

How to Construct Stable Democracies

Some states, including but by no means limited to the world's wealthy democracies, are persistently stable, free from religious and ethnic wars, regional separatist conflicts, military coups, and revolutions. Other states, including countries as geographically diverse as Colombia and Rwanda, Haiti and Indonesia, Nepal and Nigeria, Pakistan and Peru, repeatedly suffer such crises. Why are some states politically stable and others not? Do certain levels of income or economic growth promote stability? Does international trade bring greater political stability to developing nations? Do legacies of endemic poverty and communal tensions simply condemn certain nations or regions to repeated bouts of violence?

To answer these and other questions, a panel of a dozen independent scholars analyzed the fates of democracies and dictatorships around the globe from 1955 to 2002. Remarkably, after several years of assembling and sifting data, the panel found that economic, ethnic, and regional effects have only a modest impact on a country's risk of political instability. Rather, stability is overwhelmingly determined by a country's patterns of political competition and political authority. Although the final analysis identifies several other factors that significantly affect the odds of a political crisis erupting in a particular country, such as a country's level of socioeconomic development, the quality of communal relations, and the occurrence of con-

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flicts in bordering states, the key to maintaining stability appears to lie in the development of democratic institutions that promote fair and open competition, avoid political polarization and factionalism, and impose substantial constraints on executive authority. Additionally, the research suggests that all states possess real democratic potential. Wealth and an absence of communal tensions certainly help, but a country does not have to be rich or homogeneous to be democratic and stable.

What Goes Wrong? Defining Instability

The problem is simple yet critical: can the data collected by international agencies, nongovernmental organizations, and academic studies be used to identify those countries most likely to experience political crises in the next few years? To address this question, four kinds of internal political crises of greatest concern to policymakers were identified: adverse regime changes, revolutionary war, ethnic war, and genocide.¹

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Adverse regime changes were defined to include any one of several related events, such as an abrupt shift from democratic toward autocratic rule, often involving coups d'état or the blatant subversion of electoral processes by incumbent leaders; the collapse of central state authority, as occurred in the Democratic Republic of the Congo in 1992; and the contested dissolution of countries, such as the collapse of the USSR in 1991.

The panel relied primarily on Polity IV, a widely used data set containing annual measures of regime and authority characteristics for all countries worldwide, to identify adverse regime changes. Polity's annual data are often summarized in a score ranging from -10 (complete autocracy) to +10 (complete democracy). If a country dropped at least six points on this scale in three years or less, it was counted as a major retreat from or overturning of democratic institutions. Polity also notes when regimes are interrupted, whether by collapse from internal dissension or outside invasion. For these purposes, collapses and contested breakups of states were considered adverse regime changes, but external invasions and foreign occupations were not.

Civil wars were included in the analysis if battle-related deaths exceeded 1,000 over the course of the conflict and 100 in at least one year, and if the central state was a party to the conflict. Such wars were classified as revolutionary if the conflict centered on the form of the regime or makeup of the

government; they were classified as ethnic if the conflict involved a communal group vying for a major change in status, often by seeking separation or aiming to take control of central state authority. A few conflicts, such as Angola's long-running civil war and the current fighting in Cote d'Ivoire, were classified as both.

Finally, genocides or "politicides" occurred when governing elites or their agents—or, in the case of civil war, either of the contending authorities—promoted, executed, granted, or implied consent to sustained policies that intended to destroy, in whole or in part, a communal, political, or politicized ethnic group.² Sadly, 39 such cases were counted as having taken place between 1955 and 2002.

Finding the Indicators for Political Instability

When designing their methodology, the panel assumed that explaining and predicting political instability would be a difficult undertaking. A host of social, demographic, political, economic, international, environmental, and historical factors would undoubtedly need to be taken into account, and these factors would have to be modeled in complex ways. Indeed, the fear was that the study could be fruitless, with each kind of political crisis, in different regions and time periods, requiring a unique regional or temporal explanation, making the search for global predictive indicators a contentious and possibly even useless exercise.

These concerns, however, proved unwarranted. In fact, a relatively small number of factors consistently preceded the overwhelming majority of political crises. Moreover, these factors generally have the same effects in earlier or more recent periods, in all regions of the world, and in all of the types of political crises examined.

