

WHY YOUNG DEMOCRACIES FAIL

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ABSTRACT

After a period of relative optimism about the prospects for democracy around the world, observers have raised concerns that democratic institutions are being rolled back in a growing number of countries. To the extent that a backlash against democracy may be emerging, public officials in both the industrial and developing worlds will wish to ensure that they adopt the policy mix—including foreign aid policies—best suited to democratic consolidation. Making use of a newly constructed data set of democratizations occurring between 1960 and 2004, this paper uses descriptive statistics and a continuous time hazard model to explore the underlying reasons for reversals in young democracies. We find that good economic performance and favourable initial conditions are indeed significantly associated with the survival of democracy, but emphasize that high growth, low inflation, and high per capita income by no means guarantee that democracy will endure. Strong constraints on the power of the executive appear to play an equally important role in increasing the probability of democratic survival. Thus, recognizing that democracy cannot effectively take root when political and economic power becomes too concentrated, we recommend greater coordination between foreign assistance programmes targeting economic development and those focused on democracy-building.

WHY DEMOCRACIES FAIL

I. Introduction

Since the great wave of decolonization began in the 1960s, over 120 episodes of democratization have taken place in nearly 90 countries.¹ This means that several countries have experienced multiple episodes of democratization: Thailand and Pakistan, for example, have each launched democratic regimes on four separate occasions since gaining their independence. While in general democratic regimes established since 1980 have had a better chance of surviving than those that emerged in earlier postwar decades, the last five years have seen democracy overthrown by the military in Thailand, Bangladesh, and Fiji and rolled back by Russia's elected leaders. Moreover, democracy has come under intense pressure in countries ranging from Georgia to Kenya to Bolivia and Venezuela, which continue to risk backsliding and reversal.

This paper makes use of a new data set to examine the question of why democracies sometimes collapse.² To date, scholars who have studied this issue have tended to single out economic performance as the *most* important factor determining the fate of young democratic regimes.³ We do not dispute that poor economic performance does signal a higher risk that democracy will fail. However, the survival of young democracies in Eastern Europe in spite of catastrophic economic collapse shows that economic dysfunction does not doom democratic experiments to failure. Conversely, the military coup in Thailand in 2006 followed five years of robust growth. These cases suggest that the story is much more complex than simply bad economic performance setting the stage for the failure of democracy.

The data we have compiled and analyzed turn our attention to the crucial role of *institutions* in democratic consolidation, and particularly institutions that place effective constraints on executive power: thus our emphasis on *politics*. When leaders confront a weak set of constraints, they may be tempted to take advantage of perceived vacuums and concentrate economic and political power in the office of the executive, *irrespective of*

¹ Based on the Polity IV dataset (Marshall and Jagers 2005), our definition of democratization is discussed in more detail below, and in Kapstein and Converse (2008).

² The data set may be found at www.cgdev.org and www.ethankapstein.com.

³ See for example Haggard and Kaufman (1995). For a more recent example of this perspective, see Svobik (2007).

whether the leader is a president or a prime minister. Events in Russia over the last ten years illustrate how an elected executive can amass sufficient unchecked power to render a country undemocratic. At the same time, as power becomes more concentrated the members of other branches of government, investors, and the agents of civil society more generally may begin to doubt whether public policies will promote the general welfare. Thus, even if the executive does not engineer an outright reversal of democracy, such concentration of power may provoke the overthrow of the democratically elected governments by groups that feel threatened. The tenure and eventual overthrow of Thai Prime Minister Thaksin Shinawatra provides an example of such a trajectory. In either scenario, insufficient checks on executive power or the rollback of existing constraints boost the risk that democracy will be overthrown.

This paper is in four sections. Section II begins with a description of our data set and the theoretical and empirical motivations behind its compilation. This is followed by descriptive statistics on the relationship between regime survival and such factors as initial conditions, economic policy and performance, and institutional structure. In section III we employ a continuous time hazard model to assess the relative importance for the survival of young democracies or the various factors introduced in section II. Section IV concludes with thoughts for further research along with recommendations for the policy community.

II. Overview of the Data

One of the reasons that our findings regarding democratic survival differ from earlier studies is because our data set focuses exclusively on *young democracies*, or those episodes of democratization that have occurred since 1960. As a consequence, the vast majority of our observations come from the developing world. Many earlier data sets, in contrast, have tended to look at both old and young democracies, and thus include industrialized countries which democratized in the nineteenth and early twentieth centuries. Further, many of the best known studies on the subject have not included post-Soviet cases of democratization.⁴

⁴ For example, Przeworski, et al. (2000) do not include post-Soviet democracies in their well-known data set, as several of these emerged only after their dataset ended in 1990. Even those that democratized prior to 1990 were not included due to the importance of the alternation of political power in their definition of democracy. Note that our definition of democracy does *not* require alternation.

Beyond the growing availability of data on developing and transition countries, we also believe there are good reasons, both theoretical and empirical, to focus on young democracies as a unique set of polities that can justifiably be analyzed on their own. *First*, the substantial differences between the political institutions in place in democracies and those in autocratic regimes make it appropriate to study the causes of democratic failure separately from the causes of democratization or more broadly, regime failure in autocracies. It seems safe to assume that the challenges facing a newly elected leader in a fragile democracy are quite distinct from those facing an autocrat seeking to maintain his or her grip on power. In restricting our attention to the causes of democratic reversal, we differ from studies which seek to identify common causes of transitions both into and out of democracy. Not only do we believe that this focus on one direction of transition is theoretically justified, it is also supported by empirical work finding different causal factors responsible for transitions into and out of democracy (Przeworski et al. 2000, Epstein et al. 2006, Persson and Tabellini 2006).

Second, we focus on *young* democracies because of the particular challenges such regimes may face. Recent empirical work suggests that the “stock” of democracy—the amount of time a democracy has existed—to be a critical variable with respect to its survival (Gerring et al. 2005, Persson and Tabellini 2006). This finding is in line with both theory and intuition. As Samuel Huntington (1991) and more recently Philip Keefer (2005) have stressed, the leaders of young democracies may, by definition, have difficulty establishing their legitimacy and making promises that their constituents consider credible. This suggests that the very youth of a democracy may cause it governance problems that could lead it toward a premature collapse. As Huntington has written, the world’s “new democracies are, in effect, in a catch-22 situation: lacking legitimacy they cannot become effective; lacking effectiveness they cannot develop legitimacy” (1991: 258).

Moreover, young democracies are likely to be characterized by institutional weaknesses. Again by definition, institutions take time to build and to develop credibility. Central banks need to maintain stable monetary policies over time if they are to establish their inflation-fighting credentials and judicial authorities need time to establish that they are independent from political intrusion. Parliaments and executives must shape their roles and responsibilities so as to forge power-sharing arrangements that are productive and effective. Political parties also take time to form and coalesce around particular themes that aggregate the interests of their core constituents

Third and finally, the political and economic performance of young democratizers is much more volatile as a group than the political and economic performance of older democratic states. Economies governed by newly installed democratic regimes undergo larger swings in economic variables like inflation, government spending, and budgeted deficits (Block et al. 2003; Brender and Drazen 2004). Separating these volatile states into a unique set and analyzing their particular pathologies may thus reveal something useful about their behavioural patterns.

On the basis of these arguments, and given the increasing availability of statistics on the developing world, we compiled a data set of all episodes of democratization between 1960 and 2004 (as a result, recent reversals of democracy in such countries as Thailand and Fiji and perhaps Russia are *not* among our cases). We built this data set using the widely used Polity IV measures of democracy, in conjunction with several other public sources of economic and political data (see Appendix 2 for a full list of our variables and data sources). Rather than simply defining democracy in terms of an arbitrary threshold Polity score, we coded as a democratization episode any positive change of six or more points in a country's Polity score during a three year period. Consequently, the term "democratizers" rather than "democracies" might be a more precise description of the countries in our dataset. We classify periods of democratic governance as having ended when the Polity democracy score drops by more than six points (for a more extensive description of our methodology, see Kapstein and Converse 2008).

