Democratization and Development:
Modernization and Political Institutions.

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‘Electoral rules can make or break a party – or even a country’, Taagepera and Shugart (1989, p. 2).

1. Democracy, Development, and Political Institutions

Since the publication of Lipset’s (1981) original studies, proponents of modernization theory have successfully established statistical links between indicators of modernization and the existence of democracy (Dahl, 1971; Diamond, 1992; Hadenius, 1992, Lipset, Seong and Torres, 1993). Thus the theory of modernization as an explanation for democratization has demonstrated great explanatory power concerning developments in unlike countries. It is therefore also constantly under debate. The core of the ‘new institutionalist’ argument is that institutions have an independent effect not only on policies, but also on the quality and sustainability of democracy. Thus, institutionalism challenges the insights gained from decades of modernization studies because the latter have tended to ignore institutional structures in the search for the requisites of democracy. However, transitology studies have stressed that transitions to democracy are in effect compromises on institutions (Przeworski, 1988, p. 64). The association between institutions and the existence of democracy should therefore be qualified by the way in which institutions – such as electoral systems – structure solutions to the problem of collective action. A central claim of this paper is therefore that institutionalism has two facets in the study of democratization. The first overlaps with transitology, and the second is comparable to modernization theory.

However, before we accept the challenge (or more positively, the enrichment) of institutional theory to the study of democratization, we shall be well advised to carry out some preliminary empirical studies. The task of empirical institutionalism is to confront the propositions about the impact of institutions with an empirical research design. In the second section this paper examines the challenge of institutionalism to modernization through an investigation of one sub-set of institutions – electoral systems – globally on the level of democracy in the late 1990s. The analysis demonstrates that electoral systems are indeed significantly associated with the level of democracy, and that among the different electoral systems, proportional representation (PR) is related to higher levels of democracy than either Plurality-Majority (PM) or Semi-proportional (SP) systems. The association is robust when expressions of modernization are included in the equation. This association is criticized on the basis of the lessons of transitology and the first facet of institutionalism. If the choice of electoral system reflects initial bargaining among would-be democratizers, then the choice reflects an already existing pluralization.

The conclusion is that, rather than seeing the duality of institutionalism as a problem, and hence stress the difficulty of arriving at a consistent explanation of the role of institutions in the process of democratization, the integration of institutions into the analysis provides an enrichment of the study of democratization and democracy.

2. The two facets of institutionalism: modernization and transitology.

The study of democratization can be described as two facets. The first approaches the study in terms of the factors that enable a transition (or the reverse) from authoritarian to democratic rule. The second approaches the study in terms of what facilitates the survival and/or consolidation of democracy. This is clearly reflected in the two facets of
institutionalism (see table 1), where the first facet focuses on the origin and change of institutions, and the second proposes that institutions affect individual and collective values and outcomes. These two facets allow us to compare ‘new institutionalism’ with the two mainstream approaches to the study of democratization: transitology and modernization.

When comparing the first facet of institutionalism with transitology, it becomes evident that they share a number of propositions. Both focus on change and institutions as central to our understanding of transitions to democracy. Within transitology the primary feature of democracy is understood as uncertainty in comparison with authoritarian rule. In a democracy political actors must struggle for the realization of their interests through competition, whereas political outcomes are controlled in an authoritarian setting (Przeworski, 1988, p. 62). Because institutions offer the political actors the possibility of conditioned uncertainty, that is, institutions become the rules of the game and, once institutionalized, provide information about the likely behavior of other political actors and the procedures for determining political outcomes, the core of transitions to democracy consists of negotiations and the establishment of institutions.

Despite the pay-offs involved for all actors engaged in institutionalizing a transition and democracy, political actors are not at all indifferent about which institutions are adopted. Sartori (1994, p. 27) states this quite bluntly as a rhetorical question: ‘Indeed, if electoral systems were of little consequence why on earth would politicians fight so bitterly about them?’ This is the point of departure for studies of the origin of institutions (at least when cloaked in the rational choice perspective), that institutions matter to political parties precisely because institutions influence the distribution of power within the political system, or at least because politicians believe that to be true.

