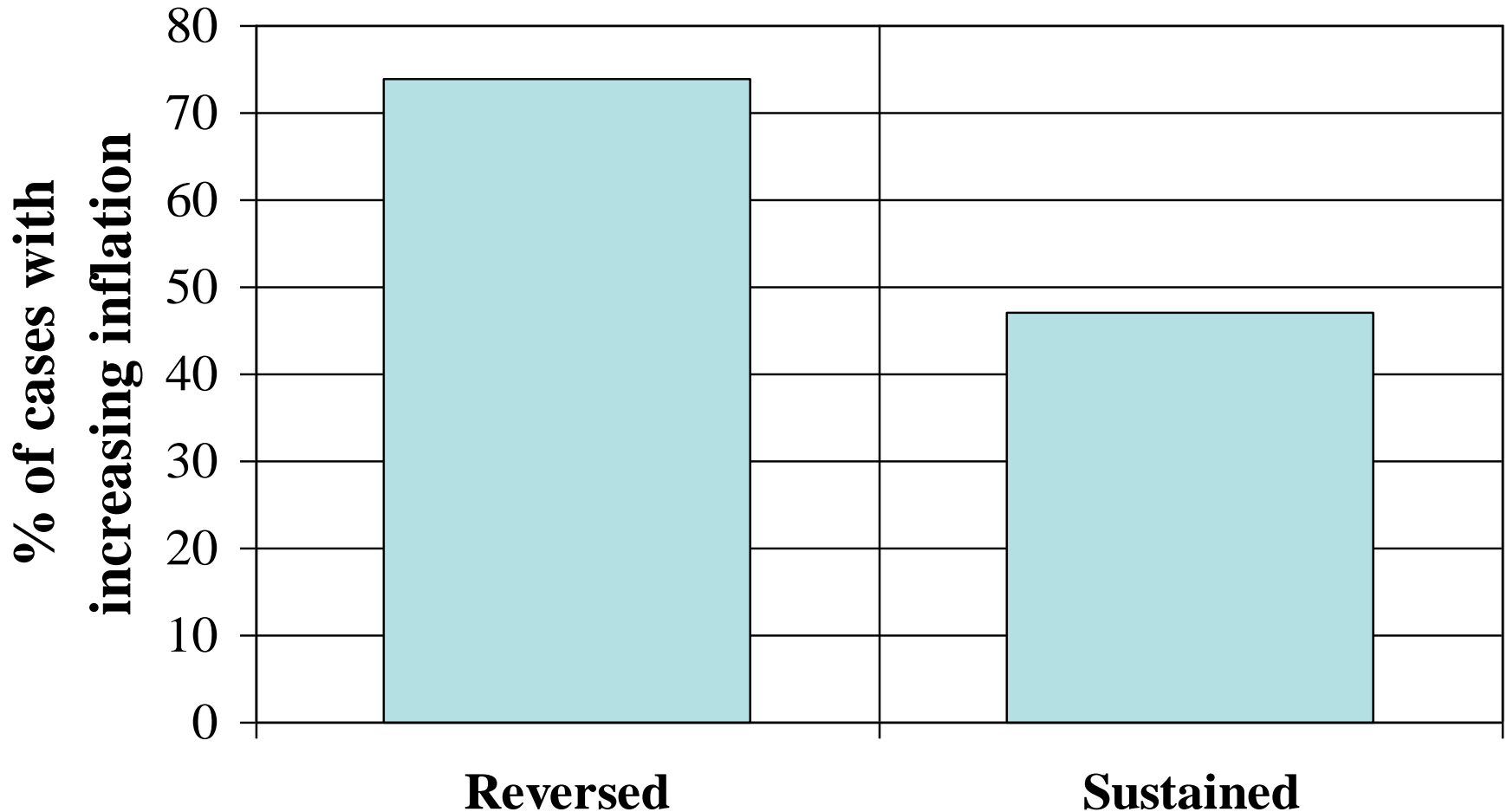
Economic Policy in Young Democracies

- Pressure to increase government spending.

- Economic reform (trade liberalization, privatization) is apparently not such a "Bitter Pill" after all.