While this method of identifying young democracies is not without pitfalls, it has a number of advantages.⁵ The focus on sizeable jumps in the democracy index helps to ensure that we indeed examine cases in which there was a shift to a substantially more democratic system of government. Defining a particular index value as the threshold for democracy might result in the inclusion of incremental changes that, while perhaps important, do not represent the sort of major regime change that is the focus of our analysis. In addition, our methodology reduces the potential for measurement error to bias our results. By definition democracy indices involve subjective judgments, and all the available indices have documented shortcomings (for an overview, see Munck and Verkuilen 2002). Analyzing substantial changes in the Polity index, rather than treating a country's score on a certain

⁵ This technique could potentially lead us to classify a transition from an extremely oppressive regime to a moderately undemocratic one as a democratic transition. The Polity democracy index runs from -10 to 10, so we might, for example, classify a change from -10 to -4 as a democratization. This situation did not arise in practice, in that all the transitions we consider result in a strictly positive Polity score.

democracy index or changes in that score (e.g. Barro 1999; Acemoglu, Johnson, and Robinson 2005) as our dependent variable hopefully serves to filter out some of the noise resulting from the subjective nature of such assessments.

This methodology identifies 123 democratization episodes in 88 countries, meaning that a number of countries (like Thailand and Pakistan) have made several attempts at establishing democratic polities. Table 1 presents the distribution of our cases by region and by decade (Appendix 1 gives a full list of the democratizations in our data set). Of the 123 democratic regimes in our data set, 67 survived through 2004 (the end of our sample period) while 56 had been reversed. The shortest episodes of democratic governance in our data set lasted one year and the longest lasted 43 years. This sample yields a total of 1,376 country-years of democracy during the 45-year period under study.

Table 1: Democratizations by Region and Decade

	1960s	1970s	1980s	1990s	After 2000	Total
Total	<u>26</u>	<u>20</u>	<u>17</u>	<u>52</u>	<u>8</u>	<u>123</u>
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-N. Africa	0	1	1	1	0	3
Asia	4	7	3	8	1	23

Source: PolityIV, Author's Calculations

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 very few attempts at democratization, sustained or otherwise.

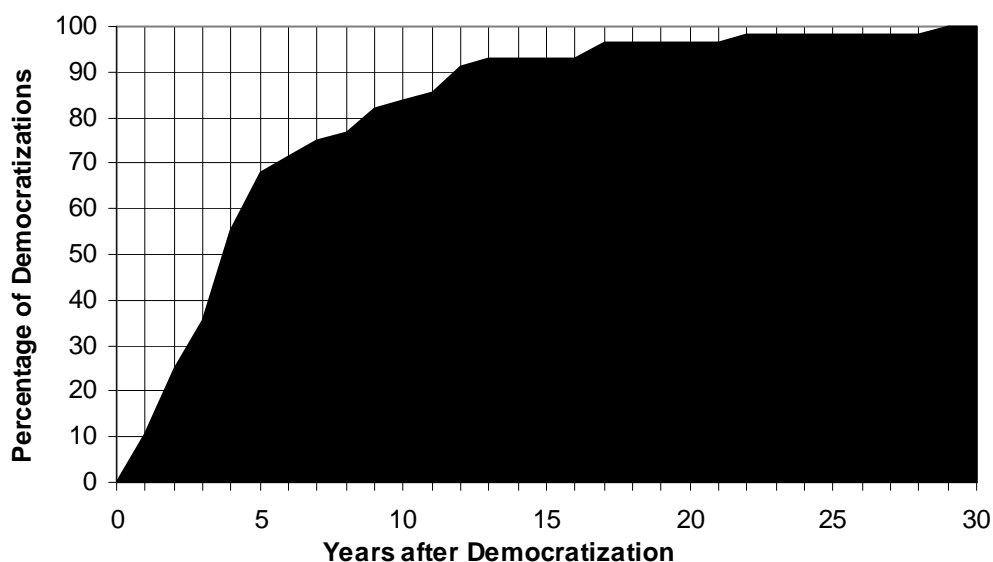
Table 2: Democratizations by Region and Outcome

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

Source: PolityIV, Author's Calculations

Of those cases that ended in reversal, the average length of the democratic episode was just under six years. Almost 68 percent of the unsuccessful democratic experiments ended during the first five years and nearly 84 percent failed within the first ten years (see Figure 1). Although it is important to note that we find no threshold age beyond which a democratic government is apparently safe from overthrow, we have nonetheless focused in our analysis in much of this section on the first five years of democracy in analyzing the factors associated with the success and failure of democratic regimes.

Figure 1: Democratic Reversals, Cumulative Percentage Distribution

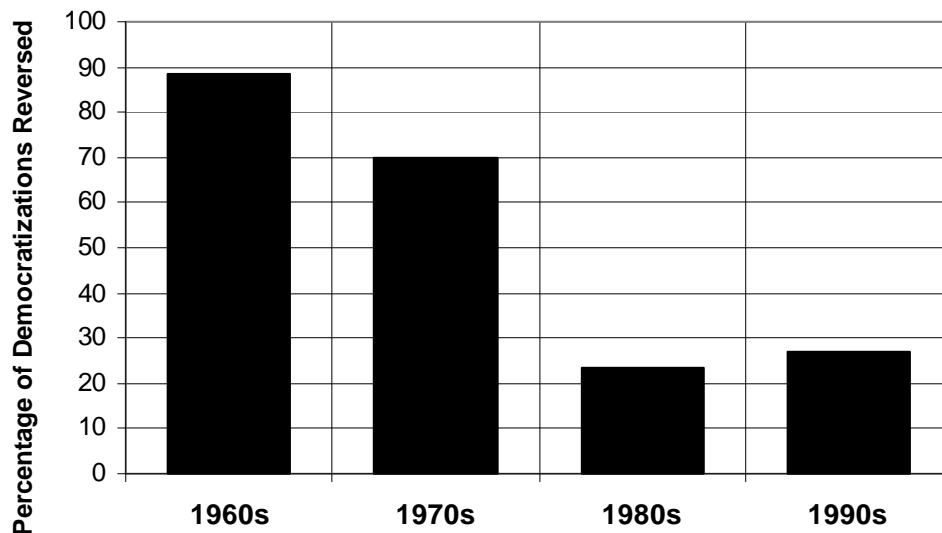


Source: Polity IV, Authors' Calculations

Among those democracies that were reversed, several then 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 (again, the 2006 episode of reversal is not included in our data, which ends in 2004).

Figure 2: Reversal Rates by Decade

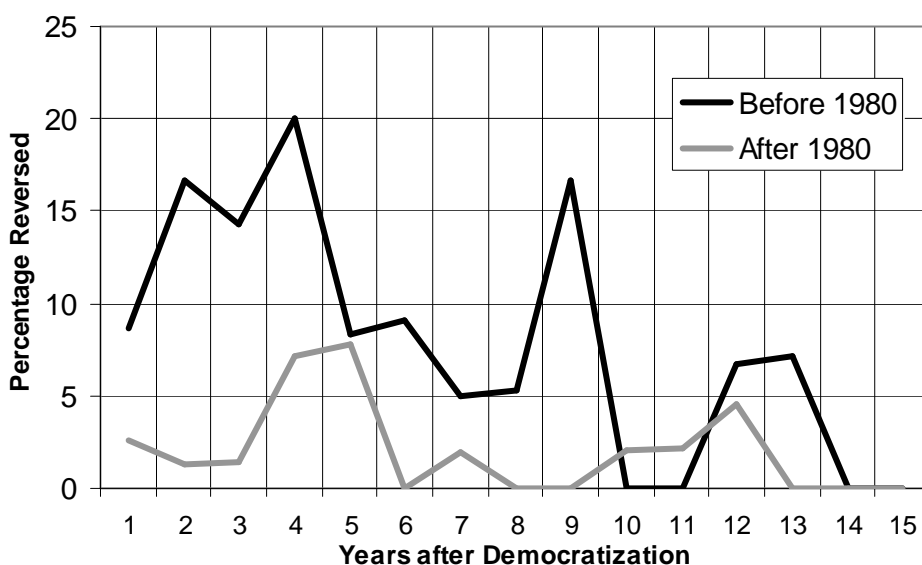


Source: Polity IV, Authors' Calculations

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 occurring in the 1960s were sustained, while 30 percent of those taking place in the 1970s were sustained. The success rate reached 76.5 percent in the 1980s and 72.5 percent in the 1990s. The reader may suspect that democracies that came into existence later have simply had less time to run into difficulty. However, the average length of democratic episodes in the pre-1980 period was in almost identical to that of episodes that began after 1980. Moreover, if we compare the reversal rates of democracies of a given age in the pre- and post-1980 period, we see that the reversal rate is lower in the latter period for almost all ages (Figure 3).⁶ We analyse this change in success rates over time in detail in Section III.