The empirical focus in this paper is easily spelled out. All electoral systems have distributional consequences, and no electoral system has the effect of producing ideal proportionality, in which the percentage of seats allocated to political parties that gain representation in the parliament equals the percentage of votes won in the election. Ideal proportionality can be described by the break-even point B. Parties with a share of votes below B are ‘robbed’, because fewer seats are allocated to them. Parties with a share of votes above B are ‘rewarded’ by receiving more seats than under ideal proportionality. Plurality-majoritarian (PM) systems with their reliance on single seats tend to increase B, whereas proportional systems (PR) with large districts (plus additional compensatory mandates on occasion) reduces B (Taagepera and Shugart, 1989). Thus PM systems favor larger parties, whereas the interests of small and medium size parties are best served under PR, while semi-proportional (SP) systems offer the actors a possibility to hedge (Johannsen, forthcoming 2000).

These considerations make it evident that the first facet of institutionalism and transitology can enrich each other. And electoral systems can be seen as factors that enable democracy. In the following, however, we shall discuss whether some electoral systems may act as confining conditions for democracy.
Table 1. Two facets of institutionalism, transitology and modernization, in the study of democratization.

<table>
<thead>
<tr>
<th></th>
<th>Time perspective</th>
<th>Focus</th>
<th>Level of explanation</th>
<th>Explanation with reference to democracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transitology</td>
<td>Short</td>
<td>Regime change</td>
<td>Actors and institutions</td>
<td>Democracy is the result of an institutional agreement made by actors</td>
</tr>
<tr>
<td>First facet of</td>
<td>Short</td>
<td>Origin and change of institutions</td>
<td>Institutional properties affecting the choice and bargaining position of actors</td>
<td>Democracy is expressed by institutions.</td>
</tr>
<tr>
<td>institutionalism</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second facet of</td>
<td>Long</td>
<td>Institutions affecting</td>
<td>Structural (interrelationship with behavior and attitudes)</td>
<td>Some institutions are more conducive for the development and sustainability of democracy</td>
</tr>
<tr>
<td>institutionalism</td>
<td></td>
<td>individual and collective</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>values and outcomes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modernization</td>
<td>Long</td>
<td>Development affecting</td>
<td>Structural (interrelationship with behavior and attitudes)</td>
<td>Socio-economic conditions are requisites for the development and sustainability of democracy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>individual and collective</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>values and outcomes</td>
<td></td>
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</tr>
</tbody>
</table>

Comparing modernization theory with the second facet of institutionalism it is evident that they share a number of features. Both see structures in interrelationships with behavior and attitudes, and whereas modernization theory proposes that development is a prerequisite for the development and sustainability of democracy, institutionalism proposes that some institutions are more conducive to the development and sustainability of democracy than others. So they operate on the same level, even in terms of dependent variables.

Modernization theory has quite successfully established a statistical association between democracy and structural characteristics. As implied by the very name ‘modernization theory’, countries can basically be divided into ‘modern’ and non-modern’; the former chiefly being the developed western countries. Moreover, modernization theory to a large extent follows Lipset’s (1981, p. 31) famous and explicit thesis: ‘The more well-to-do a nation, the greater the chances that it will sustain democracy.’ The basic tenet is that as countries develop, social structures will become increasingly complex, thus rendering authoritarian rule more and more difficult. In his review of modernization theory, Diamond (1992, p. 485) concludes that Lipset ‘was broadly correct both in his assertion of a strong casual relationship between economic development and democracy and in his explanations of why development promotes democracy’. Also Burkhart and Lewis-Beck (1994) arrive at the conclusion that economic development fosters democracy. Przeworski and Limongi
(1997), however, qualify the modernization perspective and convincingly challenge the implicit determinism in modernization theory, arguing that transitions to democracy are not products of modernization, but that economic development and growth improve the chances that democracy will survive. We can thus observe and expect democracy to emerge under adverse conditions, but we must also expect such democracies to be unstable and vulnerable. In this sense modernization is thus not a prerequisite of democracy, but remains a requisite of democracy, and as such, indicators of modernization can be applied as controls for the institutional requisites of democracy.

The debate about institutions (electoral systems) and their consequences is not new, but has perhaps been downplayed following the – rightly and timely - break with the now old fashioned constitutional approach to political science that was extant earlier in this century. However, in the efforts to explain the ‘third wave’ of democratization and the performance of recently established democracies, institutional factors have generated interest (Linz, 1991a, 1991b; Huntington, 1991; Shugart and Carey, 1992; Przeworski, 1995; Lijphart, 1999). Much of the energy within this debate has been concerned with the question of the form of government, whereas the influence of electoral systems upon the development and survival of democracy has been assigned to a second position (or as an add-on condition). It is nevertheless characteristical that no consensus is to be found in the literature.

