



Does democracy preempt civil wars?

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Abstract

This paper proposes that the appropriate measure for capturing the political aspects that matter for social conflict is the level of inclusiveness of the political system. I analyze, theoretically and empirically, the relationship between inclusiveness of the political system and its stability. According to the model, high inclusive systems, such as the proportional representation system, are more stable than low inclusive systems that favor political exclusion, such as the majoritarian system. Empirically, it seems that democracy is not enough to deter social conflicts. The level of inclusiveness of the political system is important in explaining the probability of civil wars.

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1. Introduction

The effect of social conflict on economic development has been extensively studied. The evidence supports the idea that social conflict and political instability are harmful for growth. Political instability depends on the social and economic structure of a country as well as on the specific political system. This paper analyzes, theoretically and empirically, the stability of different political systems, i.e., their ability to prevent conflict.

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Recent research has found theoretical and empirical support for the relationship between political instability and slow growth. A society without highly divergent interest (for instance with low levels of polarization or inequality) displays higher political stability and faster growth (Alesina et al., 1996; Perotti, 1996; Benabou, 1996; Rodrik, 1999) because conflict is costly and will be avoided if interests are not highly divergent. Empirical literature has explored the different channels through which political instability slows growth. Mauro (1995) shows that political instability favors corruption, which, in turn, has a negative effect on growth. Another line of research proposes that political instability reduces growth because it retards investment. In particular, Alesina and Perotti (1996) argue that highly polarized societies tend to have radical changes in economic policies, which results in uncertainty and, therefore, in low levels of investment. Svensson (1998) supports this view but argues that the basic uncertainty is about the protection of property rights. The explicit link between ethnic heterogeneity and growth is less-frequently explored. An exception is the research by Easterly and Levine (1997), which focuses on the role of ethnic cleavages in the explanation of Africa's growth tragedy. More recently, Alesina et al. (2003) and Montalvo and Reynal-Querol (2004) consider how ethnicity affects economic development.

Given the relationship between political instability and growth, many authors have searched for institutional arrangements that may prevent social conflict and foster growth. Democracy is usually the first candidate. However, there is no evidence that democracy has any clear effect on economic development or the probability of civil wars. Barro (1997) concludes that the empirical evidence does not support any clear relationship between democracy and economic growth. Moreover, Sambanis (2001), Hegre et al. (2001), Ellingsten (2000), and Reynal-Querol (2002a,b) find that partly democratic countries are more prone to civil war than full democracies and full autocracies.

Therefore, it seems the likelihood of preventing or reducing violence in the context of potentially conflict-ridden societies does not hinge on the democratic status of a country alone. This paper explores the links between social conflict and inclusiveness of the political systems. Inclusiveness is the ability of a system to avoid political exclusion and democracy is just one dimension of this concept. Democratic governments with multiparty decisionmakers are more inclusive than democratic governments with just one decisionmaker. I use the core model presented in Reynal-Querol (2002b) to explore theoretically the new concept of inclusiveness.¹ I capture theoretically the basic relationship between the level of inclusiveness and the stability of the political system. According to this theoretical framework, highly inclusive systems are more stable than highly exclusive systems.

The empirical analysis uses the data on Checks and Balances (CHECKS) from the Database of Political Institutions (DPI) database constructed by Keefer et al. (2001) to capture the notion of inclusiveness. Using this data (CHECKS), I find that the more inclusive the system, the lower the probability of civil war. These results are robust to different specifications, explanatory variables and sample coverage (all countries, non-OECD countries, democratic countries, and democratic non-OECD countries). The results

¹ In my (2002b) paper, I concentrate on the analysis of specific political systems (proportional and majoritarian), without providing an analysis of inclusiveness.

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