⁶ The rate of reversal is the number of young democracies that reverse after a given number of years, divided by the total number of young democracies that survive for that number of years. Other authors have called this the “breakdown rate” (Bernhard, Reenock, and Nordstrom 2001, 2003).

Figure 3: Reversal Rates Before and After 1980



Source: Polity IV, Authors' Calculations

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. We begin by comparing initial conditions (focusing on social and economic as opposed to geographic conditions) in democracies that were reversed with the conditions in democracies that were sustained through 2004. Since an influential body of research in modern political economy (much of it theoretical) argues that initial conditions *determine* the subsequent development (both political and economic) of states, it is particularly important to see if this view is supported by the data.⁷

As scholars have recognized since the 1950s and the writings of Seymour Martin Lipset, sustained democratizations have tended to occur in relatively wealthier countries, with an average income in our data set of \$2,618 (2006 dollars). Compare this figure with an average of around \$866 in per capita income for young democracies that ended in reversal (see Table 3). This difference is of particular significance given the growing number of democratizations that have taken place in the developing world in recent years, and raises the question of how poverty and democracy interact. Does poverty make it difficult for

⁷ See, for example, Engerman and Sokoloff (2002) and Acemoglu and Robinson (2006).

democratic regimes to consolidate, as modernization theory would suggest, or can democracy help lift nations out of poverty? If poverty makes it more difficult for a democracy to consolidate, should foreign aid focus on promoting economic growth as opposed, for example, to providing support for the institutions of civil society? We will explore these questions in more detail below.

Analysts of democracy, however, should not just focus on *average* incomes within a country, since these may conceal severe inequities of income, assets, or opportunities. It is these inequities, as opposed to any averages, which may play an even more 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. As Larry Diamond has written, “Economic inclusion is closely related to political inclusion and, thus, to democratic deepening” (1999: 85).

Table 3: Initial Conditions and Democratic Reversals

	<u>Average, First 5 yrs</u>		<u>Difference (p-value)</u>
	<u>Reversed</u>	<u>Sustained</u>	
Per Capita Income ¹ (Std. Dev.)	866 (1209.2)	2,617 (2954.5)	1,750 (0.00)
Gini Coefficient (Std. Dev.)	47.1 (3.8)	42.8 (7.2)	4.3 (0.00)
Poverty Rate (\$1/day) (Std. Dev.)	37.1 (27.6)	17.1 (21.1)	20.0 (0.01)
Infant Mortality ² (Std. Dev.)	110.7 (45.7)	55.2 (38.5)	55.4 (0.00)
Ethnic Fragmentation (Std. Dev.)	0.55 (0.29)	0.45 (0.24)	0.10 (0.02)

¹ 2006 dollars.

Sources: WDI, UTIP, Alesina et al. (2003), Polity

² Per 1000 live births.

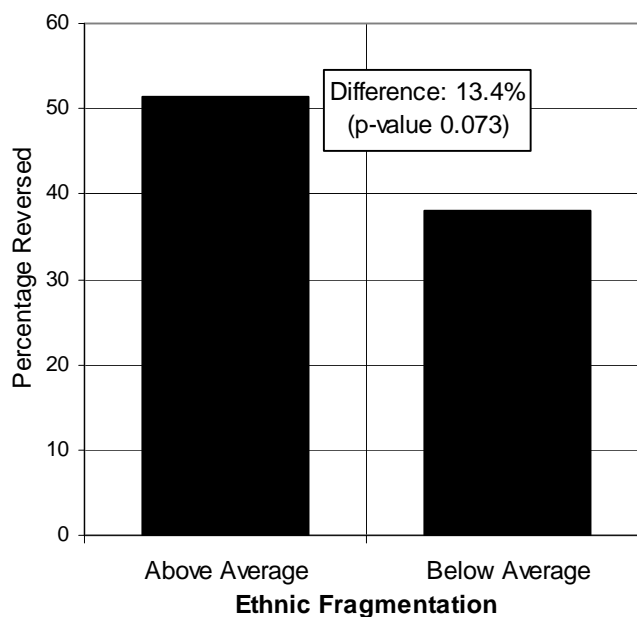
IV, Authors' Calculations

Our data show that inequality was indeed significantly higher in democracies that eventually underwent a reversal (again, see Table 3). 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 fully 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, ethnic fragmentation was significantly higher in those cases where democracy was reversed in the first five years than where democratic governments persisted through the end of the period under study. Indeed, as Figure 4 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.

Figure 4: Ethnic Fragmentation and Democratic Reversals during First 5 Years



Source: Alesina et al (2003), PolityIV, Authors' Calculations

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. Democracy appears to fail significantly more often in countries with low per capita income, high levels of inequality, high rates of poverty, and higher ethnic fragmentation. However, these relationships are very clearly not deterministic. There are several countries (e.g. Ecuador, Malawi, and Mozambique) in which initial conditions were

extremely unfavourable, yet where democracy has been sustained, albeit not without difficulty. In fact, we wish to stress that most of the countries in our data set that reversed in the past have subsequently re-democratized. Again, the relative success of these re-democratizers poses a puzzle for those who take a deterministic view of initial conditions.

Economic Performance and Policy

The literature on the causes of democratic reversal has long emphasized that democracies are put under stress by poor economic performance more than any other factor, with the collapse of Weimar Germany during the early 1930s a paradigmatic case. The data that we have gathered lead us to conclude that this view should to some extent 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 between 2000 and the 2006 coup, 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.

Turning to our data, descriptive statistics do not reveal a clear relationship between the economic performance of young democracies and their success or failure. Democratic regimes that were sustained averaged annual growth of only 1.4 percent during their first five years, as against nearly 3.8 percent during the initial five years of democracies that were ultimately reversed (see Table 4). Initial investment was higher at 20 percent of GDP in cases where democracy was sustained, versus 17 percent where it was reversed.

Table 4: Economic Performance and Democratic Reversals

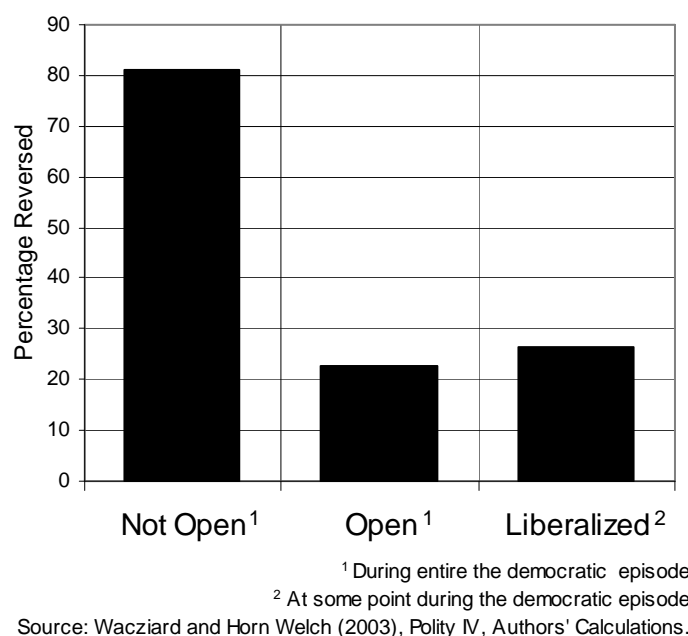
	<u>Average, First 5 yrs</u>		<u>Difference (p-value)</u>
	<u>Reversed</u>	<u>Sustained</u>	
Growth	3.8	1.5	2.3
(Std. Dev.)	(4.80)	(5.94)	(0.01)
Investment	18.4	19.8	1.4
(Std. Dev.)	(8.78)	(6.38)	(0.16)
Inflation	167.3	161.0	6.3
(Std. Dev.)	(782.50)	(496.50)	(0.48)
Median	10.824	18.205	

Sources: WDI, Polity IV, Authors' Calculations

Inflation was somewhat more clearly related to democratic reversal. Where democracy was ultimately reversed, inflation in the first five years of democracy had jumped relative to the five years prior in 74 percent of cases, and often increased sharply, while it remained on average unchanged in sustained democratizations, falling slightly in a majority of cases. This relationship may stem from the fact that inflation erodes real incomes in a manner that is very noticeable and very frustrating for a country's population. Interestingly, though, hyperinflation does not appear to be associated with the reversal of young democracies. Of the 20 young democracies in which the annual change in consumer prices topped 100 percent during the first five years, only five were reversed. This 25 percent reversal rate compares to a 43 percent reversal rate in young democracies where inflation remained under 100 percent during the early years.