We can cite at least three reasons for this state of affairs. First, scholars differ about what constitutes ‘good’ democratic procedures in terms the alternatives offered by the different electoral systems. Blais and Massicotte (1996, p. 73) note that this is ‘because that there are alternative visions of democracy, and because electoral systems are meant to accomplish not one but many objective’. An often-quoted advantage of PM systems is that single-seat constituencies tend discourage third parties, offering the voters a ‘clear choice’ between two contestants. Furthermore, the tendency for PM systems to produce majority governments allows the voters ex ante to have greater influence on government formation, that is, they do not depend on ex post bargaining among numerous political parties in quest for majorities. These effects, however, can only be achieved through the disproportionality of the PM systems. In contrast, for proponents of PR systems disproportionality amounts to electoral injustice, where justice would be that any minority is to be represented, as long as it passes the minimum threshold (Lijphart, 1994, p. 140). These considerations lead towards different hypotheses concerning the impact of electoral systems on democracy. Ladreyret (1991, p. 31) and Quade (1991, p. 35-41) argue that the inherent bipartism of PM systems favors government stability, decision-making capacity, and periodic alternations in power. Moreover, PM systems encourage parties to be moderate and form strong and accountable governments. In contrast, they argue, multi-partism – associated with PR – leaves long periods during which the chief executive office is vacant (due to the bargaining process), generating extremism and governmental weakness. These arguments are raised in response to Lijphart’s (1991) findings that PR systems are superior to PM systems with respect to democratic performance. Lijphart has later qualified these findings, in the sense that there is also an upper limit to the fragmentation of a parliament before it becomes counterproductive to democratic performance (1995, 1999). Nevertheless, the main thrust of the argument is maintained. In contrast, Blais and Dion (1990) find that among the non-industrialized countries that have adopted PR (and have low government stability) democracy breaks down more frequently. In his assessment Bohrer (1997) utilizes Stepan
and Skach’s (1993) findings, that parliamentary systems are more likely to survive than presidential systems, to show that proponents of PR are both right and wrong, that is, broader representation comes at a cost. Efficient and effective governance may be impossible as a result of parliamentary fragmentation due to low entrance barriers. We should be careful not to interpret this as a recommendation for SP-systems. Sartori (1994, pp. 69-75) lists the pros and cons of majoritarian and proportional systems and warns against ‘mixed’, or in the terminology used in this paper, ‘semi-proportional systems’, in particular parallel systems, because it would be misguided to believe that it will encompass only the best aspects of the two ‘pure’ forms. Finally, even if he recommends two-round systems, he concludes that no electoral system is ‘best for all seasons’ (p. 75). In practical terms this means that the field for generating hypotheses is relatively open.

Second, there is no consensus about how to measure the dependent variable. In general terms the dependent variable is conceived as democracy or democratic performance, or stability or consolidation of democracy. The literature thus burgeons with discussions on what constitutes consolidated democracy. Should a minimalist turnover test be required, or should requirements be strengthened, not only concerning the longevity of democratic rule, but is it also to incorporate measures that help us determine whether the political culture can be deemed democratic to begin with? Similar problems exist with the operational definition of democracy and the indicators related to performance. Thus, the conclusions and lessons to be drawn from empirical institutionalism to a large extent depend on how the dependent variable is defined and made operational. Lijphart (1999), Shugart and Carey (1992), Stepan and Skach (1993), and Merkel (1998) all illustrate these problems.

Third, partly because of the differing views on how to measure the dependent variable and partly because of divergent research strategies, the studies come to include varying mixes of cases. This is more evident in the parallel debate over form of government - presidentialism versus parliamentarism – than in the debate over electoral studies. However, it is notable that Quade (1991) invokes the fall of the Weimar republic as the best test case for PR, whereas Lijphart (1999) has included some 36 existing democracies in his comparative study.

