



Violence during democratization and the quality of democratic institutions



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ABSTRACT

This paper investigates the impact of violent civil conflicts during the process of democratization on the institutional quality of the emerging democracies. We propose a theory of endogenous regime transition in which violent conflict can arise in equilibrium. Peaceful transitions lead to a social contract that provides all groups with political representation and leads to better protection of civil liberties than violent transitions. Empirical evidence from the third wave of democratization based on a difference-in-difference methodology supports the theoretical predictions. The findings suggest that, compared to peaceful transitions, violent conflicts during the democratic transition have persistent negative effects on the institutional quality of the emerging democracies.

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1. Introduction

The last decades have witnessed an unprecedented wave of democratization around the world. It is by now well documented that the transition to democracy follows different paths. In some countries like Ghana, El Salvador, Mozambique, Spain and Turkey, among others, democratization was essentially peaceful and paved the way to sizable extensions of civil rights and unprecedented political stability. In others, democratization was the result of violent social conflicts that were triggered by the uprising of the politically and economically deprived classes and fueled by failed attempts of repression. In Ethiopia, Indonesia, the Philippines or Nicaragua, for example, the transition was stained with blood and materialized in limited improvements in political freedom and electoral competition. The existence of different transition scenarios has been documented already before the third wave of democratic transitions.¹ The ongoing experiences in the Arab countries also display substantial heterogeneity in terms of civil violence. A central question related to this observation is: Do these different paths to democracy pave the way to similar improvements in the quality of democratic institutions in terms of political and

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¹ Uruguay, Colombia and Venezuela experienced democratic transitions with substantial violence in the first half of the twentieth century while prototypical examples of historically peaceful transitions are the nordic countries before the second world war.

economic liberties, or are there differences associated with the democratization scenario? After discussing at length the occurrence of violence during the democratic transitions, Huntington (1993) argues that one should expect that consensual, non-violent, transitions lead to better democracies, even though the role of violence is *a priori* not obvious.²

This paper presents a theoretical and empirical investigation of the role of violence during the transition to democracy for the quality of institutions in the emerging democracies in terms of the civil liberties granted to all members of society. While, as discussed below, there is a vast literature on the details and modes of transitions to democracy in economics and political science, the existing work has placed little emphasis on developing a unified framework that can encompass different democratization scenarios and generate testable implications regarding the consequences of different types of democratization. We propose a simple theoretical framework in which the occurrence of violence during democratization is the result of rational choices within a simple probabilistic conflict model. The politically (and economically) deprived segments of the population can trigger violent conflicts to obtain control over the state apparatus. A civil conflict is observed if the group ruling the state does not give up its power and responds by attempting a violent repression. Different transition scenarios can emerge in equilibrium, leading to democracies with different institutional quality: in one scenario the newly enfranchised majority gains control over the state apparatus and subsequently exploits it to extract rents by limiting political and economic liberties; in the other scenario, public policies in the emerging democracy are the result of a broader consensus among all groups of the population. These different equilibrium configurations resemble the concepts of “mass democracy” (a popularly based dictatorship with the poor ruling over the rich) and “democracy” (where all groups are granted economic and political freedom), as described by Lipset (1959).

The democratic transition as well as the type of emerging democracy is determined endogenously. Democratization can either be peaceful (and consensual), or it may arise after a violent conflict. A democracy with high institutional quality, characterized by a high level of civil liberties, can emerge in equilibrium if, and only if, it is optimal for all groups. The model delivers a characterization of the conditions under which each democratization scenario takes place, and investigates the consequences of the transition scenario for the features of the emerging democracies. While peaceful transitions lead to improvements in political and economic liberties, this is not necessarily the case for violent transitions to democracy.

The main predictions of the theoretical analysis regard the consequences of democratization. Democratization *can* lead to better institutional quality and greater individual (economic and political) liberties. More importantly, however, the conditions under which democratization takes place are crucial for the institutional quality of the emerging democracy, rather than the transition itself. Democratization may not *per se* lead to institutional improvements, but potentially it plays an important instrumental role. These implications are consistent with the mixed empirical evidence on the causal relationship between development and democratization, as well as with the available findings that suggest an important role of historical factors, country specific characteristics and path dependence for democracy. The theory also supports the view that democratization can affect development indirectly by leading to more political and economic freedom but suggests that, empirically, it may be relevant to explicitly control for the transition scenario in terms of the level of violence during democratization. The paper therefore contributes to the literature on the structural (economic) determinants of democratization, as well as to the literature on the role of the contingencies of democratization studied in political science.³

The second part of the paper presents an empirical investigation of the hypothesis of a crucial role of the democratization scenario (in terms of violence) for the “quality” of the emerging democracy. We test this hypothesis using cross-country panel data that covers the democratic transitions of the third wave, in close reference to Huntington's conjecture. The identification of the effect of the democratization scenario on civil liberties exploits information on the different years of (permanent) democratization in panel data with country and time fixed effects. After documenting a positive average effect of democratization on civil liberties (using a difference in difference approach) we discriminate between violent and non-violent democratic transitions, and thereby provide a direct test of the theoretical prediction by explicitly allowing for a differential effect of violent and peaceful transitions to democracy on civil liberties.

The empirical results suggest that peaceful democratic transitions have a positive and significant effect on the quality of political and economic liberties. The effect of violent democratic transitions is significantly weaker or absent, however. The results are robust to several alternative specifications like the use of different definitions of violence and social conflicts, the inclusion of additional controls like the occurrence of civil conflicts in a particular year (on top of violence during democratization), the past level of civil liberties, the past level and growth of income, spatial contingencies, and the inclusion of region specific growth trends. The findings suggest that accounting for the hitherto largely unexplored role of the transition scenario in terms of violence during democratization may help explaining while some democracies fail in providing sizable improvements in political and economic liberties.

² In page 276 of his book, Huntington (1993) writes “On the one hand, it can be argued that a peaceful, consensual transition favors democratic consolidation. On the other hand, it could also be argued that a violent transition is likely to develop among most population groups a deep aversion to bloodshed and hence to generate a deeper commitment to democratic institutions and values.” He also points out, however, that “Overall, it seems more plausible to hypothesize that a consensual, less violent transition provides a better basis”. In a similar vein, he notes in page 207 that “Governments created by moderation and compromise ruled by moderation and compromise. Governments created by violence ruled by violence”.

³ The economic and political science literature on the determinants and contingencies of democratic transition is discussed in the next section.

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