The extent to which economic reforms and democratic consolidation are compatible has also been a key question for economists and political scientists studying developing countries. Some have argued that the two processes are complimentary (Fish 1991; Milner and Kubota 2005; Biglaiser and Danis 2002), while others have argued that so-called shock therapy could threaten fragile democratic regimes (e.g. Przeworski 1991). Our data indicate that democratization is not in fact threatened by reform. 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. Trade as a percentage of GDP increased following democratization in over sixty percent of cases, both in the subgroup of young democracies that were ultimately reversed and in those that were sustained. Indeed, Figure 5 suggests that those democracies in which the economy remained closed (according to the well-known Sachs–Warner criteria) were overthrown at a rate nearly four times greater than that of democracies that undertook economic liberalization (as indicated by a shift in the country's Sachs–Warner openness score from zero to one). However, keeping in mind our earlier discussion of equitable distribution, we suggest that the extent to which the benefits of economic reform are widely shared, giving everyone a stake in the process.

Figure 5: Economic Liberalization and Democratic Reversals

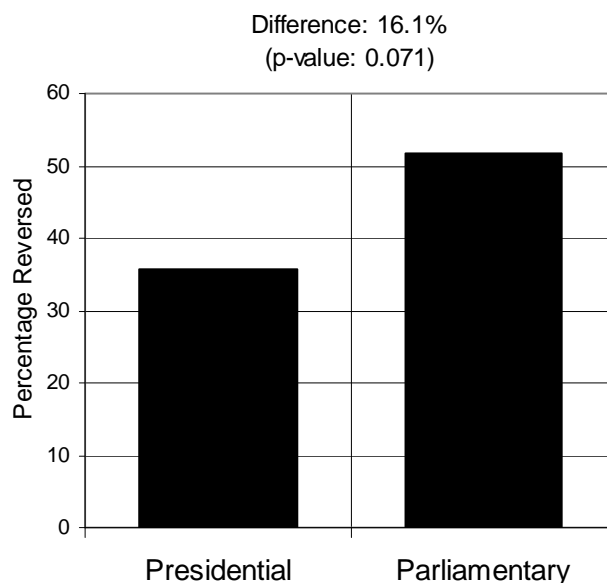


In sum, much of the conventional wisdom on young democracies has held that poor growth threatens their survival while rapid reform is politically destabilizing. Our evidence suggests that one must look beyond economic variables if we are to understand the causal factors behind democratic consolidation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

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 (Przeworski et al. 2000, Bernhard, Reenock, and Nordstrom 2001). 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 put in place presidential systems and 27 put in place 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 6).

Figure 6: Political Institutions and Democratic Reversal



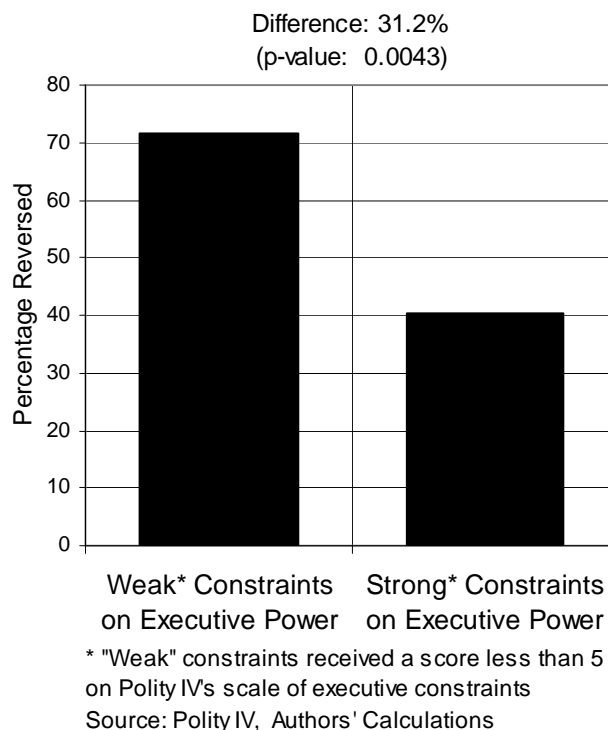
Source: WB DPI, Przeworski et al (2000), Polity IV, Authors' Calculations

Strikingly, these ratios are almost the exact reverse of those recorded by Przeworski et al (2000) in their seminal work. The difference in findings stems from two sources. First, and most simply, by looking only at countries that democratized after 1960, we are excluding a large number of European nations with parliamentary systems that were established much earlier. Second, the difference is a result of the different methodologies used to classify governments as democratic or authoritarian. In particular, the emphasis that Przeworski et al. (2000) place on alternation of elected governments leads them to classify as authoritarian a number of governments which we characterize as democratic. These are cases (many of them post-colonial, many of them in Africa) in which a government came to power democratically, but never handed power over to a democratically elected successor government. Thus, numerous short-lived experiments with parliamentary democracy are excluded from the Przeworski et al. (2000) list of democracies. We believe that inclusion of these failed democracies in our study is justified, given that one of the threats that looms particularly in new democracies is that the first duly elected government will refuse to hand over power to a successor, or alter the rules to prevent effective challenges.

Why have scholars (and perhaps policy-makers 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 (Persson and Tabellini 2003). 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.

Figure 7: Constraints on Executive Power and Democratic Reversal



Consequently, we turn our attention to a more direct measure of constraints on executive power, irrespective of whether the leader is a president or a prime minister. We divide our 123 cases into two groups, those which according to the Polity IV data set have a relatively high level of executive constraints, and those with a relatively low level.⁸ This institutional feature does appear to have a significant relationship with the fate of the regime, as we see in Figure 7. In cases where executive constraints on the executive are weak, democracy is reversed just over 70 percent of the time, compared to only 40 percent of the time when constraints are strong. We therefore stress the importance of assessing the actual balance of power in new democracies, regardless of whether the regime type is parliamentary or presidential.

⁸ For a democracy to be classified as having strong constraints on the executive, at a minimum other branches of government must be able to defeat executive proposals for action. The reader may object that the higher reversal rate simple reflects the fact that the government is more authoritarian to begin with; however, the reader should keep in mind that we define democratization and reversal not based on a *threshold* Polity score, bur rather in terms of the magnitude of a *change* in that score.

III. Regression Analysis

In the previous section we examined a number of bivariate relationships between reversals in young democracies on the one hand and initial conditions, economic performance, economic reform, and political institutions on the other. However, we have not yet assessed the *relative* importance of these various factors for the survival of democracy. We now put these descriptive statistics into context by presenting a series of multivariate regressions that show which factors are most strongly associated with an increased risk that the democracies in our sample will be overthrown.

Model

Given the nature of our dependent variable, namely the risk of democratic reversal, it is appropriate to use event history methodology to analyze the dataset we have.⁹ We employ a continuous time hazard model, which can deal with variables that vary from year to year, like inflation or economic growth. Specifically, we used a Weibull model as opposed to, for example, an exponential model because the descriptive statistics we examined in the previous section indicated that the rate of democratic reversal may decline over time (see Figures 1 and 3 above). The Weibull will allow us to explicitly test this hypothesis with the following model:

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

where $h(t|\mathbf{x}_t)$ is the (limiting or instantaneous) probability of democratic reversal after t years and p is a time-dependence parameter. If the rate of democratic reversal is independent of the age of the democratic regime, p will be equal to one. The vectors \mathbf{x}_1 , \mathbf{x}_2 , \mathbf{x}_3 , and \mathbf{x}_4 contain independent variables selected based on the descriptive statistics we saw in the previous section. In particular, \mathbf{x}_1 contains economic variables, \mathbf{x}_2 institutional variables, \mathbf{x}_3 variables characterizing initial conditions, and \mathbf{x}_4 variables measuring economic policies (again, see Appendix 2 for a complete list of the explanatory variables employed and their sources).

⁹ For an excellent introduction see Box-Steffensmeier and Jones (2004). Cleves, Gould, and Gutierrez (2004) provide an extremely useful guide for implementing this type of analysis.

