Self-Enforcing Democracy

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Figure 1. % democracies, 1946−2002 (Polity > 5)

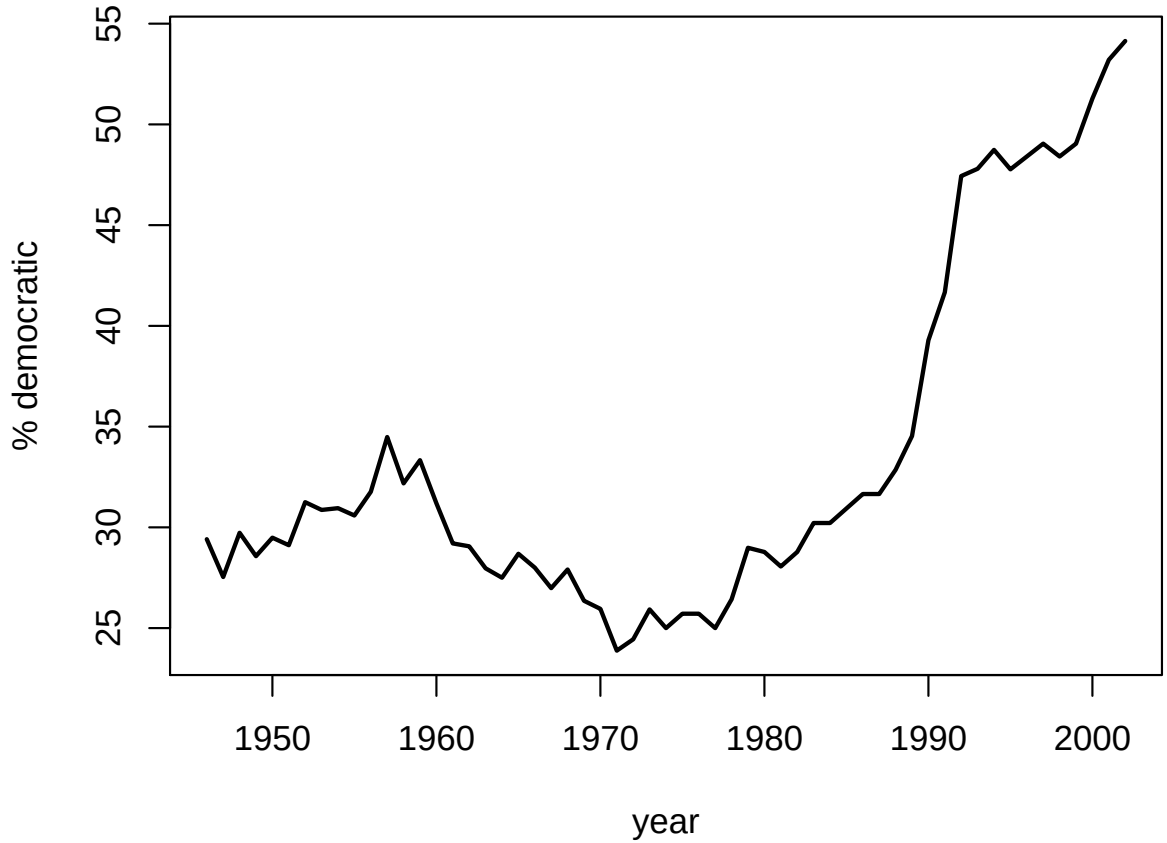
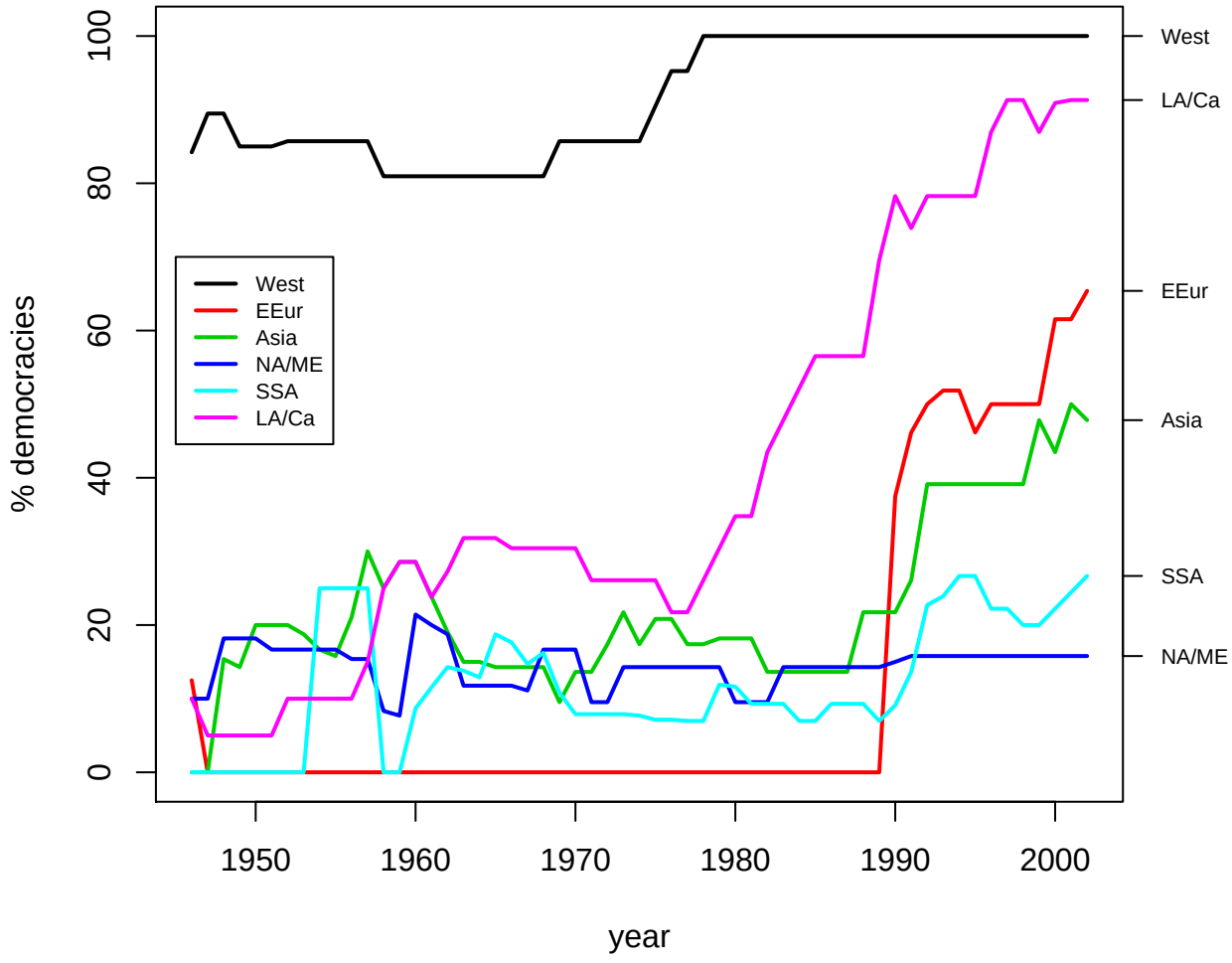