- Transition to democracy generally yields rapid improvements in health and education.
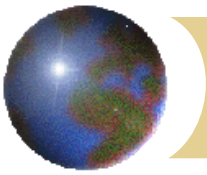
Changes in Government Spending and Democratic Reversal
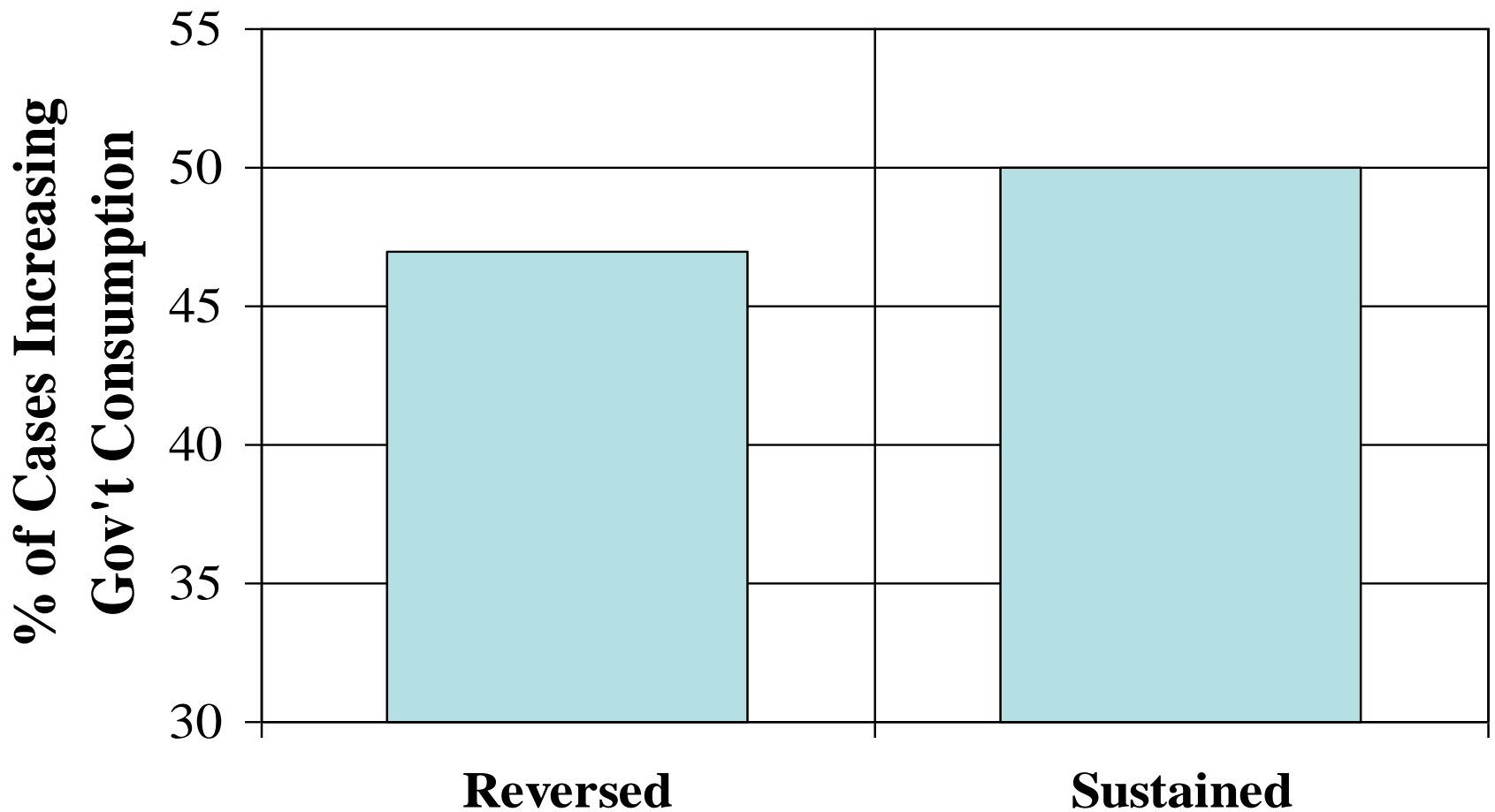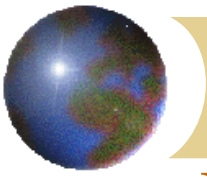
