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Democracy and Development
Political Institutions and
Well-Being in the World,
1950–1990

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Introduction

Questions

Is economic development conducive to political democracy? Does democracy foster or hinder material welfare? These have been central questions on intellectual and political agendas over the past fifty years. ever since the Atlantic Charter, signed by Churchill and Roosevelt in 1941, offered the “assurance that all men in all the lands might live out their lives in freedom from fear and want.” For the first time in history, democracy and development, freedom from fear and from want, were conceived as the future of all the people in the world, not as the privilege of the “civilized” nations.

In some ways, these questions are badly formulated. Political regimes, however one thinks about them, are complex. They combine many institutional features that can have emergent effects and that may work at cross-purposes. They may, at the same time, encourage economic rationality but hinder economic initiative, grant governments the authority necessary to promote development but also allow them to evade popular control, and foster long-term thinking at the cost of short term disasters, or vice versa. Development, in turn, is a multifaceted process of structural transformations, not only economic, that becomes manifest in the growth of income, productivity, consumption, investment, education, life expectancy, and employment—all that makes for a better life. But again, these good things do not necessarily go together, and they certainly do not go together for all. Average income and even consumption can grow at the cost of increasing unemployment, of growing inequality, of immiseration for large segments of the population, of degradation of the environment. Hence, the question of the relationship between democracy and development encompasses more specific issues concerning the impacts of
particular features of political regimes on various aspects of economic performance.

Nevertheless, asking these questions in their general form is inescapable. Following World War II, various dictatorial regimes appealed to the masses of the poor by presenting themselves as forces for progress, as agents of development, as shortcuts to modernity. Their claims to legitimacy, their appeals to loyalty, were that they were uniquely capable of mobilizing resources and energies to break the chains of poverty, to build a better future, to lead their respective countries to affluence, power, and prestige. Whatever their particular ideological stripes, such regimes plastered walls and minds with images that pictured how everything — homes, schools, hospitals, armies — would grow in the radiant future. They were to eradicate poverty, generate affluence, enable their countries to assume their rightful places among the powers of the world, and by the example of their own success convert others to the righteousness of their dictatorial ways. They were always the “tigers”: The most rapidly growing country in the world in the 1950s, at least if we are to believe its own statistics, was communist Romania. The economic miracle of the early 1970s was the military-ruled Brazil. The economic tigers of the 1980s were the dictatorships of Singapore, South Korea, and Taiwan. In the 1990s the leader was China. And those spectacular successes repeatedly sowed doubt in the minds of even committed democrats: whether or not development did indeed require order and discipline, whether or not rationality would flow from authority, whether or not democrats could continue to trust that their own ways would be capable of lifting the masses of the world’s poor from their plight.

Around 1960, when decolonialization was giving birth to many “new nations,” in an international context in which communist regimes still appeared to be developing impressively, many scholars and politicians concluded that the perceived economic effectiveness of dictatorships was simply a fact of life, one that should be confronted courageously by admitting that democracy was a luxury that could be afforded only after the hard task of development had been accomplished. To cite just a few typical voices of the time, Galenson (1959: 3) claimed that “the more democratic a government is, the greater the diversion of resources from investment to consumption.” De Schweinitz (1959) argued that if the less-developed countries “are to grow economically, they must limit democratic participation in political affairs.” La Palombara (1963: 57) thought that “if economic development is the all-embracing goal, the logic of experience dictates that not too much attention can be paid to the trappings of democracy.” Dictatorships were needed to generate development: As Huntington and Nelson (1976: 23) put it, “political participation must be held down, at least temporarily, in order to promote economic development.”

The world thus faced, it seemed, a trade-off between democracy and development. Yet the future was not so bleak for democracy. Whereas dictatorships, even though despicable, were needed to generate development, they would self-destroy as a result of their own success. According to the dominant canons of the time, democracy would naturally emerge after a society had undergone necessary economic and social transformations. The basic assumption of modernization theory was that societies undergo one general process, of which democratization is but the final facet. Hence, the emergence of democracy would be an inexorable consequence of development. Because in that view dictatorships would generate development, and development would lead to democracy, the best route to democracy was seen as a circuitous one. The policy prescriptions that resulted from that mode of thinking rationalized support for dictatorships, at least those that were “capable of change,” that is, anti-communist ones.

Communism now appears dead, and the idea that it ever portended the future seems ludicrous, albeit in omniscient retrospect. And democracy has been discovered to have many economic virtues. It is claimed that democracy encourages investment by safeguarding property rights, promotes allocational efficiency by allowing a free flow of ideas, and prompts governments to choose good policies by imposing the threat of electoral sanctions. Yet doubts remain. For many, Pinochet’s Chile was the paradigm of successful economic reforms, and the economic success of authoritarian China is the model for the new Russia. Even though democratic ideals are nourishing political forces from Argentina to Mongolia, the allure of a “strong government,” “insulated from pressures,” guided by technical rationality, capable of imposing order and discipline, continues to seduce. Whether in the case of the Tiananmen Square massacre or the autogolpe of President Alberto

\[1\] Still in 1975, impressed by the growth of the communist countries, Huntington and Domínguez (1975: 60) observed that “the interest of the voters generally [leads] parties to give the expansion of personal consumption a higher priority vis-à-vis investment than would receive in a non-democratic system. In the Soviet Union, for instance, the percentage of GDP devoted to consumption was driven down from 65% in 1928 to 52% in 1937. It is most unlikely that a competitive party system would have sustained a revolution from above like this.”
Fujimori in Peru, international financial institutions, as well as governments in the developed countries, are still willing to close their eyes to violations of democratic rights and even human rights in deference to the purported economic effectiveness of dictatorships. A myopic public has to be protected from itself; economic reforms must be carried out before the people have time to react. This is still a popular belief.