Figure 2. % democracies by region (Polity > 5)



Democracy, income, contagion?

Dep. Var. $= dem_t$	1	2	3	4
dem_{t-1}	6.54	5.81	6.86	5.85
	(31.9)	(20.8)	(22.9)	(14.4)
$\ln y_{t-1}$	.359	.648	.147	.714
	(3.55)	(1.65)	(1.20)	(1.73)
$dem_{t-1} * \ln y_{t-1}$	.884	.150	.772	.547
	(4.63)	(.265)	(3.31)	(1.82)
% *dem* in region			3.70	13.13
			(9.91)	(8.70)
$dem_{t-1}*$ reg % dem			-1.71	-1.42
			(2.05)	(1.39)
N	6317	3114	6317	3114
Country & year FEs	No	Yes	No	Yes

Notes: Logit; t-stats in parens; $n = 6,317$

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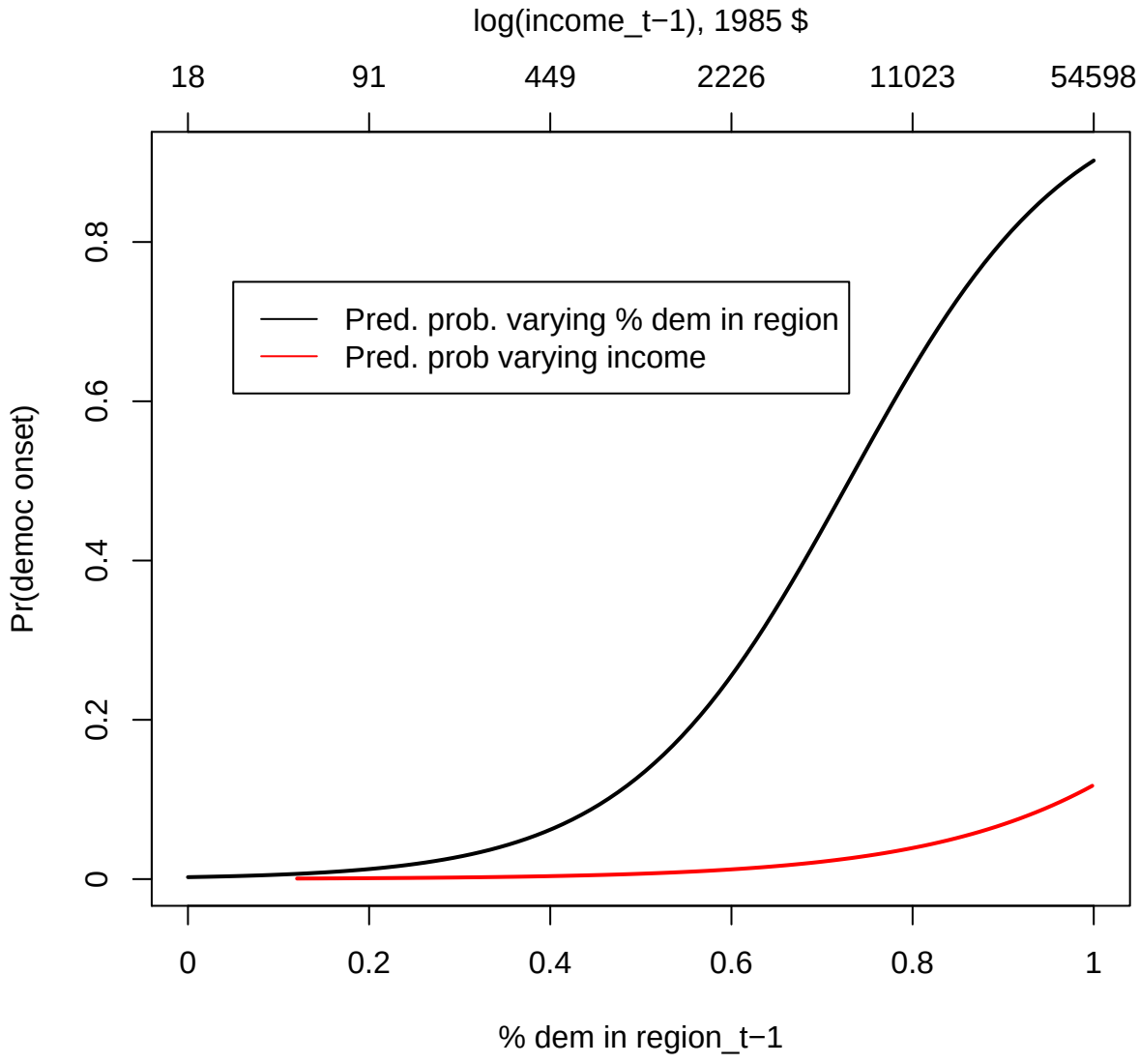
Democracy, income, contagion?

Dep. Var. $= dem_t$	1	2	5	6
dem_{t-1}	6.54	5.81	7.17	6.04
	(31.9)	(20.8)	(23.36)	(14.74)
$\ln y_{t-1}$	.359	.648	.119	.745
	(3.55)	(1.65)	(.95)	(1.85)
$dem_{t-1} * \ln y_{t-1}$	.884	.150	.928	.365
	(4.63)	(.265)	(3.92)	(1.25)
% *dem* in region$_{t-1}$			4.00	8.23
			(11.00)	(7.29)
$dem_{t-1}*$ reg % dem$_{t-1}$			-2.86	-1.81
			(3.55)	(1.84)
N	6317	3114	6317	3114
Country & year FEs	No	Yes	No	Yes

Notes: Logit; t-stats in parens; $n = 6,317$

Democracy, income, contagion?

Pred. probs with FEs, lagged region effects:



Outline

1. A theoretical puzzle: How is democracy possible given that it may not be in the interest of rulers to hold elections or to step down if they lose?
2. Return to (tenuous) empirical implications concerning the global spread of democracy in the last 40 years.

Self-enforcing democracy

- Standard (consequentialist) justifications for electoral democracy:
  - Induce leaders to align policies with public preferences (Downs, etc.)
  - Induce leaders to provide public goods rather than steal (Barro/Ferejohn/Besley book, etc.)
- All such models take elections as given. But electoral accountability only works if elections are held $\Rightarrow$ To have any good effects, democracy must be **self-enforcing**:
  1. Leaders choose to hold regular, fair elections, and
  2. Incumbents and opposition choose to abide by the result.