Economic Liberalization and Democratic Reversal
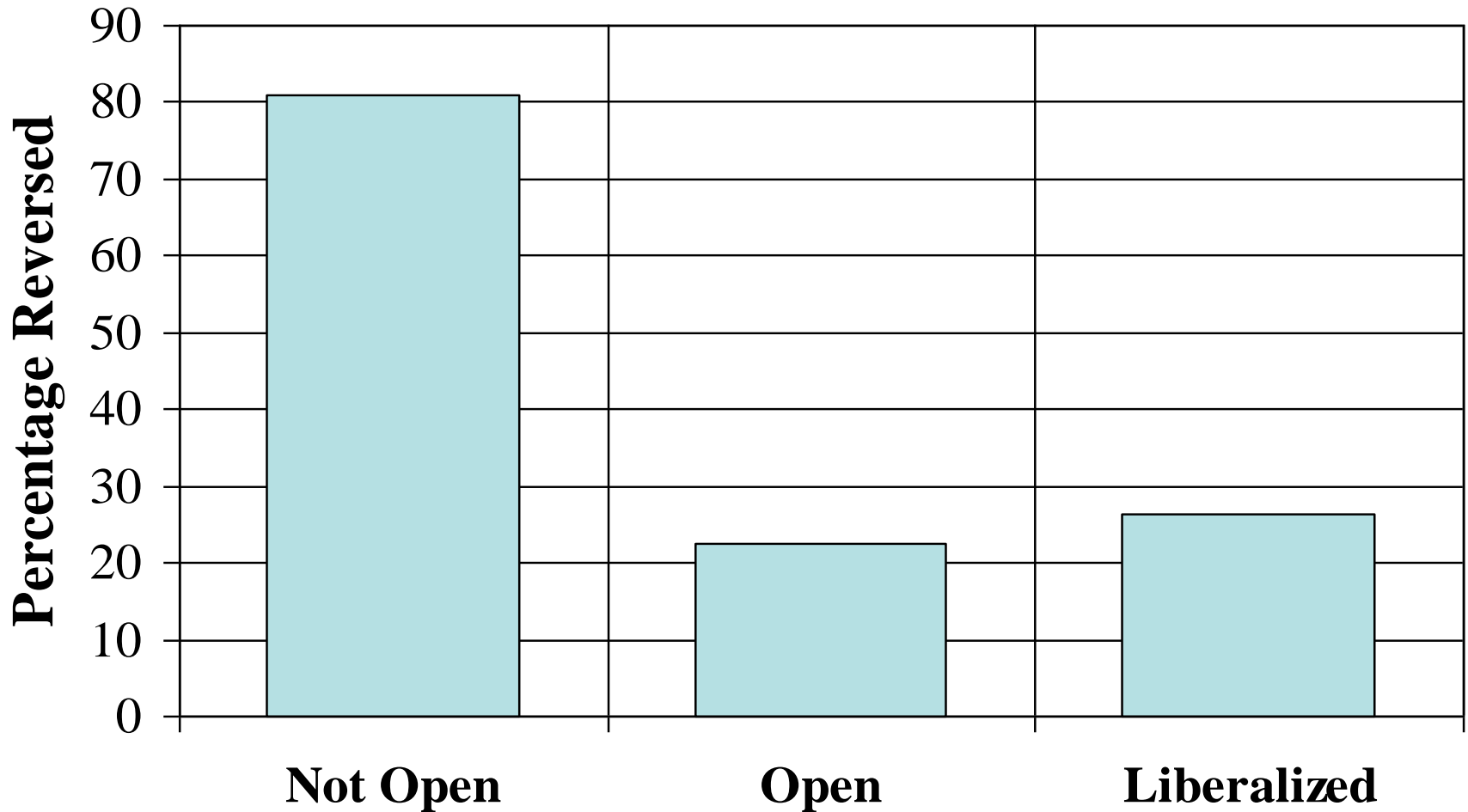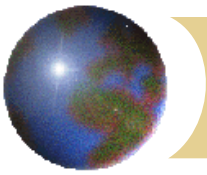
Changes in Infant Mortality and Democratic Reversal
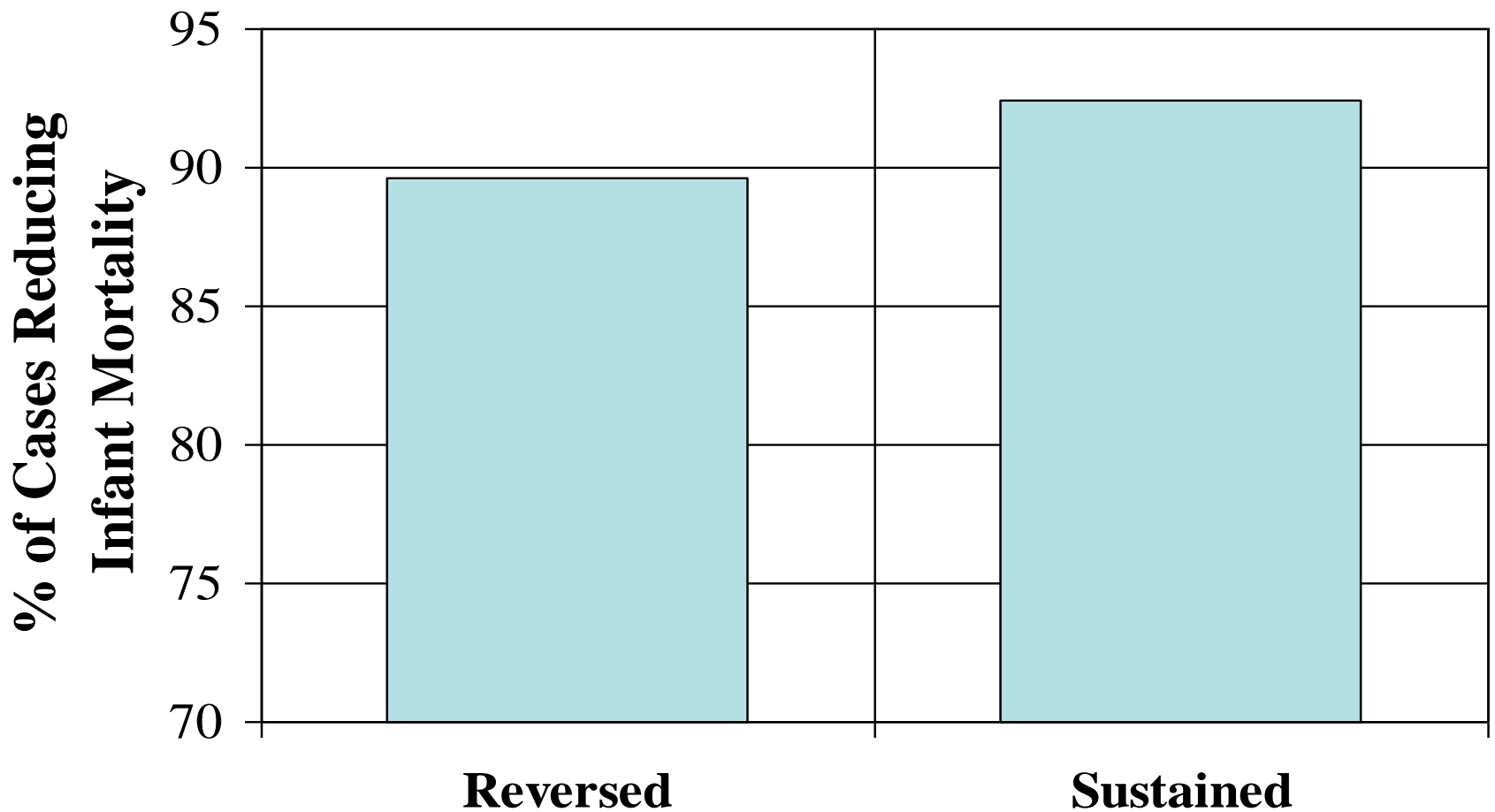
Political Institutions and Democratic Reversals