Thus, whether well formulated or not, the question of the relative merits of political regimes continues to evoke intellectual analysis as well as political passion. Much of the appeal of dictatorships stems from the fact that at various moments they have seemed to offer “the best practice.” The “tigers” have tended to be dictatorships. But are dictatorships necessarily tigers? The list of disasters generated by authoritarianism is long and tragic. Even the economic collapse of communism pales in comparison with the destruction caused by dictatorships in many African countries, the squandering of resources in the Middle East, or the havoc spawned by military governments in Central America. For every developmental miracle, there have been several dictatorships that have engaged in grandiose projects that have ended in ruin, or else dictatorships that have simply stolen and squandered. In turn, the record of performance among the democracies, which has featured examples of spectacular growth (notably in Western Europe until the mid-1970s) as well as of rapid deterioration (as in Latin America in the 1980s), has not reached the extremes seen among the dictatorships. Hence, to assess the impacts of political regimes, we must examine their full record, not just the best performances.

We want to know the effects of political regimes on the material well-being of the people who live under them. But well-being, like its cognates, such as welfare, utility, ophelimity, or simply happiness, is an elusive concept. It combines objective and subjective elements: the resources and capabilities that enable people to lead the lives they choose, the choices they actually make, what Sen (1988) calls “functionings,” as well as their evaluations of their lives. Well-being entails being able to work and to consume, being sufficiently educated to know what choices one can make in life, being able to choose the number of children one wants, being able to live a healthy life. But whereas the conditions that people face independently of their actions can be measured objectively, well-being is difficult to assess in interpersonal terms when these conditions do afford people the opportu-

nity to make choices. To borrow an example from Sen (1988: 18), one may starve because one does not have enough to eat or because one is fastiging. Conditions per se are often difficult to distinguish from the consequences of the choices that people make under those conditions.

Nevertheless, though well-being is difficult to evaluate, destitution is manifest (Dasgupta 1993). Even such a rough measure as income can tell us whether or not people are materially deprived. A life without adequate food and shelter, threatened by disease, condemned to ignorance, is a life of destitution: The most subjectivist economist needs but a few hours to determine that what a poor village needs is clean water and a school.

We are willing to make judgments about the degrees of well-being that people experience under different political regimes because we do not believe that preferences about those aspects we study are endogenous to regimes. Whether living under dictatorship or democracy, people do not want to consume less, live shorter lives, get less education, or see their children die. Yet even if preferences were endogenous (e.g., suppose that mothers would happily offer their sons as cannon fodder for dictators), such preferences could not justify normative judgments unless they were informed by the actual experience of the alternatives.

What, then, are the observable indications of well-being? We do not neglect the intrinsic value of political and civic liberties inherent in democracy. As Dasgupta (1993: 47) argues, the view that the poor do not care about the freedoms associated with democracy “is a piece of insolence that only those who don’t suffer from their lack seem to entertain” (see also Sen 1994a). Yet our question is whether or not these liberties, those necessary for people to freely choose their rulers, affect well-being in other realms. This is why we refer to “material” well-being. We are interested in the material consequences of political regimes.

Dasgupta (1993: 76) proposes that, besides political liberties, one can think of well-being along three dimensions: income and all it affords, health, and education. With all the innumerable caveats, income is simply the best overall indicator of the choices people enjoy in their lives. It is in many ways far from perfect: Even if its components were weighted at competitive market prices, those prices would necessarily ignore the capacitating effects of certain forms of consumption, as well as the very capacity to make choices that income
Introduction
democracy and so very few poor countries do. Armed with knowledge of how political regimes rise and fall, we compare their performances in different realms.

Many of the patterns we have discovered are surprising. Indeed, our findings contradict so many preconceived notions that at times we have a feeling that we are digging a cemetery for old theories. Some findings are so puzzling that they leave us speechless. Others lend themselves to rival explanations that cannot be evaluated with the available data. All these findings do call for explanations, and we hope that others will try to understand them. But our own posture is largely minimalist; We simply try to establish what one should reasonably believe about the experience of the forty years we examine, the “facts.”

Methods

Democracy and dictatorship constitute different ways of organizing political lives: of selecting rulers, processing conflicts, making and implementing public decisions. We want to know if these ways make a difference for people’s lives. And this means that we need to observe democracies and dictatorships wherever they are, under the full range of conditions under which they have existed. To speak of “democracy,” one must reach beyond the experience of the industrialized countries. Democracies breathe also in countries where it does not snow: Brazil, Mauritius, Jamaica. Indeed, when we look for democratic regimes that existed during any time between 1950 and 1990, we find two-thirds of them in the less-developed countries. So if we want to know about the impact of “democracy,” rather than of snow, we must study all democracies we can find, wherever they are.

Yet knowledge of all the democracies that ever existed is not enough to ascertain the impact of democracy. Because this methodological point is crucial for all that follows, we need to explain the logic of our analysis. We are not the first to study the impact of regimes on economic performance. Indeed, there have been at least forty empirical studies of this subject, the first dating as far back as 1966. Yet if we think that we have something new to say, it is because we believe that all of those studies employed a faulty methodology and drew invalid conclusions.

Our aim is to assess the effects of political regimes on material well-being. How can we go about it? Take the growth of per capita income. We observe Chile in 1985 and discover that its regime was authoritarian and that its per capita income grew at the rate of 2.87 percent.

affords. Yet, at least when it is accurately computed, more income is better than less: Although income is only a means to well-being, it determines what bundles of consumption a person can choose.

One way, therefore, to assess the effects of regimes on well-being is to examine their impacts on economic growth, something about which people all around the world care. The monetary value of consumption, as distinct from total income (which also includes savings), is an alternative measure. We shall ask under which regime economies develop faster, which is more likely to generate miracles and which disasters, which is more likely to ensure that development will be sustained, which is more apt to exploit advantageous conditions, and which is more adept at coping with adversities. We shall examine the impacts of political regimes on the growth of per capita income and per capita consumption, on productivity, on investment, and on the growth of employment. We shall also attempt to say something about income distribution, about poverty, and about the material security that these regimes generate, but given the paucity and poor quality of the data, there is little we can report with certainty.