Dozens of factors such as rapid urbanization, economic downturns, and youth bulges might create turmoil in any particular nation. Research indicates, however, that none of these variables (nor most other factors examined) has a systematic effect on the odds of political crises in all countries. Instead, it appears that a relatively small number of factors determine whether a country's government is resilient in the face of economic, political, or other challenges. More resilient countries with these particular characteristics seem to be able to withstand pressures from myriad social, demographic, economic, and environmental forces that are often cited as causes of political instability. Less resilient countries, by contrast, may fall into severe political crisis if afflicted by any number of these pressures or problems.

INDICATORS OF COMING CRISES

To identify the factors that make countries more or less resilient to political instability, the task force used essentially the same methods that medical professionals employ to identify risk factors for afflictions such as cancer and heart disease in human populations. Dubbed the case-control method, this approach systematically compares individuals who suffered a particular

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problem (the cases) with similar individuals who did not (the controls). For each of the more than 130 onsets of political crisis identified as having occurred between 1955 and 2002, three controls were randomly selected from a set of stable countries matched by year and geographical region. (A country was considered “stable” in a given year if it did not experience any new or ongoing political crises during the two preceding and four fol-

lowing years.) To enable the analysis to provide what policymakers consider strategic warning, cases and controls were compared for conditions two years before the onset or absence of a crisis.

The study included more than 130 problem cases and roughly 400 stable, or control, cases, utilizing well over 500 data points spanning more than 150 countries over 48 years. To ensure that the results were not peculiar to any particular set of control cases, the random matching was repeated twice, generating three discrete samples and raising the data set to more than 1,300 cases.³

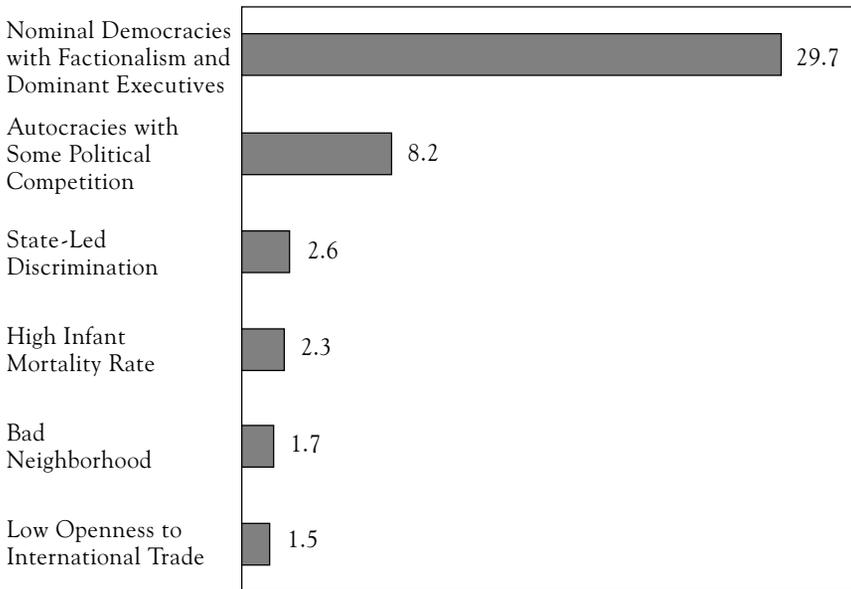
Using these case-control samples as its test bed, the panel examined scores of political, economic, demographic, trade, international, and environmental variables, including changes in those variables over time, linear and nonlinear relationships, and joint relationships among them. Factors that appeared promising in preliminary tests were incorporated into statistical models that could estimate how such factors affected the incidence of instability across nations while taking the effects of other significant factors into account.

The results of the analysis are consistent and striking. A small handful of factors consistently preceded the overwhelming majority of political crises. Models using these factors accurately predicted more than 80 percent of the impending crises.

IT'S THE INSTITUTIONS, STUPID!

Discussion of institutions has moved to the center of academic and policy debates about economic and political development. Economists have re-

Figure 1: The Impact of Selected Risk Factors on Vulnerability to Instability in the Next Two Years



Note: The numbers in the chart are odds ratios, which provide an estimate of the impact of a particular variable on the relative odds of instability, holding all other factors equal. In this chart, the odds ratio for infant mortality rate compares countries in the top and bottom quartiles, the odds ratio for openness to trade compares countries with logged values above and below the global median, and the odds ratio for location in a bad neighborhood compares a country with two or more bordering states experiencing major, armed civil conflict to a country with no neighbors in conflict. Because very large odds ratios often have large confidence intervals, they should be interpreted with care. Although they unambiguously indicate a large impact on risk, the reported size of that impact should be considered a rough approximation.

cently begun to focus on “good governance” as the key to economic performance, pointing in particular to secure property rights and stable rule of law as essential to encourage investment and sustain growth. Political commentators have started to identify “illiberal democracies” or “partial democracies” as dangerous halfway houses that promise much but deliver little.⁴ Yet, thus far, no one has been able to identify precisely which institutions appear most important for political stability or to determine how much those institutions matter when compared to such factors as a country’s income, position in global trade, region, culture, or demographic makeup. The results from the panel’s analysis shed considerable light on these issues. Figure 1 illustrates how much each of several key factors affected the odds of instability within two years, assuming all other factors remained constant.