- Weak constraints on executive power boost probability of reversal.

- Parliamentary systems do not automatically check abuses.

- Challenge is to build *effective* checks and balances.

Political Institutions and Democratic Reversal
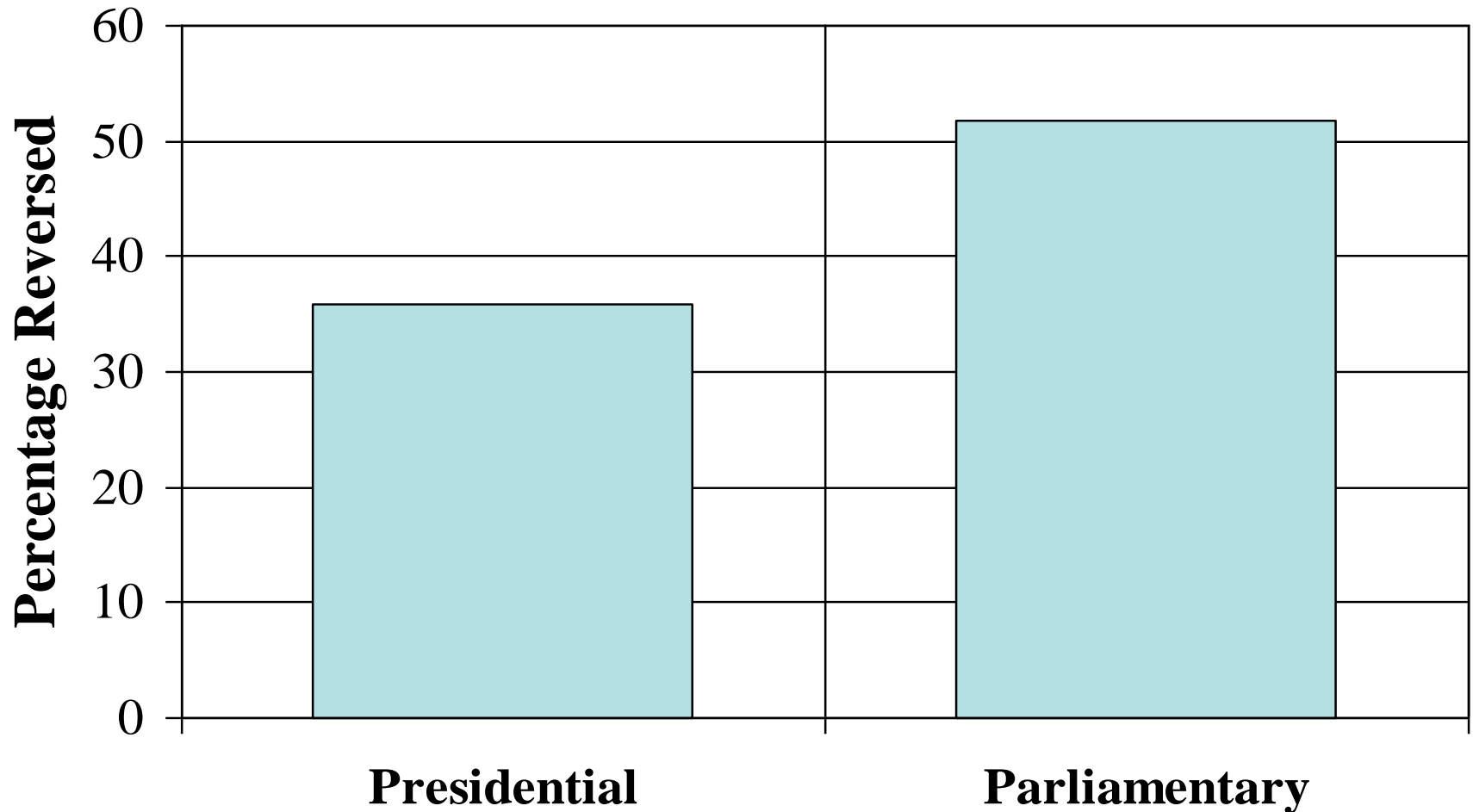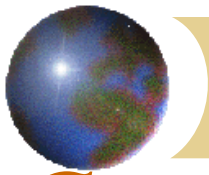
Constraints on Executive Power and Democratic Reversal
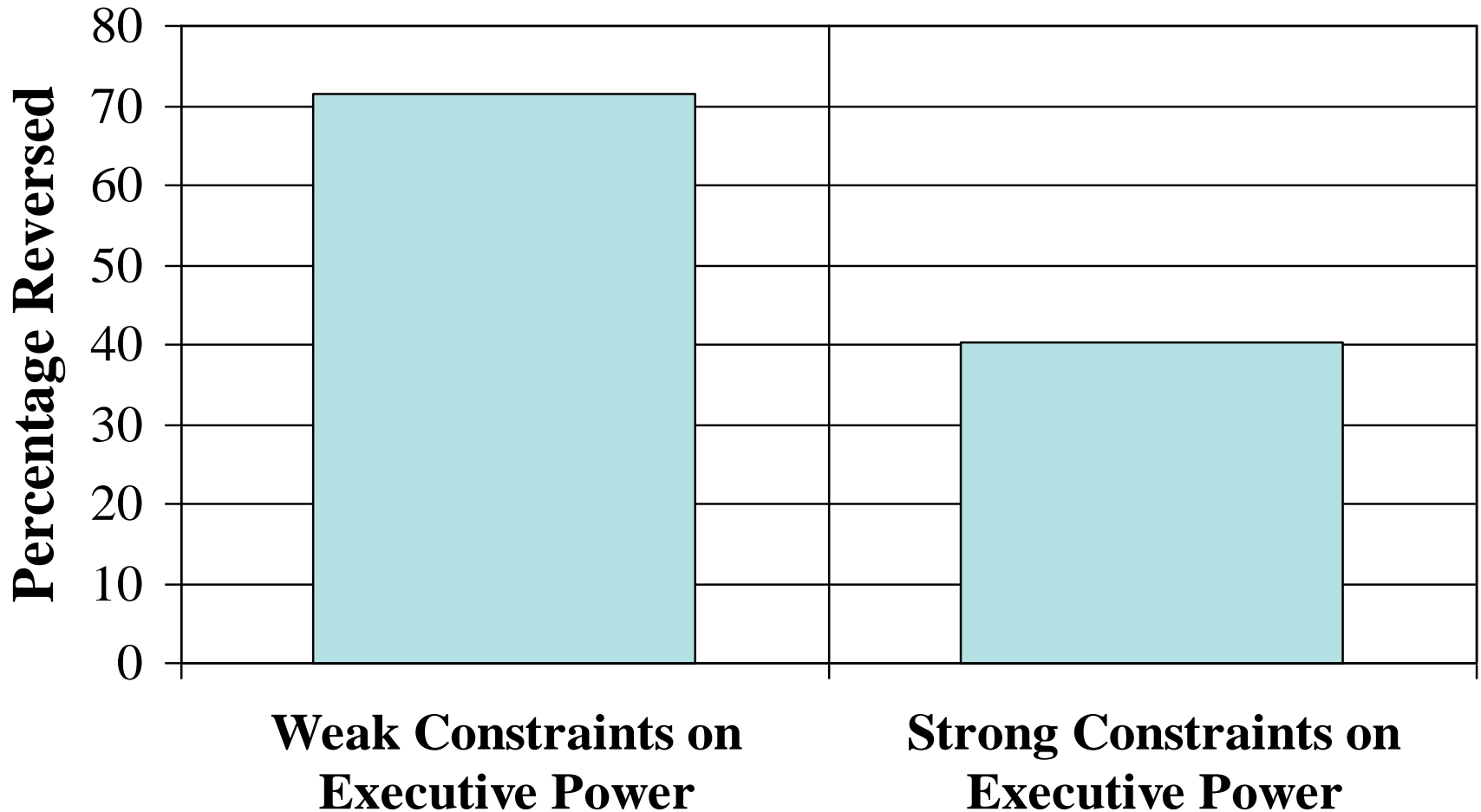
Democratic Reversal: The Role of Time