This study does not divert from these patterns. But having blazed the trail by arguing that institutions and modernization indicators can be tested in the same model, and that transitory and institutionalism can enrich each other, we will pursue a two-layered course of action for the empirical study in the following analysis. First, that the electoral systems do have an impact on the level of democracy. The robustness of such an association will be examined not only by using the distinction developing – developed countries, but also at the regional level, adding a second possible ‘grand’ control for regional dynamics and culture. Second, do the three commonly used modernization expressions, GDP per capita, urbanization, and the level of education, account for the differences between the electoral systems? If not, we would be well advised to accept the challenge of institutionalism to the study of democratization. However, before doing so we must ask one further question about the supposed and implicit causal chain indicated by the analysis by drawing on our earlier discussion of institutions as factors enabling democracy.

3. Electoral systems, democracy, and modernization

This section provides a rough guide to the world of electoral systems and the relationship between electoral systems and democracy at the global and the regional level in an attempt
to ascertain the initial robustness of the propositions. We then proceed with a control for the modernization expression in a cross-sectional analysis, demonstrating the contribution of electoral system in the explanation of the level of democracy by the late 1990s.

*The world of electoral systems: a first look at the evidence*

Although electoral systems consist of three elements, i.e., the ballot structure, the constituency structure, and the electoral formula, the latter has given name to the different electoral systems (Reeve and Ware, 1992, pp. 64-68), reflecting what is sought accomplished by the way in which votes are translated into seats. Thus, a proportional system is designed to reduce the deviation from proportionality in the translation, whereas a majoritarian system is geared to producing a winner (Sartori, 1994, 5). Moreover, each of these ‘families’ can be reordered into 9 types (IDEA, 1997, p. 18). The first-past-the-post (FPTP), the Block Vote (BV), the Two-Round-System (TRS), and the Alternative Vote (AV) systems belong to the PM family. The Mixed Member Proportional (MMP), the Single Transferable Vote (STV), and the Proportional Representation by List (List-PR) constitute the PR family. The Single Non-transferable Vote (SNTV) belongs to the SP family, as do Parallel systems that mix various types of majoritarian and proportional traits.

As shown in figure 1, where the two-layered categories and the distribution by number and percentages are reported for both the global sample and the developing world, PM and PR systems are the largest families. In the global sample 45.2 and 41.8 percent have adopted respectively PM and PR systems, whereas only 13 percent have adopted a ‘mixed’ version of semi-proportional representation. Primarily at the expense of PR systems, PM systems are slightly more popular among the non-OECD members. Despite the lower number of SP systems, we will maintain that fruitful comparisons can be made between the families for both samples, whereas it is not fruitful when we consider the types of electoral system. Meaningful comparisons can thus only be made between FPRT, TRS, Parallel and List-PR systems, but we shall not attempt to continue here, since we must await the results of the higher order test before probing more deeply into these matters.

Turing our attention towards the issue of democracy, the decision was to use a combination of the Freedom House rankings for Civil Liberties and Political Rights (simple addition) in order to obtain a rough measure for the level of democracy. This decision indicates that we have chosen to follow Lipset, Seong, and Torres (1993), who combine the Freedom House ranks into a similar scale.8 Hence, the combined scale runs from 2 (most democratic) to 14 (least democratic).

Table 2 reports the distribution of the developing countries, the OECD-member states and the global sample. It is notable that the majority of the OECD members have received the highest ranking, compared to the developing countries where the distribution is more evenly spread, even if none of these countries has status of most democratic. In their own right, these differences naturally lend credence to the modernization thesis, but a similar argument can be made for the institutional thesis.

*Figure 1. Electoral systems. Global and Developing World. 1997. Percentage of total in parentheses.*

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Tables 3 and 4 report the average means of level of democracy by electoral system for the global (and regional), developing and OECD samples. In the global sample, it is notable that those countries that have adopted PR-systems on average significantly outperform countries that have adopted PM-systems, with SP systems somewhere in between. It is
also noteworthy that this pattern is relatively robust for a regional comparison. With the exception of East Asia and the Pacific, where SP systems outperform the other two categories, and North America where we only find data for the two PM systems, PR outperforms the PM system.

Table 3. Level of democracy. Global and regional by electoral family (N=146, 1997).