Results

The regressions results are summarized in Tables 5 to 7, which report the effect in percentage terms of a one-unit increase in each independent variable on the baseline hazard rate (the instantaneous risk of democratic reversal). For example, according to our estimates, a one-point increase in a country's Polity IV score for constraints on the executive reduces the risk of reversal by around 20 percent (when all other variables are set at zero).¹⁰

Table 3 presents the results on the relationship between economic performance and political institutions on the one hand and the risk of democratic reversal on the other, controlling for initial conditions using log GDP per capita and a dummy indicating the decade of democratization, as well as for government policy, as represented by government spending on consumption as a percentage of GDP. In Table 4, we report our findings on how initial conditions and democratic reversal are related, controlling for economic performance (average GDP growth during the previous five years and log consumer price inflation), political institutions (constraints on executive power), and government policy. The sample used for the regressions reported in Table 6 was smaller than that used in Table 5, due to the more limited availability of data on, for example, income inequality. Table 7, making use of a further reduced sample because of the availability of data on foreign aid, contains the result of regressions assessing the relationship between government policy and democratic reversal, controlling for economic performance, political institutions, and initial conditions. Note that all our specifications significantly (at a 99 percent level) improve on a constant-only model, as indicated by a Wald test of the joint null hypothesis that all coefficients are equal to zero.

Beginning with the economic variables analyzed in Table 5, we see that higher GDP growth is significantly associated with a reduced probability of democratic reversal. Because the five-year average growth rate was associated with a notably larger reduction in risk of reversal, and was more consistently significant across specifications than individual year-on-year growth, we chose to include the average measure in the rest of our regressions. We also found that high rates of inflation in any one year were significantly associated with a substantial rise in the probability of democratic reversal in all specifications.¹¹

Our analysis of political institutions earlier in this chapter suggested that stronger constraints on executive power, independent of the distinction between presidential and

¹⁰ Clearly, the exponential form of the model means that the marginal effects of each variable depend on the values taken by the other regressors.

¹¹ Because consumer price inflation ranged from -10 percent (in Sudan in 1968) to over 11,000 percent (Bolivia in 1986), we used the log of one plus the rate of inflation as our measure of inflation.

parliamentary democracies, were associated with a reduced risk of democratic reversal. Our regression results provide further evidence of this relationship (note that endogeneity should not be a problem here as we are taking a component of the *level* of the Polity IV score and regressing it on the probability of a *change* in that score). Although the Polity score for constraints on executive power was significant at the 10 percent level across most of our specifications, a dummy variable taking a value of 1 for presidential regimes was never significant. We consequently reiterate that institutions providing checks and balances do appear to play a crucial role in whether young democracies consolidate or collapse, but again note that this affect appears to be independent of the particular institutional structure in place.

Table 5:

Economic Performance, Political Institutions, and Risk of Democratic Reversal

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									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Growth	-0.072 *** (0.022)								
Growth, 5yr Ave		-0.114 *** (0.029)				-0.075 *** (0.028)	-0.072 ** (0.029)	-0.085 ** (0.033)	-0.066 ** (0.031)
Log Inflation			1.343 *** (0.330)			0.826 *** (0.340)	0.834 *** (0.320)	0.785 *** (0.340)	0.883 *** (0.380)
Investment				-0.050 (0.037)					
Investment, 5yr Ave					-0.050 (0.032)				
Executive Constraints	-0.206 (0.110)	-0.223 * (0.110)	-0.191 (0.110)	-0.201 (0.110)	-0.190 (0.110)	-0.214 * (0.110)		-0.204 * (0.110)	-0.225 * (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	-0.576 *** (0.087)	-0.593 *** (0.088)	-0.620 *** (0.084)	-0.542 *** (0.089)	-0.541 *** (0.089)	-0.613 *** (0.085)	-0.647 *** (0.077)	-0.641 *** (0.094)	-0.593 *** (0.097)
Pre-1980	3.986 *** (1.950)	5.366 *** (2.540)	5.230 *** (2.530)	3.752 *** (1.840)	3.800 *** (1.850)	5.857 *** (2.770)	5.580 *** (2.600)	6.075 *** (2.860)	5.499 *** (2.640)
Government Consumption (% GDP)	-0.105 *** (0.038)	-0.110 *** (0.037)	-0.105 *** (0.036)	-0.095 ** (0.038)	-0.092 ** (0.037)	-0.110 *** (0.037)	-0.123 *** (0.037)	-0.104 ** (0.039)	-0.108 *** (0.037)
Time Dependence Parameter	1.051 (0.100)	1.085 (0.110)	1.081 (0.110)	1.095 (0.130)	1.085 (0.120)	1.101 (0.110)	1.087 (0.120)	1.135 (0.140)	1.166 (0.120)
Log Likelihood ¹	-69.08 (54.0)	-66.51 (49.5)	-65.81 (70.4)	-69.76 (34.9)	-69.81 (35.0)	-64.36 (123.0)	-65.5 (105.4)	-63.98 (122.2)	-63.41 (119.0)
Observations	1140	1140	1140	1140	1140	1140	1140	1140	1140

Note: Robust standard errors, clustered on democratic episode, in parentheses

*** p<0.01, ** p<0.05, * p<0.1

¹ Chi-squared statistic from a Wald test against a constant-only model in parentheses.

The variable “prior democratizations” in Table 5 takes a value of one if the episode of the democracy was the first in the country’s history, two if it was the second attempt at democratic governance, and so on. This measure of the country’s previous experience with

democracy does not appear to significantly affect the risk of democratic reversal. As an alternate and more sensitive measure of a country's prior experience with democratization, we also used a variable measuring the cumulative years of democracy that the country had experienced up to and including the present year.¹² This variable also showed no significant relationship with the risk of reversal. Moreover, the time dependence parameter in our model is almost never significant, and indeed, is consistently greater than one (which would signal that the risk of reversal increases over time). Thus it seems that once we control for other factors influencing the success or failure of young democracies, the apparent learning effects that some scholars have flagged may not in fact be significant.¹³

Turning our attention to Table 6, on the relationship between initial conditions and the risk of democratic reversal, we see that a higher initial level of GDP per capita is associated with a lower probability of reversal. This relationship is not only statistically significant at the one percent level for nearly all specifications but of a sizeable magnitude. However, when infant mortality is included, the coefficient on GDP per capita is no longer significant. These two variables are in fact highly correlated (the correlation coefficient is above 0.75), and both presumably provide a broad indication of a country's level of development. Infant mortality in theory provides a better indication of how broadly the benefits of that development have been shared. We note, however, that the quality and frequency of data on GDP per capita were greater. For this reason, and because the magnitude of the coefficient on GDP per capita was significantly higher than that of infant mortality, we chose to include that indicator as a control for the level of development in the rest of our specifications.

As we would expect from our preliminary examination of the data, income inequality and ethnic fragmentation were both associated with increased risk of democratic reversal, but these relationships were not statistically significant. Dependence on oil is not significantly related with the overthrow of young democracies, and the sign associated with oil dependence is the opposite of what we would expect. We find that regional effects for Africa and Latin America were not statistically significant (we did not include a regional dummy for

¹² More specifically, the variable "cumulative years of democracy" measured the total years of democracy, according to our measure, that a country had experienced from 1800 or its independence, up to and including the year in question. This variable therefore resembles the measure of "domestic democratic capital" employed by Persson and Tabellini (2006), although we do not allow for depreciation as those authors do.

¹³ There are a number of reasons why our findings may differ from those of Gerring et al. (2005) and Persson and Tabellini (2006). First, we restrict our attention to recent democratizers, while they do not. They allow for depreciation of so-called "democratic capital" while we do not. We also believe that this variable may be subject to particularly large measurement error: the Polity scores of a number of developing countries are surprisingly high during the nineteenth and early twentieth century (both studies use Polity data).

Asia because the heterogeneity of the region's democratizers). However, we do find that, *ceteris paribus*, democratizers in Eastern Europe faced a significantly lower risk of reversal than those found elsewhere, perhaps because of the lock-in effects of accession to the European Union.