- Age of the democratic regime
- Decade in which democratization occurred.

Democratic Reversals: Cumulative Percentage Distribution
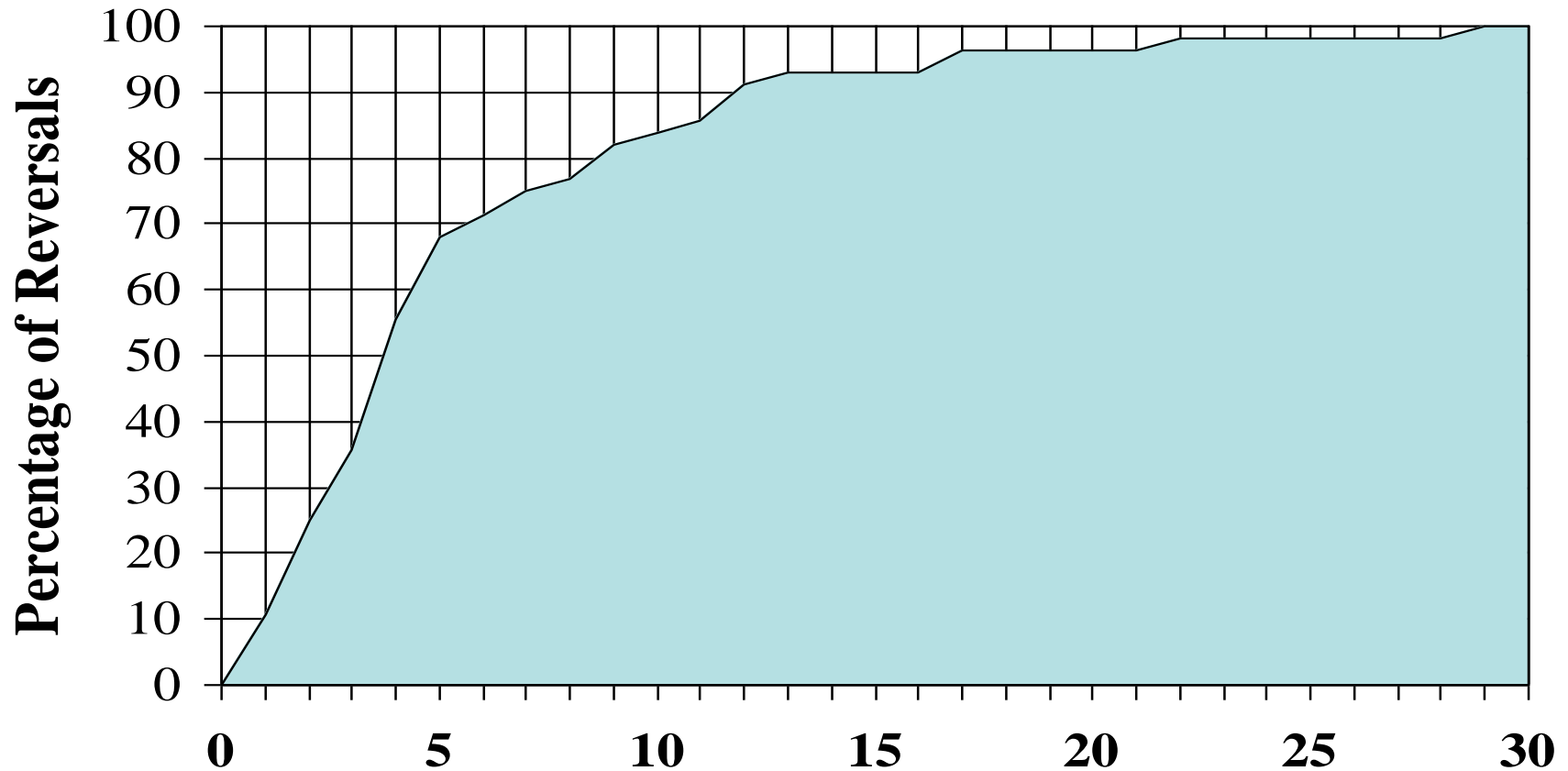
Democratic Reversal by Decade