To measure a nation’s well-being, its infant mortality rate was chosen, relative to the global average for that year. Although this indicator is closely

related to per capita income, it is more sensitive to issues of income distribution and governance and is free of concerns about exchange rates, purchasing power parity, and other such complications. As the data in figure 1 show, a nation's well-being is a significant indicator of its stability. The analysis indicates that poorer countries (those with an infant mortality rate in the highest quartile of the global distribution) are more than twice as likely as wealthier countries (those with the lowest infant mortality rates) to suffer a political crisis in the next two years.

International factors also matter. Being in a bad regional neighborhood where several bordering countries are embroiled in major, armed civil or ethnic conflicts nearly doubles the odds of a country experiencing a near-term crisis. International trade, on the other hand, appears to enhance stability; countries in the bottom quartile of trade openness (a country's total imports and exports as a percentage of its gross domestic product [GDP]) have roughly 50 percent greater odds of instability than countries in the top quartile.

Communal identity appears to matter too, although not in the way many observers seem to assume. For all the anxiety regarding ethnic diversity as a source of conflict, it was determined that a country's ethnic composition has almost no inherent impact on its odds of instability, apart from the obvious fact that countries that are largely homogenous are unlikely to experience ethnic wars. Instead, what matters greatly is the presence of state-led discrimination against or repression of specific communal groups. According to the task force's analysis, states that deliberately inflict substantial political or economic exclusion or restrictions on identifiable communal groups are more than two and a half times as likely to suffer instability.

Perhaps the most striking finding evident in figure 1, however, is the overwhelming impact that political institutions have on the odds of near-term crises compared to all other factors. According to the panel's research, even after taking into account the effects of national well-being, geography, international trade, and ethnic tensions, political institutions and the patterns of political behavior that evolve around them determine a country's resistance to instability. As shown in figure 1, countries with the most vulnerable institutions face relative odds of near-term political crises that are higher by roughly eight to two dozen times.

Political Institutions and Stability: What Works and What Fails

Dozens of different elements of political regimes were tested directly or indirectly in the panel's analysis, including how countries selected their chief executives, the existence and behavior of political parties and pressure groups, the independence and effectiveness of legislatures and judiciaries,

levels of corruption, the degree of political rights and civil liberties afforded to citizens, and whether states were parliamentary or presidential. Among these and other characteristics, the ones with the greatest impact on the risk of instability were found to be the character of political competition among major political groups, followed by the power of the chief executive.

Not surprisingly, the most stable regimes lie at the extremes of these two spectrums. Closed dictatorships such as Saudi Arabia or North Korea, where executive power is, at most, only slightly constrained by other state institutions and political competition is effectively quashed, are quite stable. So too are liberal democracies: regimes in which political parties are fully open, competition is free from violence, and executive power is strongly constrained by independent courts and powerful legislatures. In fact, the odds of near-term political crises in closed dictatorships and liberal democracies are roughly the same and are very low in both cases.

The highest risk of political crisis lies in the middle ground between authoritarianism and democracy.

The odds of near-term crises are much greater for regimes whose characteristics fall in the middle. As figure 1 shows, autocracies that, by will or by incapacity, fail to quash or control organized political opposition face odds of instability more than eight times higher than those faced by the most stable regimes. This was true in Algeria in the run-up to its aborted 1992 elections and in contemporary Yemen.

Even more volatile are regimes that combine nominally democratic rule with factionalized political competition and a dominant chief executive. An all-too-common occurrence in Latin America in the 1960s and 1970s and in sub-Saharan Africa since the end of the Cold War, this pattern is associated with odds of instability more than two dozen times as high as the most stable regime types.