Self-enforcing democracy

- How possible?
  1. All (including leaders) might internalize democratic norms.
  2. Leaders might fear rebellion or resistance if fail to hold fair election or step down when they lose. People might rebel either because of normative commitment to democracy or material motivations.
- Large political science literature on public attitudes about democracy and government ("civic culture"; Almond and Verba, Lipset).
- But very little in either pol sci or econ focusing on the choice to hold elections.

Endogenous democracy models

- Przeworski (1991): Elections are device to randomize control of state between two parties/factions. If either were to monopolize it, other would want to fight for control (costly).
  - Implication: Hard to have democ if one faction is militarily strong but electorally weak.
  - Problems:
    1. Why assume value of controlling state is indivisible? If not, no need for elections in his model (in fact they are inefficient if factions are risk averse).
    2. Elections are bizarrely elaborate and inflexible if nothing but a randomizing device.

Endogenous democracy models

- Acemoglu and Robinson (2000, 2001), Boix (2003): Elections are device for rich to implement and commit to the median voter's preferred tax rate.
- Problem as an explanation for self-enforcing democracy:
  - In these models "democracy" $\equiv$ dictatorship of median income person (assumed poor).
  - Elections aren't modeled and no reason inside model to have them.
  - Not clear why would anticipate that elections will survive in future.
  - Possible explanation democ as will of the majority (Schmitt), but not for electoral democ (Schumpeter, etc).

Why use elections to allocate power?

- The puzzle: If threat of rebellion is enough to get leaders to hold elections, why bother with elections at all? Why not use rebellion threat to make leaders behave?
- My answer: Elections nicely resolve a problem of imperfect monitoring and popular coordination.
- For rebellion threat to hold leader accountable, indiv's must be able to coordinate their opposition.
- But **if you observe only what you get from leader and not what others get**, you face a potentially difficult coordination problem: To coordinate opposition, indiv's need to be able to make private info about ruler's actions public.

Why use elections to allocate power?

- Answer (1): Whether elections are held is a public signal. Whether losing ruler steps down is a public signal. $\Rightarrow$
  1. Electoral **calendar** and public results enable credible threat of coordinated opposition.
  2. Electoral results give leader incentive to perform.
- Answer (2): Suppose indiv's observe noisy signals of government performance.
  - w/o elections, rebellions must occur on path to keep government honest. This is costly.
  - Elections act as a cheap talk signal that allows public to credibly commit to rebel if ruler does not step down peacefully $\Rightarrow$ no need to pay costs of rebelling.

Model structure

- n citizens and a ruler, R_t, interact in periods $t = 0, 1, \ldots$. New (identical) rulers are drawn from a large pool.
- Stage game:
  1. R_t distributes $\mathbf{x_t} = (x_{1t}, x_{2t}, \ldots, x_{nt})$, keeping $v - \sum_i x_{it}$ for self. ($x_{it} \geq 0$ and $\sum_i x_{it} \leq v$)
  2. Citizens observe (a) $\mathbf{x_t}$; (b) x_{it}; (c) noisy signal of x_{it}.
  3. Citizens simultaneously choose whether to rebel/protest, at indiv cost $c > 0$. If at least $k < n$ rebel, R_t is deposed.
- Payoffs discounted by $\delta \in (0, 1)$.

(a) Observable government actions

- Dictatorial eqm: R_t gives $x_{it} = 0$ for all i, t, and no one ever rebels.
- But can support any $\mathbf{x} = (x_1, x_2, \ldots)$ each period such that
  1. $\sum_i x_i \leq \delta v$ and
  2. $x_i \geq c(1-\delta)/\delta$ by:
     - "Social consensus" holds at time t if all i have always rebelled if any ruler ever gave less than x_j to any j.
     - If social consensus, R_t distributes $\mathbf{x}$ and i rebels iff anyone gets less than x_j. If no social consensus, dictatorial eqm strats.
- Points: free riding, coll. rep.; groups vs indivs; if $>$ k protest $\Rightarrow c = 0$, social consensus not needed; Weingast (1997); asym. eqa.

(b) i observes only x_{it}

- Defn: An eqm is *peaceful* if no one protests on the eqm path. Note: Not peaceful $\Rightarrow$ not efficient.
- Proposition 3: If citizens condition protest in t only on x_{it}, then any peaceful eqm is dictatorial (i.e., people get nothing).
- Credible threat to depose requires citizens can make private info about x_{it} public, to coordinate protest.
- In principle, they could use protest as the signal.
- For convenience, add second protest round to each stage game.