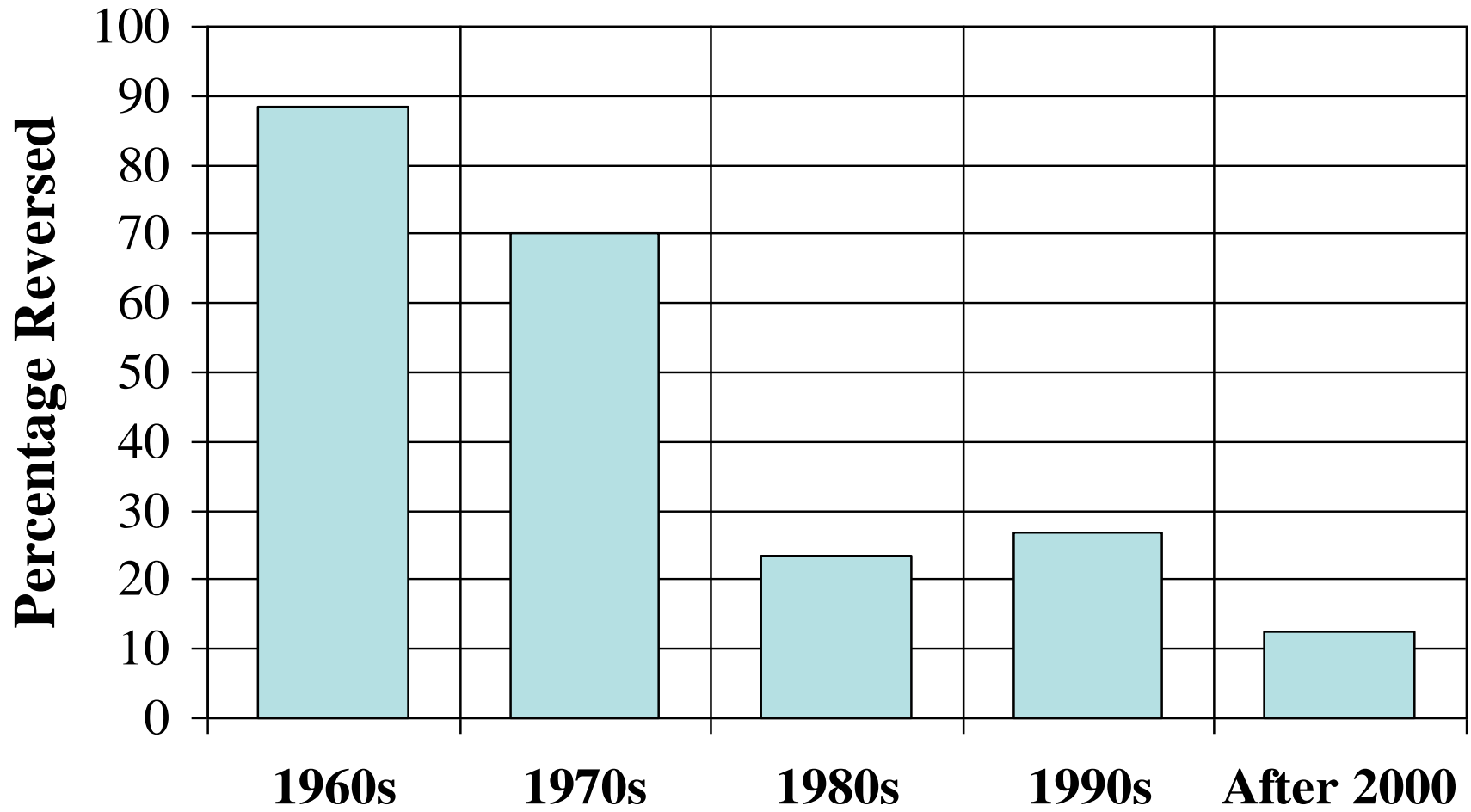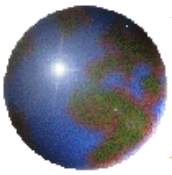
Rates of Democratic Reversal
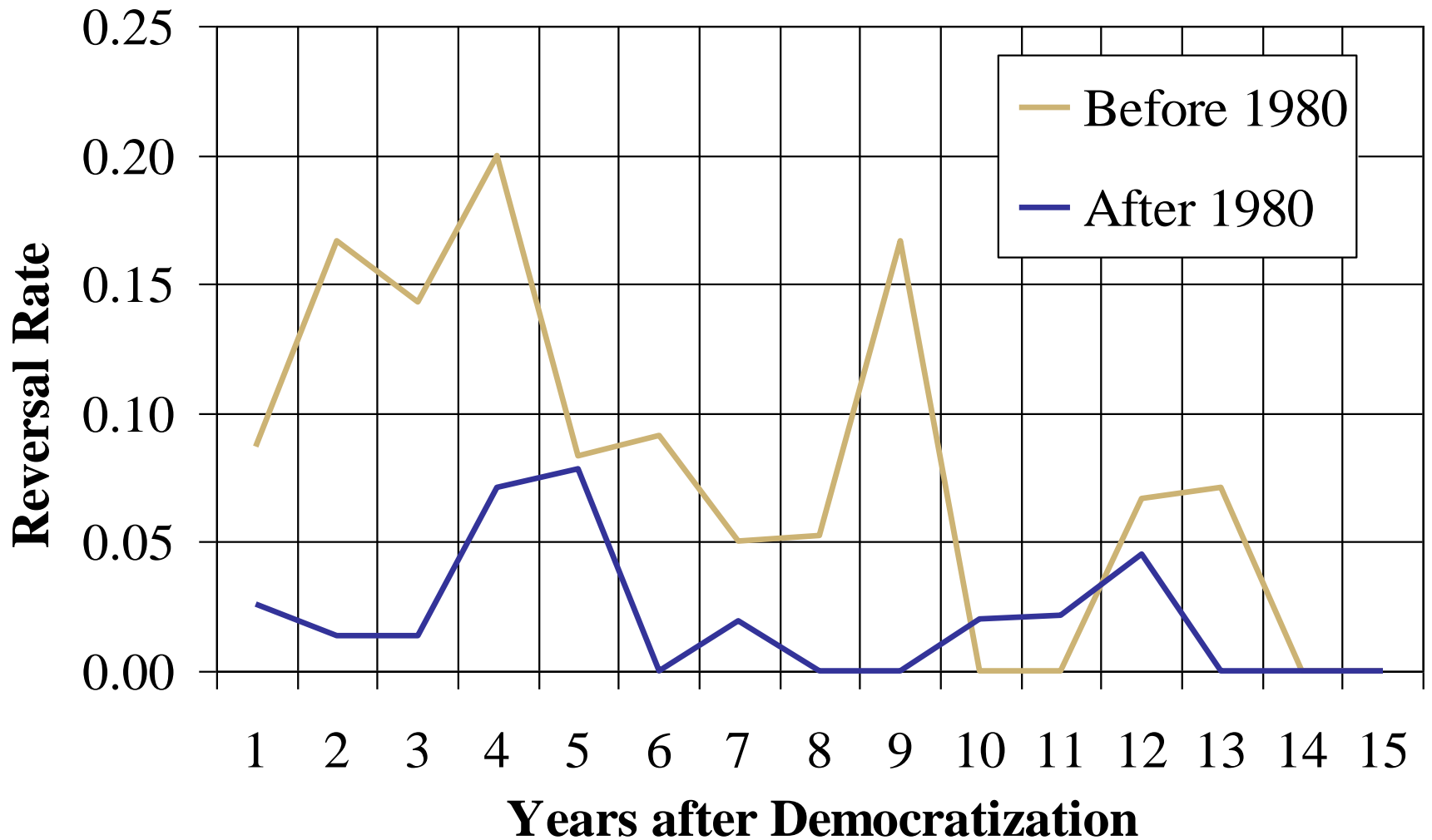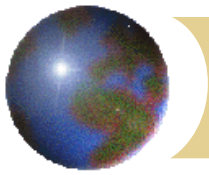
Regression Analysis