<table>
<thead>
<tr>
<th></th>
<th>PM</th>
<th>SP</th>
<th>PR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>N</td>
<td>Mean</td>
</tr>
<tr>
<td>North America</td>
<td>2</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>9</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>8</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>South Asia</td>
<td>8</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>10</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
<td>9</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>12</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Total†</td>
<td>9.23</td>
<td>66</td>
<td>7.68</td>
</tr>
</tbody>
</table>

† Scheffe’s post-hoc test comparing the means reveals significant means differences between PM and PR systems at 0.05 or better (0.05 test applied). The overall F (17.7) reports significance at 0.001 or better. Regional coding from WDI.

Source: DEMSTAR database (see appendix).

When comparing the developing world with the OCED members (table 4), we see that PR systems significantly outperform PM systems, also in the context of the developing world. Again, we find SP systems somewhere in between.10 This pattern is somewhat turned on its head when we look at only the OECD-members, where PM systems outperform PR systems, and SP systems by average fare the poorest of the three groups. This sample-size is small, however, and the comparison is neither significant nor robust.11 As an additional examination for robustness, besides changing the classification for the developing world, we also tried to use the average mean of the democracy rank for the five-year period 1993 to 1997 as the dependent variable. Overall, this course of action confirmed the findings.12

Electoral systems are thus significantly associated with the level of democracy in their own right. Moreover, the results indicate that PR systems significantly outperform PM systems, with SP systems somewhere in between. The next natural step in the analysis is to control whether this pattern is upheld when traditional indicators of modernization are introduced.

Table 4. Level of democracy. Developing world and OECD members by electoral families (N=146, 1997).

<table>
<thead>
<tr>
<th></th>
<th>PM</th>
<th>SP</th>
<th>PR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>N</td>
<td>Mean</td>
</tr>
</tbody>
</table>

8
OECD members†  2.40  5  3.50  2  3.00  20  27
Developing world‡  9.79  61  8.18  17  6.83  41  119
Total  9.23  66  7.68  19  5.57  61  146

† The overall F is not significant.
‡ Scheffé’s post-hoc test comparing the means reveals significant means differences between PM and PR systems at 0.05 or better (0.05 test applied). The overall F (10.9) reports significance at 0.001 or better.

Source: DEMSTAR database (see appendix).

Modernization, and democracy.

In operational terms, it is important how the independent variable – modernity – is perceived and made operational for empirical testing with the modernization thesis. Towards this end, Lipset’s original study suggests a number of indices for wealth, industrialization, education, and urbanization. Diamond (1992) proposes that human development as summarized in the UNDP Human Development Index (HDI) would be a better predictor of the presence and degree of democracy, because the HDI includes life expectancy, knowledge in the form of adult literacy, and school enrolment, in addition to the traditional measure of wealth as measured by GDP per capita. This is to some extent confirmed by Hadenius’s (1992) study of the requisites for democracy in Third World countries, where literacy is among seven variables that display significant association (0.10 level or better) with the level of democracy. Using GNP per capita (log), and excluding oil-exporting countries, communist countries, and the advanced industrial market economies, Lipset, Seong, and Torres (1993) show a long term positive correlation, i.e., that the original linearity assumption occurs over time, but that negative relations at intermediate ranges are possible.

The first step in this analysis is to demonstrate an association between the level of democracy and commonly found modernization expressions. In table 5 four such commonly found expressions are applied in a simple regression against the level of democracy in 1997. Lipset, Seong and Torres (1993) noted that the emergence of multi-party electoral systems in Africa and the former communist world in the late 1980s and early 1990s will reduce the relationship, as many poor countries will be more free than before, but the results presented in table 5 show that the relationship remains strong.

GDP per capita remains a powerful predictor of the level of democracy in the late 1990s, as does the HDI which includes both measures of wealth and knowledge. When the UNDP Education index is applied instead of literacy, it is primarily due to the inclusion of the post-communist countries in the sample. The data basically support Hadenius’s (1992) finding of the literacy component if the sample was narrowed to include only Third World countries, but when the post-communist countries are included the relationship disappears. The obvious reason is that the former eastern bloc reports very little variance in literacy, but in as far as the education index reflects the same underlying feature – knowledge – the conclusion remains firm.
Table 5. Modernization and the level of democracy. 1997. Simple regression.