Yet people’s lives under democracy and dictatorship need not be the same even if those people have the same incomes. As Sen (1993: 40) put it, “the economic success of a nation is judged only by income and by other traditional indicators of opulence and financial soundness, as it so often is, the important goal of well-being is missed.” Birth rates, death rates, fertility, infant mortality, life expectancy, and school enrollment rates conjure an image of what one can expect of life under either regime. Several of these indicators focus specifically on the conditions of women.

These are, then, the aspects of material well-being we examine. Our approach is largely inductive: We consider almost all of the countries that existed at any time between 1950 and 1990 and classify their political regimes. We then examine why so many rich countries enjoy

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2 For a discussion of income as an indicator of well-being, see Dasgupta (1993: chap. 7). The UNDP Human Development Report provides an index that aggregates several indicators into a single measure of “human development” (HDI). Although that may be a useful summary measure, we prefer to study its components separately.

3 Average satisfaction with life rises steeply as the per capita incomes of countries increase from low levels. The same is true of the relationship between income and life satisfaction observed among individuals within a given country. In turn, it appears that the average satisfaction level does not increase as the average per capita income of a country increases over time, but this latter observation is based on countries that already have high incomes. For a recent summary of these findings and an interpretation, see Frank (1997).
regimes in which the rulers are elected tend to generate social and economic equality, control by citizens over politicians, effective exercise of political rights, widespread participation, or freedom from arbitrary violence, as well as economic growth, high employment, low inflation, and public services, should be studied empirically rather than decided definitionally.

Stability and Change of Political Regimes

Of the 141 countries that we observed for at least some time between 1950 and 1990, 73 were already independent in 1950, and 68 gained sovereignty after 1950 (Table 1.2).

Independence, as we know, came in waves. From 1950 through 1959, eight new countries entered the world of sovereign states: Oman, Laos, Morocco, Sudan, Tunisia, Ghana, Malaysia, and Guinea. The largest wave occurred between 1960 and 1968, when forty-one new countries appeared in the world (with the single largest expansion having occurred in 1960, when seventeen African countries gained independence). The remaining nineteen countries became independent between 1969 and 1981, with the largest additions occurring in 1971, when Bangladesh and some of the Persian Gulf states were created (Bahrain, Qatar, and the United Arab Emirates), and in 1975, with the independence of the last Portuguese colonies in Africa (Angola, Cape Verde Islands, and Mozambique) and of the Comoro Islands, Suriname, and Papua New Guinea. The last country to become independent prior to 1990 was Belize, in 1981.

Because our observations begin with 1950, and about half of the countries became independent only later, the aggregate distribution of regimes over the years depends on two factors: changes of regimes in the already existing countries and the entrance of new countries into the world (Table 1.3).

Given that the number of countries changed over time, one should expect that the number of regime transitions would vary as well. As a null hypothesis, suppose that the probability of any democracy or dictatorship dying during a particular year is constant over time and is equal to the average rate over the entire period: 0.0261 for democracies and 0.0173 for dictatorships. The expected number of transitions from a given type of regime is then the product of the number of such regimes and their probability of dying. Comparison of the expected and the observed numbers of transitions suggests that until 1961 there were more transitions to democracy and fewer transitions to dictatorship than one would expect to happen by chance. The period from 1958 to 1973 was hostile to democracies; more of them died and fewer were born than one would expect. Finally, the post-1974 period was again favorable to democracies and hostile to dictatorships.

This periodization is due to Huntington (1991), according to whom (1) the "second wave" of democratization began in 1943 and ended in 1962, (2) the "second reverse wave" started in 1958 and ended in 1975, and (3) the "third wave" of democratization began in 1974. Note that Huntington refers to these patterns as "waves." If all he means is that the frequency of regime transitions was not the same during the entire period, then his observation stands. But were these "waves" in the sense that each transition made it more likely that another transition in the same direction would follow?

Consider first the seventy-three countries in our sample that were independent in 1950, when thirty-five of them (48 percent) were democratic. By 1960 the number of democracies among these countries increased to thirty-nine, only to fall to thirty-one by 1968. It was still thirty-one in 1978, after which it climbed back to thirty-nine in 1984 and to forty-eight in 1990. Hence, with regard to the "old" countries, those countries that were independent in 1950, our count roughly agrees with Huntington's analysis. But even among "old" countries, the waves depicted by Huntington are less general than they first appear. Fluctuations in the distribution of democracies among the countries that were independent in 1950 can be observed only in Latin America. In 1950, eight of the eighteen Latin American countries were democratic; that number went down to six in 1955, up to twelve in 1959, where it remained until 1961, and down again to five in 1976. The number of democracies went up again after that, to reach fourteen in 1986, where it remained until 1990. Outside Latin America, the proportion of democracies remained relatively constant, around 48 percent, from 1950 through 1985 (Figure 1.1). Only after that year, as
a result of the democratization of Bangladesh, Pakistan, the Philippines, South Korea, Poland, Bulgaria, Czechoslovakia, and Hungary, did the number of democracies in the "old" countries outside Latin America start to increase: to 51 percent in 1985, to 55 percent in 1986, and to 62 percent in 1990 (Figure 1.2).

The story for countries that became independent after 1950 is entirely different. Three out of twenty-five (12 percent) newly independent countries were democratic in 1960; subsequently the numbers were seven out of forty-nine (14.3 percent) in 1968, ten out of sixty-six (15.1 percent) in 1978, and twelve out of sixty-eight (17.6 percent) in 1990. Hence, the proportion of democracies among these "new" countries grew slightly but steadily over the period. In turn, the decline of the aggregate proportion of democracies in the world during the 1960s was largely due to the emergence of new countries rather than to transformations of old ones. The "reverse wave" covering the 1960s was mostly due to the fact the number of countries increased dramatically in the 1960s, and a large proportion of the new countries entered the world as dictatorships. Thirty-two of the forty-one countries that became independent between 1960 and 1968 did so under authoritarian regimes. With a few exceptions, most of them remained authoritarian for the rest of the period. Hence, the waves of democratization and authoritarianism are at most limited to "old" countries, and particularly to Latin America.