Table 6: Initial Conditions and Risk of Democratic Reversal

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 *** (0.041)	-0.133 *** (0.044)	-0.136 *** (0.045)	-0.134 *** (0.047)	-0.131 *** (0.046)	-0.130 *** (0.045)	-0.229 *** (0.058)
Log Inflation	0.220 (0.240)	0.272 (0.320)	0.323 (0.320)	0.266 (0.330)	0.282 (0.340)	0.286 (0.330)	0.528 * (0.340)
Executive Constraints	-0.269 ** (0.097)	-0.225 ** (0.120)	-0.236 * (0.120)	-0.215 (0.120)	-0.218 (0.120)	-0.227 * (0.120)	-0.290 ** (0.110)
Log GDP per capita	-0.296 (0.160)	-0.628 *** (0.086)	-0.593 *** (0.110)	-0.634 *** (0.080)	-0.639 *** (0.082)	-0.637 *** (0.079)	-0.550 *** (0.120)
Pre-1980	4.693 *** (2.690)	8.024 *** (3.970)	7.147 *** (3.690)	8.031 *** (4.290)	8.026 *** (4.410)	7.896 *** (3.730)	7.491 *** (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 Consumption (% GDP)	-0.133 *** (0.037)	-0.139 *** (0.042)	-0.144 *** (0.042)	-0.141 *** (0.041)	-0.138 *** (0.044)	-0.141 *** (0.041)	-0.164 *** (0.044)
Time Dependence Parameter	1.373 *** (0.17)	1.179 (0.12)	1.176 (0.12)	1.185 (0.13)	1.189 (0.14)	1.177 (0.12)	1.273 ** (0.15)
Log Likelihood ¹	-51.37 (91.1)	-54.99 (98.8)	-54.94 (84.4)	-55.18 (113.9)	-55.22 (101.4)	-55.23 (101.7)	-52.43 (94.8)
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

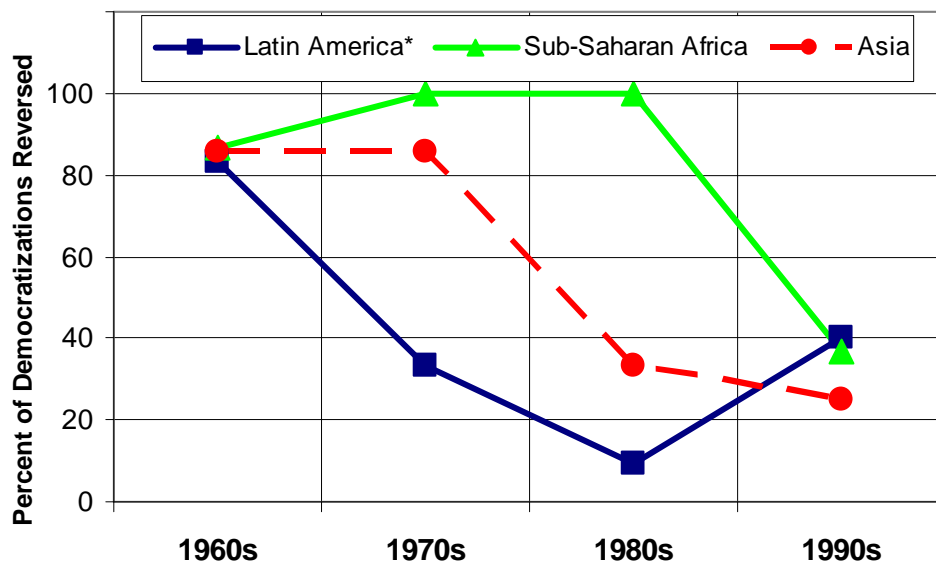
¹ Chi-squared statistic from a Wald test against a constant-only model in parentheses.

As in the Section III, the association between the *timing* of democratization and its success or failure is both statistically significant and of large magnitude yet presents an important question as opposed to offering any answers. Democratizations that took place

before 1980 appear to have faced a substantially larger chance of reversal than those in subsequent decades. Dummies for the 1980s, 1990s, and 2000s were tested but were not significantly associated with any change in the risk of democratic reversal. Dummy variables for the 1960s and 1970s, by contrast, were both significant, and because a Wald test failed to reject the null that their coefficients were identical, we include a single variable, flagging democratizations that occurred before to 1980.

As Table 6 makes clear, this relationship remains significant even when we include regional dummies in our model, indicating that the higher probability of success in the post-1980 period is not due to the fact that, for example, Eastern European states that emerged from communist rule had a greater chance of maintaining democratic rule. Indeed, we can see in Figure 8 that the rate at which democracies fail declined in *all* regions in the post-1980 period. A young democracy was more likely to survive during the 1990s than during the 1970s, regardless of the region.

**Figure 8: Democratic Reversal Rates
Over Time, by Region**



Source: PolityIV, Authors' Calculations.

*Upturn in 1990s due to 2 failed democratizations in Haiti.

We also considered several other factors that changed over the period in question. Suspecting that the significance of the timing variable was driven by difficulties experienced by postcolonial democratizers, we included a dummy flagging democratizations immediately following independence from colonial rule, but as Table 6 shows, the timing variable remained highly significant. One might expect the global economic environment to have some affect on the probability of democratic survival, but the timing variable was still

significant and of a large magnitude when we controlled for the rate of world output growth (see Table 4). In the previous section, we noted that descriptive statistics raised the possibility that the timing effect was due to an increase in foreign aid, but in Table 7, we see that the pre-1980 dummy variable remains highly significant even when we control for levels of foreign aid. Factors such as the advance of globalization or a change in U.S. foreign policy may play help explain this change in the success of democracies over time.

We now turn our attention to the policies pursued by governments in our set of young democracies. As discussed in Section II, the question of whether young democracies can or should implement economic reforms has been hotly debated. To assess whether shifts in economic policy were associated with democratic reversal, we included as a regressor trade as a percentage of GDP, as well as a dummy variable taking a value of one after the democratic government liberalized the economy (as indicated by the Sachs–Warner openness measure). We also include as a regressor government consumption spending, as a percentage of GDP, and the amount foreign aid the country received, as a percentage of GDP.

Table 7 summarizes our findings regarding the effects of policy on the survival of young democracies. Spending seems to matter, as higher government consumption was associated with a significantly lower risk of reversal.¹⁴ At the same time, not only do more open economies appear to face a lower risk of reversal, but we also found a significant *negative* relationship between liberalization and the rate that democratic governments were overthrown.¹⁵ Thus, we do not find support for the proposition that economic reforms such as the liberalization of trade provoke a backlash that can undermine young democracies.

Finally, we look at the policies of donor governments and find that more foreign aid is associated with a lower probability of reversal. Naturally, there could be problems of endogeneity at work here if more aid is given in the first place to countries that are less likely to fail. We do not probe that issue in any detail here, particularly as the relationship in our model is not statistically significant. Moreover, as already noted, the direction of causality is also open to question.

¹⁴ As a robustness check, we also tried various measures of the *change* in government consumption during the period of democracy. The results were broadly similar to those presented here, and thus are not included in the tables.

¹⁵ We also tested the model with the *change* in trade as a percentage of GDP. This did not affect the basic results.

Table 7: Government Policies and Risk of Democratic Reversal

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 ** (0.03)	-0.072 ** (0.03)	-0.051 * (0.03)	-0.05 * (0.03)
Log Inflation	0.895 *** (0.33)	0.85 *** (0.34)	0.773 *** (0.33)	0.94 *** (0.34)
Executive Constraints	-0.174 * (0.10)	-0.172 * (0.09)	-0.154 * (0.10)	-0.18 * (0.09)
Log GDP per capita	-0.559 *** (0.09)	-0.548 *** (0.08)	-0.555 *** (0.09)	-0.604 *** (0.09)
Pre-1980	6.213 *** (2.43)	6.141 *** (2.42)	4.395 *** (1.88)	5.524 *** (2.25)
Government Consumption (% GDI	-0.086 *** (0.03)	-0.064 ** (0.03)	-0.094 *** (0.03)	-0.078 ** (0.03)
Trade (%GDP)		-0.016 * (0.01)		
Liberalization			-0.735 *** (0.13)	
Aid (%GDP)				-0.021 (0.02)
Time Dependence Parameter	1.073 (0.11)	1.214 (0.15)	1.26 ** (0.14)	1.108 (0.12)
Log Likelihood ¹	-72.1 (106.0)	-69.56 (72.4)	-68.21 (111.4)	-71.53 (103.3)
Observations	987	987	987	987

Robust standard errors, clustered on democratic episode, in parentheses

*** p<0.01, ** p<0.05, * p<0.1

¹ Chi-squared statistic from a Wald test against a constant-only model in parentheses.

We conducted two sets of robustness checks on our results. First, we ran the regressions using an exponential model (equivalent to fixing the time dependence parameter at one) and a non-parametric Cox proportional hazard model. In both cases, the coefficient estimates and the results of significance tests were nearly identical to the results for the Weibull model that we present here. Second, we ran the regressions presented here on a data set created using an alternate definition of democracy. Defining democracy as having a strictly positive Polity score (a methodology employed by Persson and Tabellini 2006, among others) identifies 136 democratizations in the period from 1960 to 2004. The resulting data set, consisting of 1,481 country-years of democracy, yielded coefficient estimates very

similar to those presented here and unchanged significance levels (these results are available from the authors on request).