Factionalized political competition is distinguished by three main characteristics: parochialism, polarization, and mobilization. Parochialism refers to a political landscape in which the major political parties focus on the interests of relatively closed social or communal groups rather than on the interests of the nation as a whole and show clear favoritism toward group insiders. Under these circumstances, political parties do not channel, bridge, or mediate conflicts between different social groups; instead, they sharpen and amplify social differences. Polarization occurs when competition over central authority becomes an uncompromising, winner-take-all struggle. Losers do not simply lose particular offices or policy battles; they are likely

to be shut out of political power altogether and face substantial economic losses and persecution. Finally, mobilization is evident when rival groups pursue their parochial interests through frequent and sometimes violent collective action.

Contemporary Venezuela provides a vivid illustration of factionalism. Following Hugo Chavez's rise to the presidency in 1998, Venezuelans have become increasingly polarized, aligning firmly with or against the president's populist "Bolivarian" revolution. The resulting struggles have pitted much of

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the country's middle and upper classes against its rural and urban poor, each pursuing its own vision with little room for compromise. The intensity of the conflict has been manifest in mass protests and general strikes that have sometimes turned violent. Perhaps the only fact on which the pro- and anti-Chavez camps agree is that the future of their country is at stake, although both sides have proven themselves willing to push the country to the edge in pursuit of their own objectives.

Venezuela has thus far managed to avoid a civil war or an obvious abrogation of democracy, but it certainly has come close on several occasions and may yet experience either or both.

The other key factor in determining regime stability is the dominance of the chief executive. In dictatorships, as we have noted, dominance and an ability to crush any opposition produces stability. For regimes that elect their leadership, however, dominance by the chief executive points toward instability. Dominant chief executives, even if elected, are under little financial or legal control by other government institutions or elements in society. Such executives may be financially less constrained from tax revenue controlled by the legislature if they, for example, have control over revenues from natural resources; they may have control over military or party organizations that allow them to influence elections; or they may exercise such strong patronage control over elections and appointments that they effectively control the government as a whole.

The risks of an institutional structure that allows for the rise of a dominant chief executive are twofold. First, once elected, such dominant executives may be tempted to maintain their power indefinitely and extend it over greater reaches of society and the economy; this can either provoke rebellion or result in a slide to outright dictatorship. Second, in situations of factional competition, a dominant chief executive office becomes a prize worthy of an all-out battle to secure. In contrast, a more diffused or weaker system of executive authority might allow different groups to share power. The

combination of factional competition and a dominant chief executive authority was determined to elicit the highest risk of instability. By contrast, the stability of liberal democracies appears to result from their combination of fair and open competition among groups and a strongly constrained executive that diminishes the threat of winner-take-all political battles.

Lessons for State Reconstruction and Democracy Building

Since the end of the Cold War, the United States and its allies have found themselves involved in efforts to reconstruct states and build democracies in all corners of the world, including Bosnia-Herzegovina; Haiti; Afghanistan; and, of course, Iraq. For at least the past century, U.S. policy has been committed to furthering democracy; the current administration is no exception, with the emphasis now falling squarely on the Middle East. The task force's research suggests that the U.S. government must proceed with care. Analyzing the evidence on political instability from roughly the last 50 years suggests some guidelines on how to succeed, and how to fail, in building stable democracies around the world.

Clearly, what "works" in establishing a stable democracy is moving toward a political system with completely open and fully competitive parties that maintains strong checks on executive authority. The panel's finding that countries with such institutions are stable is encouraging and affirms that promoting democracy is sound policy.

Yet, the transition from autocracy to democracy is not a simple process; indeed, the highest risk of political crisis lies in the middle ground, in autocracies with some political competition and in nominal democracies with factional competition and/or dominant chief executives. These types of regimes appear most vulnerable to the outbreak of large-scale violence, antidemocratic coups, and state collapse.

Among the most important lessons to emerge is the importance of avoiding factionalism. How can countries avoid this curse? Perhaps the most direct way is to block or create powerful disincentives for the formation of factionalized political parties. Whatever constitutional provisions, electoral systems, or other institutions are adopted for a given country, they must encourage political parties to seek support from varied social groups to gain power and must reward the ability to compromise. Perhaps the most harmful notions about democracies that have spread in recent years are the clichés that democracy is a system characterized by "one person, one vote" and "majority rule." Such notions suggest that the largest social group—be it defined by religion, ethnicity, or class—has the right to run a society as it sees fit. This formula is a recipe for factionalism.

The ancient Greek form of democracy embraced government by majority rule; later states rightly discarded this form as too unstable for large and complex societies. The founders of the United States created something new: a democratic republic in which majority rule was tempered by checks and balances that effectively blunt the power of virtually any faction or coalition. In the U.S. Constitution, the principle of “one person, one vote” is contravened by the power of the Senate; the 500,000 citizens of Wyoming have the same number of votes as California’s 30 million residents. The Electoral College, though cumbersome, was deliberately designed to ensure that a person could become president only with support from all over the country and not just in the few most populous states or in one specific region.