(b) i observes only x_{it}

Proposition 4 (informal version). Can support in equilibrium the same distributions of goods as in observable-gov't-actions case, as follows:

- If the "social consensus" holds, all protest in second round if they see anyone people protest in first round.
- Indiv protests in first round if gov't gives her less than she should get according to eqm. $\Rightarrow$ G will be deposed if fail to give what's expected.
- How motivate indiv to protest in first round, given that failing to do so will not affect the collective reputation?
- If indiv i fails to protest when shorted by G, G will subsequently give i less, just enough to make indiff between protesting to get new ruler and not protesting to save cost. $\Rightarrow$ i has incentive to protest if cheated to maintain **private reputation**.

(b) i observes only x_{it}

- Result requires assumption that a single indiv's protest can spark revolution to depose ruler. But: visibility, common knowledge, noise protesters, gov't repression.
- Proposition 5: If a protest is not publicly visible to nonparticipants unless it has at least $m > 1$ participants, then any peaceful Nash equilibrium is dictatorial.
- Could solve problem with civil society, clan leadership, oligarchy. Or for mass society, ELECTIONS:
- Add ruler option to hold elections prior to first protest round, and option to step down after results are publicized.

(b) i observes only x_{it}, but there are elections

Proposition 6 (informal version). Can support in equilibrium the same distributions of goods as in observable-gov't-actions case, as follows:

- All protest if a social consensus exists and either (i) gov't fails to hold elections or (ii) fails to step down if ruler gets less than unanimous vote in favor.
- Indiv votes "No" if doesn't get at least x_i^* as prescribed in eqm.
- Failure of all to protest when they should (according to above) breaks the social consensus.

The point:

- Institution of elections shifts burden of publicizing info about ruler's behavior from indiv protest to gov't itself.

(c) i observes noisy signal of x_{it}

- Let $n = k = 1$. (Argument here not about coordination.)
- R_t chooses x_t but i observes $z_t \in \{0, x_t\}$ where $Pr(z_t = x_t) = \alpha$. ($z_t = 0$ means "bad times.")
- R_t and other rulers in pool see neither x_t nor z_t. (Subjective welfare.)
- Propn 7 in paper shows that can support a PBE in which R_t gives $x^* = v\alpha\delta$ each period and i rebels if $x_t < x^*$ on path. If fails to rebel when should, gets a smaller amount that makes i indiff between new ruler and not paying cost of rebelling.
- i's best eqm time-avg payoff in this game is $v\alpha^2\delta - c(1-\alpha)$.

(c) i observes noisy signal of x_{it}

- Add "election": i says "Stay" or "Go" after seeing z_t, and R_t has option to step down peacefully. Pure cheap talk.
- $\Rightarrow$ eqm in which citizen gets $x^* = v\alpha\delta$ each period and R_t steps down whenever citizen says "Go." Exists under weaker conditions also.
- Elections act as a public signal that "draws a line in the sand" for the public, allowing them to jeopardize reputation for willingness to rebel $\Rightarrow$ Don't have to pay rebellion costs to get rid of rulers in bad states.
- Interesting feature of eqm: w/o elections we must reward citizen for cost of rebellion by having him get more from a first period ruler. $\Rightarrow$ a constraint (max R can give in first period of rule) $\Rightarrow$ elections help even more.

Conclusion, implications

- Electoral institutions are a way of solving a problem facing a large population who observe private signals of ruler performance and must be able to coordinate for the threat of rebellion to be credible.
- The Achilles' Heel of the democratic solution: Subtle electoral fraud, piecemeal undermining of fair elections $\Rightarrow$ no clear public signal, or tripwire for rebellion. E.g., Putin, Thaksin, Museveni.
- $\Rightarrow$ Impt role for foreign and domestic electoral monitoring. Eg: "Color" revolutions, esp. Ukraine. Putin's recent actions against monitors. Susan Hyde's evidence from Armenia. Almost Belarus.

Conclusion, implications

- What explains empirical variation in democratic onset and persistence?
- There are appear to be powerful diffusion/contagion effects evident in data on democratic onset and maintenance.
- These are hard to understand in current pol sci and econ frameworks that focus on slow-moving things like income, inequality, education, or "democratic capital" as norms and deep-seated cultural beliefs.
- Perhaps more explicable if we see the problem of establishing and maintaining democracy as a matter of public coordination on the "good eqm" in models above.
- Demonstrations in one place are focal for demonstrations elsewhere. Democratic "scripts," "models," and actual transmission via organizational learning.
- Income, literacy, urbanization may favor coordination as well, but hard to use to explain pattern of democratization.
- Not the same story, but I think end of Cold War also matters a lot due to change in US and Western European aid policies. Larger Point: Big int'l dimension to democratization missed in all existing models.