- Examine the relative importance of the factors considered in our descriptive statistics.

- Use a Weibull Proportional Hazard Model

$$h(\mathbf{x}_t) = pt^{p-1} \exp(\beta_0 + \mathbf{x}_{1t}\beta_1 + \mathbf{x}_{2t}\beta_2 + \mathbf{x}_{3t}\beta_3 + \mathbf{x}_{4t}\beta_4)$$

where: p = time dependence parameter

$\mathbf{x}_1$ = economic variables

$\mathbf{x}_2$ = institutional variables

$\mathbf{x}_3$ = variables measuring initial conditions

$\mathbf{x}_4$ = economic policy variables

Regressions: Impact on Risk of Democratic Failure, Weibull Hazard Model

Reporting estimated % change in baseline hazard rate resulting from a
one-unit increase in the independent variable

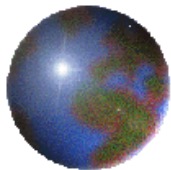|	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Growth, 5yr Ave	-0.174 ***	-0.133 ***	-0.136 ***	-0.134 ***	-0.131 ***	-0.130 ***	-0.229 ***
	(0.041)	(0.044)	(0.045)	(0.047)	(0.046)	(0.045)	(0.058)
Log Inflation	0.220	0.272	0.323	0.266	0.282	0.286	0.528 *
	(0.240)	(0.320)	(0.320)	(0.330)	(0.340)	(0.330)	(0.340)
Executive Constraints	-0.269 **	-0.225 **	-0.236 *	-0.215	-0.218	-0.227 *	-0.290 **
	(0.097)	(0.120)	(0.120)	(0.120)	(0.120)	(0.120)	(0.110)
Log GDP per capita	**-0.296**	**-0.628 *****	**-0.593 *****	**-0.634 *****	**-0.639 *****	**-0.637 *****	**-0.550 *****
	(0.160)	**(0.086)**	**(0.110)**	**(0.080)**	**(0.082)**	**(0.079)**	**(0.120)**
Pre-1980	**4.693 *****	**8.024 *****	**7.147 *****	**8.031 *****	**8.026 *****	**7.896 *****	**7.491 *****
	(2.690)	**(3.970)**	**(3.690)**	**(4.290)**	**(4.410)**	**(3.730)**	**(3.730)**
Infant Mortality	**0.024 *****						
	(0.008)						
Gini Coefficient		**0.031**					
		(0.039)					
Ethnic			**1.316**				
			(3.110)				
Oil Dependent				**-0.230**			
				(0.740)			
Post-Colonial					**-0.097**		
					(0.470)		
World Growth						**-0.018**	
						(0.130)	
Lat.Am							**-0.727**
							(0.230)
E.Europe							**-0.970 ****
							(0.043)
Sub-Saharan Africa							**-0.301**
							(0.340)
Government	-0.133 ***	-0.139 ***	-0.144 ***	-0.141 ***	-0.138 ***	-0.141 ***	-0.164 ***
Consumption (% GDP)	(0.037)	(0.042)	(0.042)	(0.041)	(0.044)	(0.041)	(0.044)
Time Dependence	1.373 ***	1.179	1.176	1.185	1.189	1.177	1.273 **
Parameter	(0.17)	(0.12)	(0.12)	(0.13)	(0.14)	(0.12)	(0.15)
Observations	1052	1052	1052	1052	1052	1052	1052