Rules that limit the power of popular majorities based on communal identities or regional groupings thus appear to be a critical part of building stability into democratic systems. In some countries, such as the United States, this outcome is achieved by establishing multiple organs of government with different bases of representation. New democracies are increasingly engineering their electoral systems to achieve similar outcomes. Nigeria, for example, requires political parties to include representatives of two-thirds of the country’s states on their executive councils and forbids those parties from using communal or regional references in their names, mottos, and emblems. Indonesia has taken this logic a step further, requiring that political parties establish offices in two-thirds of the provinces nationwide and recruit a significant number of members in two-thirds of the districts and municipalities within these provinces in order to compete in parliamentary elections.

Building democracy also requires combining open and competitive party systems with institutions that impose clear limits on executive authority. In this respect too, it is crucial to define “democracy” not mainly in terms of elections and majority rule, but rather as a system of institutions that places limits on authority. Stable democracies are stable in large part because they limit the authority of any particular group, party, or official. Elections are valuable not merely for providing popular political participation or simply as a tool for selecting leaders, but as part of a broader system of making chief executives accountable and constraining their actions. Without such a broader system of executive constraint, elections do little to establish or maintain stable democracy.

These considerations highlight the danger inherent in embracing an easy formula for replacing a dictatorship with a popular democracy: simply identify a popular political figure who can obtain the majority’s support, hold an election, and then install that person in power. Without building the necessary institutions to constrain executive authority, which generally rest on

the effectiveness and independence of a country's legislative and judiciary branches, media, local governance, and civil associations, stable democracy will most likely remain elusive. As Haiti's plight under Jean-Bertrand Aristide illustrates, an individual leader's charisma is a weak bulwark against the pull of entrenched factions and the corrupting effects of power.

The challenges of state reconstruction and democracy building have led some to argue that certain societies are simply not ready for democracy because they are too poor, too fraught with ethnic conflict, or too burdened by histories of colonial or dictatorial experience. The task force's research offers no support for such pessimism. To ensure that its findings were not driven by differences between advanced industrial nations and impoverished developing ones or that its conclusions were not irrelevant to certain regions or types of crisis, the panel has developed several additional models, including ones that focus on sub-Saharan Africa and predominantly Muslim countries, as well as other models to specifically analyze ethnic wars. The results of these statistical models reinforce the global findings, also identifying patterns of political authority as the most powerful determinant of near-term instability. Indeed, in the poorest regions, such as sub-Saharan Africa, the same institutional factors that drove the global model were found to be even more powerful in comparison to economic, ethnic, demographic, and trade variables. It appears that poorer but stable democracies such as Jamaica, Botswana, or Mongolia maintain their stability for much the same reasons as their wealthier counterparts: they have open political competition free from factionalism, and they impose effective legal and institutional checks on executive authority.

Impoverished countries in war-torn regions are generally more likely to suffer a crisis than wealthy countries in more stable regions, but these differences are not insurmountable. In fact, improvements in these relatively difficult-to-change factors appear to have much less impact on the risk of near-term instability than building democratic institutions that discourage factionalism and impose durable constraints on executive authority. Regardless of a country's location, wealth, or religion, this research indicates that such institutions are possible and will have the greatest impact on its potential for democracy, stability, and lasting peace.

Liberal democracy is a powerful means of enhancing a country's political stability; the complex process of democracy building thus deserves further study and support. The next step is to learn more about how some emerging

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democracies manage to foster free and open competition without descending into factionalism and to better understand why some leaders are more willing to accept meaningful constraints on their authority. In sum, to ensure that democracies flourish and endure, the focus must be shifted from arguments over which societies are ready for democracy and toward how to build the specific institutions that reduce the risk of violent instability in countries where democracy is being established.

Notes

1. Task force reports and data can be found at <http://www.cidcm.umd.edu/inscr/stfail>.
2. For more on the task force's analysis of genocide and politicide, see Barbara Harff, "No Lessons Learned From the Holocaust? Assessing Risks of Genocide and Political Mass Murder Since 1955," *American Political Science Review* 97, no. 1 (February 2003): 57–73.
3. The analysis included only countries with populations of at least 500,000.
4. See Fareed Zakaria, *The Future of Freedom: Illiberal Democracy at Home and Abroad* (New York: W. W. Norton, 2003).