Discussion

In figure 9, we provide the distribution of the hazard rates predicted by our model, in particular the specification used in regression 17 of table 7, which includes two measures of economic performance, two indicators of initial conditions, two indicators of government policy, and one indicator of institutional structure.¹⁶ In slightly more than 40 percent of the country-years in our dataset, the hazard rate is below one percent, and it is under five percent in just over 80 percent of country-years.¹⁷

Figure 9: Distribution of Predicted Hazard Rates

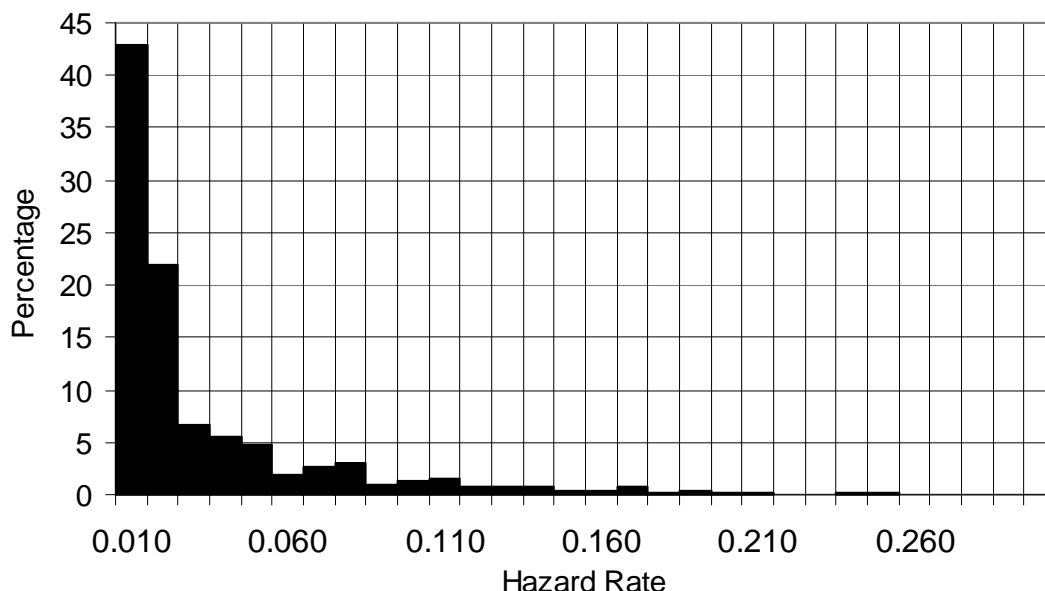


Figure 10 helps to illustrate the implications of our regression results by comparing the predicted impact of changes in economic outcomes, institutional structure, and policy. This figure plots our model's predicted hazard rates in the first five years after democratization for various values of the independent variables: GDP growth, log inflation, constraints on executive power, log GDP per capita, government spending as a percentage of GDP, and trade as a percentage of GDP.

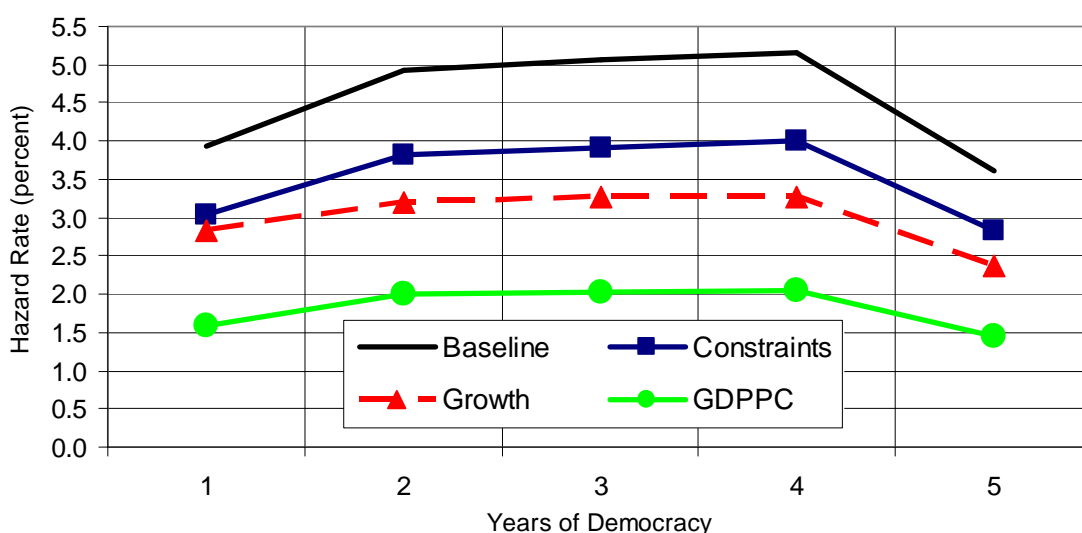
¹⁶ Recall that the hazard rate is the probability that a democracy fails in a given year, conditional on it having survived through that year.

¹⁷ This is broadly in line with the distribution produced by Persson and Tabellini (2006).

The baseline case depicted in figure 10 sets the dependent variables at half a standard deviation below the mean in each year, and sets the dummy variable flagging pre-1980 democratizations equal to zero, so that we consider the risks faced by more recent democratizers. Interpreting the hazard rates, we see that in the baseline case, the probability that democracy fails in our hypothetical underperforming country in its first year is 3.9 percent. The probability that this hypothetical democracy fails in its second year, conditional on having survived its first year, is 4.9 percent, and so on.

Figure 10:

Hazard Rates, Post-1980: Impact of Improvements in Selected Variables



First, we consider an improvement in growth performance from half a standard deviation below the mean to half a standard deviation above the mean, an increase in GDP growth of between four and five percentage points. This reduces the hazard rate by between 1.1 and 1.9 percentage points in the years we consider. An analogous one standard deviation increase in (logged) GDP per capita, implying a change from around \$500 to around \$1600, reduces the hazard rate by between 2.2 and 3.1 percentage points.

Finally, we consider an increase in constraints on executive power from half a standard deviation below the mean to half a standard deviation above the mean. Broadly speaking, this entails a shift from a situation in which, according to the Polity IV project documentation "The executive has more effective authority than any accountability group but is subject to substantial constraints by them," to one approaching parity between the executive and other branches of government (Marshall and Jagers 2005: 23-24). This improvement in checks and balances produces a drop in the hazard rate of between 0.8 and 1.1 percentage points during the first five years of democracy.

The conclusions drawn from these comparisons depend of course on the relative difficulty of changing political institutions as opposed to economic outcomes. This, in turn, presumably varies from case to case. We note however that, employing the same baseline case, the reduction in the hazard rate that results from the relatively small increase in executive constraints we considered above is roughly equivalent to the impact of a three percentage point increase in GDP growth, a \$200 increase in GDP per capita, or a 10 percentage point jump in government consumption (as a percentage of GDP). Consequently reigning in executive power—even marginally—appears to be an effective method of reducing the threat to young democracies, relative to the available alternatives.

This perspective on our results also highlights the importance of taking a multi-pronged approach to reducing the threat of reversal in young democracies. A one standard deviation increase in *both* growth and constraints on the executive reduces the risk of reversal by around two and a half percentage points, as compared to a one point change from either of the changes on their own.

IV. Conclusions

Policy Implications

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 Millennium Challenge Corporation (MCC), for example, includes only countries that “rule justly” among its recipients, while USAID funding for the building of political parties, the training of legislators and judges, and the expansion of civil society have increased many times. 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.

Given the research that we have presented in this essay, it seems appropriate to ask what underlying theory of democratic consolidation seems to guide these efforts. We would 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 (see Kapstein and Converse 2008 for a more extensive discussion of aid policy). In short, growth and democracy make for a virtuous

circle. This leads to a two-track approach in which Washington Consensus policies of economic reform are advanced by foreign aid agencies on the one hand, while democracy promotion assistance, focusing on legislatures and civil society, is granted on the other. 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 distributed—matters to democratic survival. Going forward, we would therefore urge the foreign assistance community to consider the following policy recommendations that incorporate our concerns with both economic policy and institutional design:

First, aid for democracy assistance must emphasize the crucial role of effective checks and balances in building durable democratic institutions. We would suggest that there has been a tendency to support regimes that promote market oriented reforms even at the expense of institutional development, a tendency that was especially clear in Latin America and Russia during the 1990s. 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. Even if leaders in young democracies use amplified executive power to implement welfare-enhancing reforms, the positive impact of improved economic outcomes on the risk of democratic reversal is offset by the negative institutional change.