Another way to examine whether or not regimes come and go in waves is simply to observe transitions by year. If transitions come in waves, we would expect that in each successive year more countries would transit in one direction, cresting at some peak, and then initiating the same pattern going in the other direction.

The annual frequency of transitions presented in Figure 1.3 does not show such a pattern. Between 1950 and 1961 (the tail end of Huntington's second wave of democratization) there were eleven transitions to democracy, but also nine to dictatorship (Table 1.4). Between 1958 and 1973 (during the "reverse wave") there were twenty-five transitions to dictatorship, but also sixteen to democracy. Finally, between

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24 The countries that emerged as dictatorships after independence are Algeria, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Gabon, Gambia, Ivory Coast, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Niger, Rwanda, Senegal, Swaziland, Tanzania, Togo, Uganda, Zaire, Zambia, Zimbabwe, Guyana, Singapore, Yemen Arab Republic, Western Samoa, and Kuwait. The countries that emerged as democracies are Congo, Mauritius, Nigeria, Sierra Leone, Somalia, Barbados, Jamaica, Trinidad and Tobago, and Malta.
Table 1.4. Expected and observed numbers of transitions, by period

<table>
<thead>
<tr>
<th>Periods</th>
<th>Transitions to democracy</th>
<th>Transitions to dictatorship</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-1961</td>
<td>8.68</td>
<td>11.43</td>
</tr>
</tbody>
</table>

1974 and 1990 there were many more transitions to democracy, thirty-two, but still fifteen in the other direction. A simple statistical test is to correlate the annual numbers of transitions to democracy and to dictatorship. If regimes come in waves, then this correlation should be highly negative: During the years when there are many transitions in one direction, there should be few in the other, and vice versa. Yet the correlation is almost zero: −0.01. Moreover, the numbers of transitions in the two directions are not even autocorrelated: The annual autocorrelation of the number of transitions to democracy is −0.011, and to dictatorship −0.010.25 Hence, however the waves roll, there is always an undertow pushing in the reverse direction. Huntington’s oceanic metaphor is only that.

Dictatorships, on average, lasted longer than democracies. But because some regimes already existed in 1950 and some lasted beyond 1990, these averages could reflect the timing of their emergence as much as their ability to survive (Table 1.5).

Democracy is a phenomenon of the twentieth century. For that reason, in 1950 the democracies tended to be younger than the dictatorships. The average age of the thirty-four democratic regimes that existed then was 25.8 years. Only six of them – the United States,

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25 A more complicated way of testing whether or not regime transitions come in waves is to analyze the autoregressive structure of the series using ARIMA identification methods. If the series are indeed cyclical, they should be at least of order 2, with a pair of imaginary roots. Because the series are short, these tests are not highly reliable. Nevertheless, for all the three series – transitions to democracy, transitions to dictatorship, and the difference between them – the tests indicate that they are of order 1. The seasonal component is negligible, and all the series pass the runs test. Hence, there is no evidence for cycles.
### Table 1.5. Regime duration: average age in years at end of regime spell or last year of observation

<table>
<thead>
<tr>
<th>All regimes</th>
<th>All</th>
<th>Democracy</th>
<th>Dictatorship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spells completed between 1950 and 1990</td>
<td>18.6 (97)</td>
<td>8.5 (45)</td>
<td>27.4 (52)</td>
</tr>
<tr>
<td>Spells in course by 1990</td>
<td>38.2 (141)</td>
<td>36.6 (60)</td>
<td>39.4 (81)</td>
</tr>
<tr>
<td>Age of regime as of 1950</td>
<td>34.7 (70)</td>
<td>26.2 (34)</td>
<td>42.7 (36)</td>
</tr>
<tr>
<td>Spells initiated in or after 1950 and completed by 1990</td>
<td>15.7 (168)</td>
<td>9.4 (71)</td>
<td>20.3 (97)</td>
</tr>
<tr>
<td>and in course by 1990</td>
<td>7.3 (67)</td>
<td>5.1 (33)</td>
<td>9.3 (34)</td>
</tr>
<tr>
<td>Democracies</td>
<td>Parliamentary</td>
<td>Mixed</td>
<td>Presidential</td>
</tr>
<tr>
<td>Spells completed between 1950 and 1990</td>
<td>11.2 (19)</td>
<td>4.5 (4)</td>
<td>9.4 (25)</td>
</tr>
<tr>
<td>Spells in course by 1990</td>
<td>41.9 (36)</td>
<td>28.8 (5)</td>
<td>24.4 (19)</td>
</tr>
<tr>
<td>Age of regime as of 1950</td>
<td>31.2 (21)</td>
<td>7.0 (2)</td>
<td>20.2 (11)</td>
</tr>
<tr>
<td>Spells initiated in or after 1950 and completed by 1990</td>
<td>10.7 (34)</td>
<td>9.7 (7)</td>
<td>8.2 (33)</td>
</tr>
<tr>
<td>and in course by 1990</td>
<td>4.5 (14)</td>
<td>4.5 (4)</td>
<td>5.3 (17)</td>
</tr>
<tr>
<td>Dictatorships</td>
<td>Bureaucracy</td>
<td>Autocracy</td>
<td></td>
</tr>
<tr>
<td>Spells completed between 1950 and 1990</td>
<td>20.9 (59)</td>
<td>9.3 (22)</td>
<td></td>
</tr>
<tr>
<td>Spells in course in 1990</td>
<td>26.0 (37)</td>
<td>13.9 (94)</td>
<td></td>
</tr>
<tr>
<td>Age of regime as of 1950</td>
<td>42.1 (28)</td>
<td>37.7 (8)</td>
<td></td>
</tr>
<tr>
<td>Spells initiated in or after 1950 and completed by 1990</td>
<td>12.7 (118)</td>
<td>7.3 (108)</td>
<td></td>
</tr>
<tr>
<td>and in course by 1990</td>
<td>7.7 (67)</td>
<td>6.3 (87)</td>
<td></td>
</tr>
</tbody>
</table>

* Number of spells in parentheses.