<table>
<thead>
<tr>
<th></th>
<th>Standardized Reg. Coefficients</th>
<th>Explained variance (Percentage) †</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (PPP, log)</td>
<td>-0.586 *</td>
<td>33.9</td>
<td>143</td>
</tr>
<tr>
<td>Human Development Index</td>
<td>-0.569 *</td>
<td>32.0</td>
<td>143</td>
</tr>
<tr>
<td>Education Index</td>
<td>-0.500 *</td>
<td>24.5</td>
<td>143</td>
</tr>
<tr>
<td>Urbanization (% of population)</td>
<td>-0.412 *</td>
<td>16.4</td>
<td>148</td>
</tr>
</tbody>
</table>

*Significance at the 0.001 level. † Adjusted R2

Independent and dependent variables are coded from the same year. However, when measures for GDP per capita were not available, the decision was to use data from 1996 or 1998, or an average of the two if both were available.

Source: DEMSTAR database (see appendix).

The second step is then to consider the most powerful model of modernization, using combinations of the four variables listed in table 5. However, since some of the variables exhibit strong correlation, rendering the regression analysis uncertain, only one of these should be included. For natural reasons this appears to be the case with HDI and GDP per capita, and HDI and the education index, since GDP per capita and education are already accounted for by the HDI index. This leaves three possible models, as reported in table 6.

From regressions A and B it is evident that urbanization should be dropped. Urbanization is not significant, nor does it maintain its direction. And when model C, which has come to include GDP per capita and the education index, is considered, we are left with GDP per capita and the HDI as the most powerful modernization expressions. Examining the outliers (two standard deviations) from the regressions on the level of democracy by HDI and GDP per capita in table 5, remnants of political/ideological explanations, the recent wave of democratization in Africa and the usual suspects - East Asian tigers and the Oil states - turn up. In the HDI regression Benin thus had a higher level of democracy than predicted, whereas China, Cuba, Libya, Saudi Arabia, Syria, Turkmenistan, and Vietnam are the underachievers. In the GDP per capita regression Iran, Libya, Oman, Saudi Arabia, Singapore, and the United Arab Emirates are all underachievers. Before we discuss whether these should be omitted from future analysis, however, we should proceed by developing a model which includes electoral systems. Since there is little reason to choose between the two expressions (HDI and GDP per capita), except that the HDI constitutes a broader dimension of development than the GDP per capita alone, both will be applied in the following analysis, thereby gaining an additional robustness check on the electoral system explanation.

Controlling the evidence

The third step is to introduce the electoral families as fixed factors in two univariate analyses with respectively GDP per capita and the HDI as covariates. These are reported in table 7.
Table 6. Three multiple regressions on the level of democracy. 1997.

<table>
<thead>
<tr>
<th></th>
<th>Standardized Reg. Coefficients</th>
<th>Explained variance (Percentage) †</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>A)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP per capita (PPP, log)</td>
<td>-0.600 *</td>
<td>35.2</td>
<td>143</td>
</tr>
<tr>
<td>Education Index</td>
<td>-0.177 ***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urbanization (% of population)</td>
<td>0.183</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Development Index</td>
<td>-0.634 *</td>
<td>31.5</td>
<td>143</td>
</tr>
<tr>
<td>Urbanization</td>
<td>0.099</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP per capita (PPP, log)</td>
<td>-0.482 *</td>
<td>34.4</td>
<td>143</td>
</tr>
<tr>
<td>Education Index</td>
<td>-0.143</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Significance at the 0.001 level. ** Significance at the 0.1 level. † Adjusted R²

Independent and dependent variables are coded from the same year. However, when measures for GDP per capita were not available, the decision was to use data from 1996 or 1998, or an average of the two if both were available.

Source: DEMSTAR database (see appendix).

The result in table 7 confirms our suspicion that the electoral systems contribute independently to explaining the variance in the level of democracy. A between-subjects effects test reveals significant results for all three variables and the parameter estimates all carry the expected sign. Thus higher levels of GDP per capita or Human development are positively correlated with higher levels of democracy, whereas PM and SP electoral systems are negatively correlated with the level of democracy. This means that we would expect countries that have adopted PM systems to lie between 1 and 3 Freedom House scale points above countries that have chosen PR systems. This is the theoretical value of electoral systems. The effect is smaller than the one found when the means for the three electoral systems were compared (see tables 2 and 3). This was to be expected because of the power of the modernization expressions. Thus electoral systems contribute to the explanation, but the modernization expressions remains the most powerful predictors.