Note: Robust standard errors, clustered on democratic episode, in parentheses
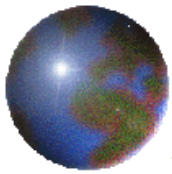*** p<0.01, ** p<0.05, * p<0.1

Political Institutions

Regressions: Impact on Risk of Democratic Failure, Weibull Hazard Model

Reporting estimated % change in baseline hazard rate resulting from a one-unit increase in the independent variable

	(6)	(7)	(8)	(9)
Growth, 5yr Ave	-0.075 ***	-0.072 **	-0.085 **	-0.066 **
	(0.028)	(0.029)	(0.033)	(0.031)
Log Inflation	0.826 ***	0.834 ***	0.785 ***	0.883 ***
	(0.340)	(0.320)	(0.340)	(0.380)
Executive Constraints	**-0.214** *		**-0.204** *	**-0.225** *
	(0.110)		**(0.110)**	**(0.110)**
Presidential		**-0.097**		
		(0.360)		
Prior Democratizations			**0.227**	
			(0.300)	
Cummulative Years of Democracy				**-0.019**
				(0.013)
Log GDP per capita	-0.613 ***	-0.647 ***	-0.641 ***	-0.593 ***
	(0.085)	(0.077)	(0.094)	(0.097)
Pre-1980	5.857 ***	5.580 ***	6.075 ***	5.499 ***
	(2.770)	(2.600)	(2.860)	(2.640)
Government Consumption (% GDP)	-0.110 ***	-0.123 ***	-0.104 **	-0.108 ***
	(0.037)	(0.037)	(0.039)	(0.037)
Time Dependence Parameter	1.101	1.087	1.135	1.166
	(0.110)	(0.120)	(0.140)	(0.120)
Observations	1140	1140	1140	1140

Note: Robust standard errors, clustered on democratic episode, in parentheses
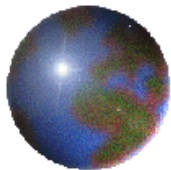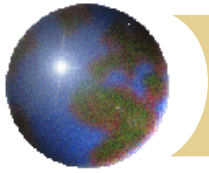
*** p<0.01, ** p<0.05, * p<0.1

Regressions: Impact on Risk of Democratic Failure, Weibull Hazard Model
 Reporting estimated % change in baseline hazard rate resulting from a one-unit
 increase in the independent variable

	(16)	(17)	(18)	(19)
Growth, 5yr Ave	-0.053 **	-0.072 **	-0.051 *	-0.05 *
	(0.029)	(0.031)	(0.030)	(0.029)
Log Inflation	0.895 ***	0.85 ***	0.773 ***	0.94 ***
	(0.330)	(0.340)	(0.330)	(0.340)
Executive Constraints	-0.174 *	-0.172 *	-0.154 *	-0.18 *
	(0.097)	(0.092)	(0.100)	(0.094)
Log GDP per capita	-0.559 ***	-0.548 ***	-0.555 ***	-0.604 ***
	(0.085)	(0.083)	(0.088)	(0.093)
Pre-1980	6.213 ***	6.141 ***	4.395 ***	5.524 ***
	(2.430)	(2.420)	(1.880)	(2.250)
Government Consumption (% GDP)	**-0.086 ***	**-0.064 **	**-0.094 ***	**-0.078 **
	(0.030)	**(0.030)**	**(0.029)**	**(0.031)**
Trade (%GDP)		**-(0.016) ***		
		0.0088		
Liberalization			**-(0.735) ***	
			0.13	
Aid (%GDP)				**-(0.021)**
				0.023
Time Dependence Parameter	1.073	1.214	1.26 **	1.108
	(0.110)	(0.150)	(0.140)	(0.120)
Observations	987	987	987	987

Robust standard errors, clustered on democratic episode, in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Conclusions
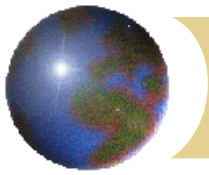
- Initial conditions affect chances of success, but the relationship is not deterministic.

- Economic growth alone is not sufficient to prevent reversal.

- Need for *effective* checks on executive power, independent of particular institutional structure.

- Economic reform is not at odds with democratization.

- The international community needs to pay special attention to young democracies during their early years.
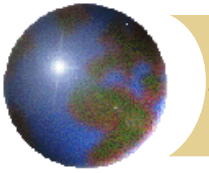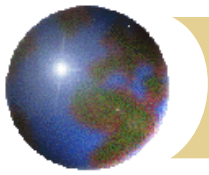
Foreign Aid and Democracy

- ⊕ "Two track" approach predominates: economic growth vs. democracy assistance

- ⊕ Implicit assumptions:
  - ▣ Economic growth will help consolidate democracy
  - ▣ Democratization will boost growth

- ⊕ Need to consider connections between the two:
  - ▣ Does the type of growth matter for democracy?
  - ▣ What types of democracy assistance can facilitate economic growth?

- ⊕ Tendency to support regimes that promote market reforms even at the expense of institutional development.

A New Approach:
The Millennium Challenge Corporation

- Democracy as a prerequisite for aid (though elastic definition of democracy).

- Aid is aimed at promoting both democracy and growth.

- "Country compacts" emphasize

  - land titling
  - greater access to credit
  - and judicial enforcement of property rights

- Assumption that these policies and institutions can potentially build public support for democratic regimes (Jefferson; De Soto).

- But are these institutions a cause of democracy or are they caused by it?

For Future Research

- What features of the post-1980 period reduce the risk of democratic reversal? Are those features likely to endure?

- Do "insiders" or "outsiders" pose the greater threat to democracy? (Thailand vs. Russia)

- Do causes of democracy vary between regions?

- Data set available at www.cgdev.org