Stability and Change of Political Regimes

Dominican Republic, El Salvador, Haiti, Honduras, Mexico, Nicaragua, Bolivia, Paraguay, China, Iran, Nepal, Thailand, Romania, Turkey, and the USSR (Russia).

However, democracies also lasted for shorter periods than dictatorships among the countries that did not exist prior to 1950. Of the 168 regimes that were established in or after 1950, 67 had died by 1990. Thirty-three were democratic, and they lasted, on average, 5.1 years; 34 were authoritarian and lasted 9.4 years. Of the 101 remaining regimes, that is, the regimes that lasted beyond 1990, 38 were democracies, and 63 were dictatorships. The former, by 1990, had lasted 13 years, and the latter 26.2 years. Dictatorships, thus, tended to last longer than democracies, regardless of when they were observed.

During the 1950–1990 period, most countries each lived under a single regime. Of the 141 countries we observed, only 41 experienced transitions between dictatorship and democracy. The remaining 100 countries never experienced regime transitions, and thus each ended the period with the same regime with which it was first observed (among these, 67 were dictatorships, and 33 were democracies). Seventeen countries had just one transition each, of which twelve were to democracy. The five countries where democracy gave way to dictatorships that lasted past 1990 are Laos, where democracy fell in 1959, Congo in 1963, Sierra Leone in 1967, Somalia in 1969, and Sri Lanka in 1977. Countries that started the period of observation as dictatorships and then established democracies that lasted beyond 1990 are Colombia in 1958, Venezuela in 1959, the Dominican Republic in 1966, Portugal in 1976, Spain in 1977, El Salvador and Nicaragua in 1984, Bangladesh in 1986, Poland in 1989, and Bulgaria, Czechoslovakia, and Hungary in 1990.27

Two countries began the period of observation as dictatorships, experienced brief democratic interludes, and became dictatorships again: Uganda (where democracy lasted for five years, from 1980 to 1984) and Indonesia (where democracy lasted for only two years, from 1955 to 1956). More typically, seven countries were democracies when we first observed them, went through often long periods of dictatorship, and returned to democracy. These are Grenada, Brazil, Chile, Ecuador, Uruguay, the Philippines, and Greece. Eight countries experienced three regime transitions: Nigeria, Panama, Suriname, and

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26 We extended the age of a regime back to 1870. All regimes, democratic or authoritarian, established before that date were recorded as having been established in 1870. In Chile, democracy was first established in 1826, but there was a reversal in 1925.

27 We do not count East Germany, which we treat as having dropped from the sample in 1990.
Myanmar started the period as democracies, became dictatorships, returned to democracy, and ended as dictatorships, whereas Bolivia, South Korea, Thailand, and Turkey began as dictatorships, experimented with democracy, returned to dictatorships, and became democracies again. Two countries had four transitions: Ghana and Pakistan. Sudan and Honduras had five, Guatemala and Peru had six, and Argentina, by far the record holder, had eight transitions between democracy and dictatorship.28

Thus, the regime histories of particular countries are highly heterogeneous. Most regimes, as we saw, lasted for a long time, with a majority of countries not experiencing any transition between democracy and dictatorship during the 1950–1990 period. Some countries alternated between dictatorship and democracy every few years: There would be a coup d’état, and a dictatorship would be established; then, often following another coup d’état, an election would be held and the democratically elected government would assume office, only to be overthrown by yet another coup. In some countries this entire cycle occurred once during the period; in others it occurred twice, and in Argentina three times.

Moreover, systematic regional differences can be seen: Western Europe was predominantly democratic, and Eastern Europe was communist; in Africa, only Mauritius was democratic during its entire history; except for Israel, Middle Eastern countries were dictatorships; most of the Far Eastern countries, except Japan, were dictatorships; South Asian countries experienced some transitions; and many, but not all, Latin American regimes were highly unstable. Indeed, of the 97 transitions that occurred in the 141 countries between 1950 and 1990, 44 were in Latin America, which comprises eighteen countries29 (Table 1.6).

The fact that most countries each lived under the same regime for most of the time between 1950 and 1990 does not mean that their rulers or their political orientations or even their institutional frameworks remained the same. The democratic regimes might be parliamentary, mixed, or presidential. Dictatorships, in turn, might be “bureaucracy,” institutionalized regimes that promulgated laws, or “autocracies,” regimes without any proclaimed rules. Using these distinctions, we observed 55 parliamentary, 9 mixed, and 44 presidential democracies, 146 bureaucracies, and 116 autocracies.

The staying power of democratic institutions was seen to be strong. During the entire period studied, democratic institutional frameworks were altered in only three instances: France in 1958, when the parliamentary system of the Fourth Republic gave way to the mixed system of the Fifth; Brazil in 1961, when presidentialism was replaced by a mixed system; and Brazil again in 1963, when presidentialism was restored after its overwhelming victory in a plebiscite held in January of that year. A few countries did change the institutional framework in their democracies after an authoritarian interregnum: Ghana, Nigeria, and South Korea replaced the parliamentary systems that had existed prior to their periods of dictatorship with presidential systems once democracy was restored. In Suriname the change was from parliamentarism to a mixed system. Pakistan was the only country that went back and forth: from parliamentarism in 1950–1955 to a mixed system in 1972–1976 and back to parliamentarism again after 1988. All of the other seventeen countries that experienced at least one authoritarian

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28 Appendix 1.3 lists countries by the number of transitions they have experienced between democracy and dictatorship.