Using the unstandardized predicted values in a regression against the level of democracy, we find that the overall explained variance increases to 48.9 or 45.8 per cent when electoral systems are included in the equation with respectively GDP per capita and HDI, compared with 33.9 and 32.0 per cent in the original modernization expressions (table 5). When the over and underachievers in these two new regressions (A and B refer to the models in table 7) are compared in table 8, the aforementioned explanations are even more striking.

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Lower</th>
<th>Upper</th>
<th>Between-subject effects significance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intercept</td>
<td>22.03</td>
<td>18.11</td>
<td>25.95</td>
<td>*</td>
</tr>
<tr>
<td>GDP per capita (PPP, log)</td>
<td>-4.44</td>
<td>-5.47</td>
<td>-3.42</td>
<td>*</td>
</tr>
<tr>
<td>Electoral family</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Plurality-Majoritarian</td>
<td>2.20</td>
<td>1.16</td>
<td>3.24</td>
<td>*</td>
</tr>
<tr>
<td>2. Semi-proportional</td>
<td>1.26</td>
<td>-0.26</td>
<td>2.73</td>
<td>*</td>
</tr>
<tr>
<td>3. Proportional†</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B) Intercept  | 13.22| 11.10  | 15.35  | *                                    |

HDI           | -10.83| -13.57| -8.089 | *                                    |

Electoral family |      |        |        |                                      |

1. Plurality-Majoritarian | 2.39 | 1.33   | 3.45   | *                                    |
2. Semi-proportional | 1.64 | 0.11   | 3.17   | *                                    |
3. Proportional† | 0    |        |        |                                      |

*Significance at the 0.001 level. † The parameter is set to zero because it is redundant. Independent and dependent variables are coded from the same year. However, when measures for GDP per capita were not available, the decision was to use data from 1996 or 1998, or an average of the two if both were available.

Source: DEMSTAR database (see appendix).

Table 8. Over and underachievers in the modernization plus electoral system model.

<table>
<thead>
<tr>
<th>Overachievers</th>
<th>Underachievers</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Algeria, Indonesia, Iran, Singapore</td>
<td>Malawi, Mali</td>
</tr>
<tr>
<td>B) Algeria, Cuba, Indonesia, Syria, Turkmenistan, Vietnam</td>
<td>Malawi, Mali</td>
</tr>
</tbody>
</table>

The comparison of the over and underachievers reveals the same core. The legacy or sustainability of different paths of modernization following either a political-ideological path, the windfall of oil income, or the East Asian modernization ‘model’. More importantly, however, is that with respect to the overachievers the recent wave of democratization in Africa now turns up. In these countries democracy is expected to falter, not only because of the relatively lower level of modernization, but also because of the PM electoral systems. It is, of course, difficult to evaluate the sustainability of the democratic progress made in these African countries in a cross-sectional analysis, except to note that they have heavy odds against them.

These recent democratizations above all imply a critique of the deterministic perspective of traditional modernization approaches – a stepping-stone for considering the actor driven transitology approach. Thus the recent democratization underlines the first
facet of institutionalism applied to transitology. An explanation where political actors deliberately choose electoral systems – assuming that they are not installed by a foreign power – thus the casual chain implicitly inferred by the analysis should be qualified when we consider the different phases of the process of democratization. As discussed above – under the assumption of a deliberate choice, – political actors want to hedge and secure their future influence through the electoral system. The electoral system thus comes to reflect the initial bargaining and the relative strength of the political actors involved in the negotiations (Johannsen, forthcoming 2000).

According to this line reasoning a PR system with its ‘we all get our share’ logic should be the one adopted when several political actors are present and none of them can expect to be able to gain a majority or a nearby majority manufactured via a majoritarian system. In contrast, a dominant political actors will want to reap the spoils of the ‘the winner takes all’ logic of PM systems. Thus when PR systems outperform PM systems, it may be because countries that adopt PR systems are pluralized from the outset. Hence the associations we have found between the different electoral systems merely reflect the underlying pluralization, be that defined as ethnic, religious, or political. The argument, however, overlooks that in the long run electoral systems will tend to modify already existing patterns of pluralization. Thus PM systems will tend to produce a two-party system, whereas PR system will maintain multi-party systems. In conjunction with the other requisites of democracy, the effect of making or breaking political parties may in the long run be the confining condition observed in the association between electoral systems and the level of democracy.