Second, foreign donors must confront problems of income and asset distribution in recipient nations. We would submit that equitable wealth and income distribution is just the economic mirror image of political checks and balances: in both cases the objective is to dilute the concentration of power. Evidence from around the world that globalization and technological change are leading to higher levels of income inequality is therefore troubling. Higher levels of inequality may threaten young democratic regimes—indirectly if not directly. 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. Further, in certain countries ethnicity may play a role in access to education and to good jobs. The concentration of economic power facilitates the undemocratic concentration of political power, while those who are left by the wayside may lose confidence in the democratic form of government.

Third, the international community must support young democracies not just with aid, but also through 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 advanced industrial countries' protection of domestic agriculture at the expense of developing world

exports 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 more widely while increasing the life chances of all citizens.

In conclusion, we remind readers that most young democracies fail during their first five years, as leaders and institutions struggle to achieve credibility and legitimacy in the face of monumental challenges, like economic reform. 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.

Directions for Further Research

Our research presents at least one puzzle and suggests several directions for further research. The change in the success rate of young democracies over time has not, to our knowledge, been adequately explained, and therefore constitutes an important area for future research. Apart from the factors we explored in section III, leading hypotheses include the role of the United States and European Union in encouraging democratization—particularly of the latter in generating so-called lock-in effects in Eastern Europe—and the role of globalization and international institutions in promoting good governance in open economies. Further research is needed to determine precisely what has changed since 1980 to mitigate the threat to young democracies.

While we have stressed the importance of limits on executive power, we have considered only *formal* institutions in our analysis. We note that informal institutions may also play an important role in reigning in executive power. 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 in which power is widely distributed. 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.

Finally, the contrast between the Russian case and the Thai case discussed in the introduction suggests an additional avenue of inquiry. To our knowledge, little research has been done to determine whether the threat to democratic governments comes more often from power-hungry elected leaders or from disgruntled groups outside the regime. We have suggested that a lack of constraints on executive power signals a threat from both insiders and outsiders, but it would be illuminating to know whether one group acts more frequently to put an end to democracy.

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Appendix 1: List of Young Democracies

Table A1.1: Young Democracies in Latin America

Country	Year of Democratization	Year of Reversal (If Any)
Dominican Republic	1962	1963
Trinidad	1962	
Dominican Republic	1978	
Haiti	1990	1991
Haiti	1994	1999
Guatemala	1966	1970
Honduras	1982	
El Salvador	1984	
Guatemala	1986	
Panama	1989	
Nicaragua	1990	
Mexico	1997	
Peru	1963	1968
Guyana	1966	1978
Ecuador	1968	1970
Argentina	1973	1976
Ecuador	1979	
Peru	1980	1992
Bolivia	1982	
Argentina	1983	
Brazil	1985	
Uruguay	1985	
Paraguay	1989	
Chile	1989	
Guyana	1992	
Peru	2001	

Table A1.2 Young Democracies in Western Europe

Country	Year of Democratization	Year of Reversal (If Any)
Cyprus	1960	1963
Greece	1975	
Portugal	1976	
Spain	1978	

Table A1.3: Young Democracies in Eastern Europe

Country	Year of Democratization	Year of Reversal (If Any)
Hungary	1990	
Czech Republic	1990	
Bulgaria	1990	
Romania	1990	
Poland	1991	
Albania	1992	
Macedonia	1991	
Slovenia	1991	
Moldova	1991	
Croatia	2000	
Yugoslavia	2000	
Estonia	1991	
Latvia	1991	
Lithuania	1991	
Ukraine	1991	
Belarus	1991	1995
Armenia	1991	1995
Georgia	1991	
Russia	1992	
Slovakia	1993	
Armenia	1998	

Table A1.4: Young Democracies in Sub-Saharan Africa

Country	Year of Democratization	Year of Reversal (If Any)
Benin	1960	1963
Nigeria	1960	1964
Sierra Leone	1961	1967
Gambia	1965	1994
Equatorial Guinea	1968	1969
Sierra Leone	1968	1971
Ghana	1970	1972
Burkina Faso	1978	1980
Ghana	1979	1981
Nigeria	1979	1984
Benin	1991	
Mali	1992	
Niger	1992	1996
Ghana	1992	
Guinea-Bissau	1994	1998
Sierra Leone	1996	1997
Niger	1999	
Nigeria	1999	
Senegal	2000	
Ivory Coast	2000	2002
Congo Brazzaville	1960	1963
Congo Brazzaville	1992	1997
Central African Republic	1993	2003
Somalia	1960	1969
Uganda	1962	1966
Kenya	1963	1969
Sudan	1965	1969
Uganda	1980	1985
Sudan	1986	1989
Mozambique	1994	
Ethiopia	1995	
Djibouti	1999	
Kenya	2002	
Zambia	1964	1972
Lesotho	1966	1970
Botswana	1966	
Zimbabwe	1970	1987
Namibia	1990	
Zambia	1991	
Lesotho	1993	1998
Malawi	1994	
Mauritius	1968	
Comoros	1975	1976
Comoros	1990	1995
Madagascar	1992	
Comoros	2004	

Table A1.5: Young Democracies in the Middle East/North Africa

Country	Year of Democratization	Year of Reversal (If Any)
Turkey	1973	1980
Turkey	1983	
Iran	1997	2004

Table A1.6: Young Democracies in Asia

Country	Year of Democratization	Year of Reversal (If Any)
South Korea	1960	1961
South Korea	1963	1972
South Korea	1988	
Mongolia	1992	
Taiwan	1992	
Pakistan	1962	1971
Bangladesh	1972	1974
Pakistan	1973	1977
Pakistan	1988	1999
Nepal	1990	2002
Bangladesh	1991	
Thailand	1969	1971
Thailand	1974	1976
Thailand	1978	1991
Thailand	1992	
Cambodia	1993	1997
Fiji	1970	1987
Papua New Guinea	1975	
Solomon Islands	1978	2000
Philippines	1987	
Fiji	1990	
Indonesia	1999	
East Timor	2002	

Appendix 2: Data Sources

	Source	Definition
Economic Variables		
Growth	WDI (2006)	% change in GDP from previous year
Growth, 5yr Ave	WDI (2006)	Average GDP growth rate over previous 5 years
Log Inflation	WDI (2006)	Natural log of 1 plus the annual rate of inflation
Investment	WDI (2006)	Investment as a % of GDP
Investment, 5yr Ave	WDI (2006)	Investment as a % of GDP, average value for previous 5 years
Institutional Variables		
Executive Constraints Presidential	Polity IV Przeworski et al. (2000); WB Database of Political Institutions (2006)	1 if presidential regime, 0 if parliamentary
Prior Democratization	Polity IV, authors' calculations	Number of democratizations country has experienced since 1800, including the current episode
Cumulative Years of Democracy	Polity IV, authors' calculations	Cumulative years of democracy in the country since 1800, including the current year
Initial Conditions Variables		
GDP per Capita	WDI (2006)	
Infant Mortality	WDI (2006)	Per 1,000 live births
Pre-1980	Polity IV, authors' calculations	1 if episode of democracy began between 1960 and 1979, inclusive; 0 otherwise
Gini Coefficient	University of Texas Inequality Project (2006)	
Ethnic Oil Dependent	Alesina et al. (2003) WDI (2006)	1 if oil rents account for more than 10 % of GDP; 0 otherwise
Post-Colonial	Polity IV, authors' calculations	1 if episode of democracy immediately followed colonial rule
World Growth	WDI (2006)	% change in world GDP from previous year
Lat.Am	Polity IV, authors' calculations	1 if country located in Latin America or the Caribbean; 0 otherwise
E.Europe	Polity IV, authors' calculations	1 if country located in Eastern Europe; 0 otherwise
Sub-Saharan Africa	Polity IV, authors' calculations	1 if country located in Sub-Saharan Africa; 0 otherwise
Policy Variables		
Government Consumption (% GDP)	WDI (2006)	
Trade (%GDP)	WDI (2006)	
Liberalization	Wacziarg and Horn Welch (2003)	1 if Sachs-Warner openness measure went from 0 to 1 in an earlier year of the current democratic episode; 0 otherwise
Aid (%GDP)	WDI (2006)	