29 The rate of transitions per country was highest in Latin America: 2.4. Latin America was followed by Southeast Asia, where the rate was 1.57 transitions per country, and South Asia, where the rate was 1.2 transitions per country. In all other regions (including the countries of the Organization for Economic Cooperation and Development, the OECD), the rate of transitions per country was well below 1.
interlude went back to the type of democratic institutions that had existed before the authoritarian regime.\(^{30}\)

Authoritarian institutions, on the other hand, proved highly unstable. When we classify dictatorships according to the presence or absence of legislatures, we count 262 regimes, as opposed to 133 when we do not make any distinctions among them. There are, thus, 129 instances of openings and closings of legislatures (65 cases of closing, and 64 cases of opening). Again, a few countries account for a large proportion of the transitions from one type of authoritarianism to the other. Of the sixty-seven countries that remained under authoritarian regimes from 1950 through 1990, thirty-two experienced only one type of dictatorship: twenty-seven as bureaucracies and five as autocracies. The remaining thirty-five countries experienced seventy-six transitions, an average of 2.2 changes per country, from one type of authoritarianism to the other.\(^{31}\)

Autocracies often emerge when democracy is overthrown and the legislature is temporarily or permanently closed: Of the forty-five cases of democratic breakdown, thirty-one resulted in this type of dictatorship. But autocracies can also emerge as a result of abortive attempts to liberalize bureaucratic dictatorships. Indeed, the cases in which an autocracy followed a bureaucracy were most frequent, suggesting that attempts at liberalization often fail: Of the eighty-seven instances in which bureaucratic regimes died, twenty-two ended in democracy, but sixty-five in autocracy.

Autocracy is not an easily sustainable form of authoritarianism. Only the four Persian Gulf monarchies (Oman, Qatar, Saudi Arabia, and the United Arab Emirates) were autocracies during the entire period. In general, autocracies do not last very long: As Table 1.5 indicates, the average duration of autocratic spells completed by 1990 was 9.3 years, and of those still in course in 1990 the duration was 13.9 years, compared with 20.9 and 26 years, respectively, for bureaucracies. Moreover, of all the regimes, democratic and authoritarian, autocracies are the ones at highest risk: During any year, an autocracy has a 10.56 percent chance of experiencing a transition to a different regime, which compares with 5.12 percent for presidential democracies, 4.11 percent

\(^{30}\) These countries are Sudan, Grenada, Guatemala, Honduras, Panama, Argentina, Bolivia, Brazil, Chile, Ecuador, Peru, Uruguay, Myanmar, the Philippines, Thailand, Greece, and Turkey.

\(^{31}\) Benin, Burkina Faso, Morocco, Kuwait, and Jordan were the most unstable authoritarian regimes according to this measure. They changed between bureaucracy and autonomy four, five, six, and six times, respectively.

### Table 1.7. Transitions between political regimes: parliamentarism, mixed, presidentialism, bureaucracies, and autocracies

<table>
<thead>
<tr>
<th>Transition from:</th>
<th>Parl</th>
<th>Mix</th>
<th>Pres</th>
<th>Bur</th>
<th>Aut</th>
<th>Total</th>
<th>Number of years</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parl</td>
<td>—</td>
<td>1</td>
<td>0</td>
<td>6</td>
<td>12</td>
<td>19</td>
<td>1,085</td>
<td>0.0175</td>
</tr>
<tr>
<td>Mix</td>
<td>0</td>
<td>—</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>150</td>
<td>0.0267</td>
</tr>
<tr>
<td>Pres</td>
<td>0</td>
<td>1</td>
<td>—</td>
<td>7</td>
<td>17</td>
<td>25</td>
<td>488</td>
<td>0.0513</td>
</tr>
<tr>
<td>Bur</td>
<td>8</td>
<td>4</td>
<td>10</td>
<td>—</td>
<td>65</td>
<td>87</td>
<td>2,117</td>
<td>0.0411</td>
</tr>
<tr>
<td>Aut</td>
<td>9</td>
<td>0</td>
<td>21</td>
<td>64</td>
<td>—</td>
<td>94</td>
<td>890</td>
<td>0.1056</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>6</td>
<td>32</td>
<td>78</td>
<td>96</td>
<td>223</td>
<td>4,730</td>
<td>0.0471</td>
</tr>
</tbody>
</table>

for bureaucracies, 2.66 percent for mixed democracies, and 1.75 percent for parliamentary democracies (Table 1.7).

### Stability and Change of Political Leadership

Rulers changed within each regime. By "rulers" we mean the chief executives, to whom we refer as "heads" of government, or simply "heads." These are presidents in presidential democracies, prime ministers in the parliamentary and mixed democracies, and whoever is the effective ruler in dictatorships. The latter sometimes can be designated explicitly as dictators, or they may opt for a variety of other titles: heads of military juntas, presidents, leaders of their ruling parties, executors of the state of emergency, or kings.

No changes of heads occurred during 3,927 years, one change occurred in 615 years, two changes in 101 years, three in 14, four in 3, and five in 2 years.\(^{32}\) Thus, altogether there were 881 changes of heads during the period we observed, once every 5.29 years (Table 1.8). Changes were more frequent in democracies than in dictatorships. Chief executives in democratic regimes were changed once every 3.48 years, with no significant difference between prime ministers (3.41 years when we combine parliamentary and mixed regimes)\(^{33}\) and

\(^{32}\) This adds to 4,662 years. The difference from the total of 4,730 is due to the exclusion of Switzerland, Uruguay up to 1966, and Yugoslavia after 1980, each of which had a collective executive.

\(^{33}\) Separately, the average is 3.77 for prime ministers in parliamentary regimes and 2.03 for prime ministers in mixed regimes.
Chapter Two
Economic Development and Political Regimes

Introduction

Any casual glance at the world will show that poor countries tend to have authoritarian regimes, and wealthy countries democratic ones. The question is why. What are the conditions that determine whether democracy or dictatorship prevails? What causes political regimes to rise, endure, and fall? Can their transformations be explained generally, or are they caused by circumstances idiosyncratic to each country or period? Are they driven by economic development or by other factors, such as the preceding political history, cultural traditions, political institutions, or the international political climate?

We begin with the observation that the incidence of democracy is undoubtedly related to the level of economic development. Having established the central importance of development, we distinguish two causal mechanisms that may generate this relationship, asking whether democracies are more likely to emerge as countries develop economically under dictatorships or, having emerged for reasons other than economic development, are only more likely to survive in countries that are already developed. This analysis is extended first to the impact of economic performance and then to a panoply of social and political factors. A separate section is devoted to the impacts of different types of democratic institutions. A summary closes the chapter. The statistical models on which the analysis is based are presented in the appendixes.

Development and Democracy

First advanced in 1959, S. M. Lipset's observation that democracy is related to economic development has generated the largest body of research on any topic in comparative politics. It has been supported and contested, revised and extended, buried and resuscitated. And yet, though several articles in the Festschrift honoring Lipset (Marks and Diamond 1992) proclaim conclusions, neither the theory nor the facts are clear.

Aggregate patterns, such as that in Figure 2.1, show that the relationship between the level of economic development and the incidence of democratic regimes is strong and tight. Indeed, one can correctly predict 77.5 percent of the 4,126 annual observations of regimes just by looking at per capita income. What remains controversial, however, is the relative importance of the level of development as compared with other factors, such as the political legacy of a country, its past history, its social structure, its cultural traditions, the specific institutional framework, and, last but not least, the international political climate.

To compare the impacts of different factors, we proceed as follows: (1) We estimate the probability that the regime in a given country during a particular year will have been a dictatorship or a democracy, conditional on the value of each independent variable and their various combinations. (2) We take as the predicted regime the one for which this probability is higher, more than 0.50, and (3) We compare these predictions with the observations. Such predictions obviously are quite rough, because they do not distinguish whether the probability that a regime is, say, a dictatorship is 0.99 or 0.51. But because all we need is a yardstick with which to compare the influences of different factors, this simple procedure is sufficient. Hence, our criterion in comparing the effects of different variables is simply the number of correct predictions. Given the controversies about comparing the fit of non-linear models, we also provide, however, an alternative measure, the Zavoina-McKelvey (1975) pseudo-$R^2$.

1 These predictions are derived from probit, a form of non-linear regression, in which the probability that a country $i$ will have had a dictatorial (as opposed to democratic) regime at time $t$ is modeled as $Pr(Dictatorship) = F(x_i \beta)$, where $F(\cdot)$ is the cumulative distribution function (c.d.f.) of the normal distribution. A fair amount of ink has been spilled over the issue whether or not the relationship between development and democracy is linear (Jackman 1973; Arat 1988). We now know better. Democracy, however it is measured, is a qualitative or limited variable (it assumes the value of 0 or 1 under our measurement, it ranges from 2 to 14 on the Freedom House scale, from 0 to 100 on the Bollen scale, and so on). Hence, no predicted index of democracy can become negative as the level of development tends to zero, and no predicted index of democracy can exceed whatever is the maximum value of a particular scale as the level gets very large. Only a non-linear function, such as the normal or logistic (as suggested by Dehl 1971), can satisfy these constraints. This is why we use probit throughout.
Following the lead of extensive work reported by others, the factors we consider include the following:

1. The level of development (LEVEL), as measured by per capita income.²
2. The political legacies of a country, as summarized by two dummy variables that indicate whether or not the country became independent after 1945 (NEWC) and whether or not it was a British colony in 1919 (BRITCOL).
3. The political history of the country, as indicated by the number of past transitions to authoritarianism (STRA).³
4. The religious structure of the country, as indicated by proportions of Catholics (CATH), Protestants (PROT), and Moslems (MOSLEM) in the population.
5. The ethnolinguistic (ELF60) and religious (RELDIF) fractionalization of the country, measured as the probability that two randomly chosen individuals will not belong to the same group.
6. The international political environment, as measured by the proportion of other democracies in the world (ODWP) during the particular year. By “other” we mean in countries other than the one under consideration.

Table 2.1 shows the predictions based on different combinations of these variables. How one evaluates these results depends on the null model. If one knows absolutely nothing and is forced to think that a randomly chosen country has a fifty-fifty chance of having either regime, then correctly predicting more than half, 2,063 cases, is already an improvement. Because we do know, however, that there were more dictatorial years than democratic years, 60 versus 40 percent, one could correctly predict 2,481 country-years by guessing that all countries were dictatorships at all times. Except for ODWP, we list in Table 2.1 only those variables that considered alone or in thematic combinations at least match the random guess conditioned on the relative frequencies.

² All income figures are expressed in 1985 constant purchasing power parity (PPP) dollars, from the Penn World Tables (PWT 5.6). One might question that per capita income is an adequate indicator of the level of development. In some countries it clearly is not. That is why we excluded from our analysis six countries that derive most of their income from oil revenues. Even with this exclusion, income may not correspond perfectly to whatever one means by “development.” Yet in our view it is the best indicator—better than energy consumption, literacy, industrialization, and other alternative measures.

³ But to discount somewhat the distant past, we assign the value of 1 for all the transitions that occurred before 1950.
### Table 2.1: Predictions of probit models of regimes

<table>
<thead>
<tr>
<th>Variables</th>
<th>Demos</th>
<th>Dictatorships</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEVEL</td>
<td>1.264</td>
<td>1.028</td>
<td>1.264</td>
</tr>
<tr>
<td>RELIGION</td>
<td>1.074</td>
<td>1.020</td>
<td>1.074</td>
</tr>
<tr>
<td>History</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>STRA</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>ODWP</td>
<td>68</td>
<td>969</td>
<td>68</td>
</tr>
<tr>
<td>LEVEL + RELIGION</td>
<td>1.003</td>
<td>1.028</td>
<td>1.003</td>
</tr>
<tr>
<td>LEVEL + ODWP</td>
<td>1.005</td>
<td>1.005</td>
<td>1.005</td>
</tr>
<tr>
<td>LEVEL + RELIGION + ODWP</td>
<td>1.005</td>
<td>1.005</td>
<td>1.005</td>
</tr>
<tr>
<td>EVERYTHING</td>
<td>1.136</td>
<td>2.241</td>
<td>1.136</td>
</tr>
</tbody>
</table>

* ZM stands for the Zeller and McKee (1975) pseudo-$R^2$.\(^4\)

---

Per capita income (LEVEL) clearly outperforms a random guess. "Legacies," the colonial experience, can improve on a random guess by 7 percent, as can the distribution of religions. Ethnic and religious heterogeneity, as well as the number of past transitions to dictatorship, can correctly predict only as many cases as one would guess by knowing the marginal distribution. The proportion of other democracies in the world (ODWP) predicts poorly when considered alone.\(^4\)

When considered along with LEVEL, no other variables, alone or in their thematic combinations, can contribute much to the prediction. Adding to LEVEL all the other variables can improve the guess by only 4 percent.\(^5\) Hence, all the evidence indicates that it is the level of development that can best predict the incidences of various political regimes.

Whereas these variables accurately predicted 81.4 percent of the regimes that countries had at any given time, there were 749 cases in which the regime expected was not the observed one. Can we learn anything from these mistakes? Table 2.2 lists the incorrect predictions by country and period and also shows the predicted probability that the regime would be a dictatorship. Several features of this list merit comment:

1. In many countries, democracy was a colonial legacy, left to fend for itself against all odds. That was true for the Congo, Nigeria, Sierra Leone, Suriname, Burma (Myanmar), Pakistan, the Philippines, and Ceylon (Sri Lanka), where democracy did not survive. Yet democracies that emerged from decolonialization survived in Mauritius (which by our prediction should have become a democracy only 14 years after independence, in 1982), in India (which was

\(^4\) We also examined another variable not reported in the table, namely, the proportion of other democracies in the region (ODRP). This variable generates the best overall prediction, which would seem to indicate that international factors operate through a process of geographically based contagion, rather than via a worldwide political climate. We rush to emphasize, however, that this results should be interpreted with skepticism, because we estimated the model as if all the observations were independent or at least as if the number of countries in each region were large, and in some regions it was not. Although international determinants of regimes have been subjects of some speculation (Whitehead 1991; Schmitter 1991), as well as of statistical analysis (Starr 1991), a model that can distinguish different mechanisms through which international influences operate has yet to be constructed and tested. Our findings suggest, at best, that the topic merits further study, and we decided not to include the regional variable in our final analysis.

\(^5\) One could reasonably ask why we take LEVEL as the benchmark, asking by how much other variables improve the prediction with regard to LEVEL, rather than vice versa. The reason is the asymmetry: When "legacies" are added to LEVEL, the prediction improves by 0.2 percent, but when LEVEL is added to "legacies", the prediction improves by 10.7 percent. Similarly for other variables.
predicted as a dictatorship during the entire period), in Belize, in Jamaica (which was predicted as a dictatorship until 1983), in Papua New Guinea (until 1985), in the Solomon Islands (until 1988), and in Vanuatu (not by 1990). The odds against democracy in India were extremely high.

2. Some countries succeeded in living under democracy when all the observable conditions conspired against it. These attempts succeeded in Bangladesh after 1986, Thailand after 1983, and Turkey after 1983. They failed in Ghana (twice), in Sudan, and in South Korea in 1960.

3. In some countries democracy was imposed by the Allies in the aftermath of World War II. These countries include West Germany, which by our prediction should have become a democracy only by 1952, and Japan, which should have become democratic only by 1965.

4. Some countries experienced dictatorships that should not have been warranted by their observed conditions. That was true notably of the four military dictatorships in Argentina, the Fujimori autogolpe in Peru, the Perez Jimenez dictatorship in Venezuela between 1948 and 1958, and the military rule in Greece between 1967 and 1973.

5. Several countries have waited much longer to make the transition to democracy than their conditions would predict. They include Seychelles, South Africa, Taiwan, Chile, Portugal, and Spain. Other countries have remained in the grip of authoritarianism even though all the observable factors indicate that they should have had democratic regimes: Mexico, which we would have predicted as a democracy already by 1951 and which had a probability of 0.11 of being a dictatorship in 1990; Singapore, which had a 0.02 probability of being a dictatorship in 1990, and Malaysia. Communist countries are a topic apart, and we shall return to it.

6. Finally, these results cast a new light on the instability of political regimes in many Latin American countries. It is often observed that democracy is particularly unstable in Latin America. Yet that may be a wrong conclusion: What is unstable in Latin America is dictatorship. If we take all countries in the world that fall in the Latin American income range per capita, from $971 to $8,233, we discover that democracies are more likely in Latin America than in other regions: Being in Latin America makes democracy 12 percent more likely (t value of the dummy is 3.470) than elsewhere. It thus appears that several Latin American countries experimented with democracy in the face of adverse conditions under which countries elsewhere in the world tended to remain in the grip of dictatorships, and under those conditions, democracies had little chance for survival.

To summarize, the level of economic development, as measured by per capita income, is by far the best predictor of political regimes. Yet there are countries in which dictatorships persist when all the observable conditions indicate they should not; there are others in which democracies flourish in spite of all the odds. Thus some factors influencing the incidence of the different kinds of regimes are not identified by this analysis.

**Regime Dynamics**

There are two distinct reasons that the incidence of democracy may be related to the level of economic development: Democracies may be more likely to emerge as countries develop economically, or, having been established for whatever reasons, democracies may be more likely to survive in developed countries. We call the first explanation "endogenous" and the second "exogenous."

Because we are dealing with only two kinds of regimes, democracies emerge whenever dictatorships die. Hence, to assert that democracies emerge as a result of economic development is the same as saying that dictatorships die as countries ruled by them become economically developed. Democracy thus is said to be secreted out of dictatorships by economic development. A story told about country after country is that as a country develops, its social structure becomes complex, new groups emerge and organize, labor processes require the active cooperation of employees, and, as a result, the system can no longer be effectively run by command: The society is too complex, technological change endows the direct producers with autonomy and private information, civil society emerges, and dictatorial forms of control lose their effectiveness. Various groups, whether the bourgeoisie, workers, or just the amorphous "civil society," rise against the dictatorial regime, and it fails.

The endogenous explanation is a "modernization" theory. The basic assumption of this theory is that there is one general process, of which democratization is but the final facet. Modernization consists of a gradual differentiation and specialization of social structures culminating in a separation of the political from other structures, and making democracy possible. The specific causal chains consist in sequences of

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4. This is not quite true of our data set, because different countries enter and exit the sample at different moments. For the moment, we consider the population of countries as fixed.