4. Conclusion
At the outset we argued that institutionalism may enrich democratization studies by comparing the two facets of institutionalism with respectively transitology and modernization theory. We argued for the possibility and the necessity that the propositions about institutions be applied in an empirical test if we are to accept institutionalism as a challenger to the traditional excurses in studies of democratization.

We have found a robust association between electoral systems and the level of democracy. The form of electoral system contributes to the explanation of the level of democracy, and the parameter estimates imply that electoral systems do indeed carry a theoretical value worth pursuing in the explanation. Institutionalism can enrich both studies of transition to democracy and traditional studies of modernization and democracy. That institutions can be seen both as factor in the creation of democracy, as having been established by political actors, and as structures with an independent impact on democracy naturally renders the analysis more complicated since questions of the causality inferred come to the forefront. Depending on the perspective employed, we thus find two different stories about the roles of electoral systems and institutions in the study of democratization. We cannot settle the issue here, but should point to new possible studies that may answer some of the questions raised. One possible research strategy will be to compare highly pluralized societies with PM and PR systems and proceed in traditional fashion with comparing homogenous countries with PM and PR systems in an attempt to control for these questions. A different research strategy should seek to control for the initial transition by comparing different systems across time from the establishment of democracy.
Although it is tempting to conclude that institutionalism can be considered a bridge between the structural and actor driven approaches, we should await further studies and debate. Despite the intangibility of this conclusion the two stories and the two facets of institutionalism should be seen as assets rather than liabilities in the study of democratization and as a possible enrichment of the two mainstream approaches.

Appendix: The data set

The data set is coded in the DEMSTAR database. The DEMSTAR database is developed and maintained to support the project ‘Democracy, the State and Administrative Reforms in Post-Communist Countries’ lead by Ole Nørgaard (project director), Lars Johannsen, Karin Hilmer Pedersen, and Ole Hersted Hansen. The project is financed by a grant from the Danish Social Science Research Council. More information can be found at http://www.demstar.dk (from 1 May, 2000). Inquiries concerning the overall project should be directed to Ole Nørgaard, Research Professor, Department of Political Science, University of Aarhus (ON@ps.au.dk). Inquiries concerning the DEMSTAR database should be directed to Lars Johannsen, Assistant Professor, Department of Political Science, University of Aarhus (johannsen@ps.au.dk).

For the purposes of this study a modified version of the Freedom House indicators for Civil Liberties (CL) and Political Rights (PR) are used as a proxy for the level of democracy. Thus the CL and PR scores are added to find a proxy for the level of democracy. The combined scale runs from 2 (most democratic) to 14 (least democratic).

The coding for electoral systems – family and type – is derived from the IDEA (1997) classification, except Moldova which was classified by the author. For a discussion and classification of the Moldovan electoral system, see Johannsen (forthcoming, 2000).

Socio-economic indicators are derived form the UNDP Development Report, 1999 and The World Bank’ s World Development Indicators (CD-rom edition, 1999).

Notes

2. If no significant effects can be demonstrated by the methods of empirical investigation, questions must be raised whether the variables, despite their apparent face value in the theoretical discussion, contribute to our understanding of democratization. This research agenda is similar to the one proposed by B. Guy Peters (1999, pp.78-79)
3 Credit is due to Michael Nielsen and Asmus Rotne who assist in the compilation of material and maintenance of the DEMSTAR database.
5. In fairness we should note that Lijphart project is related to the question of consensual democracy versus the majoritarian democracy.
7. It can be argued that the MMP system should be categorized as a semi-proportional system. When this is not done here, it is because proportionality is consciously sought
though the proportional compensation component. For further discussions on these matters, see Johannsen (forthcoming, 2000).


9. The use of significance tests is debatable given the nature of the sample(s). Irrespective of the arguments pro et contra, such a course of action, my (admittedly) strongest motivation is to follow the current of both empirical institutionalism and modernization studies (see, for example, Hadenius (1992), and Lijphart (1999)). For further discussion on significance testing in non-randomized samples, see Risbjerg Thomsen (1992). For a discussion of the post-hoc test (Scheffe) applied here, see Hays (1974, pp. 605-612).

10. These findings are robust to alternative classifications of what constitutes the developing world. Using the Human Development index (UNDP, 1997) to classify the countries into three groups: 1 (0.8≤HDI≤1.0), 2 (0.5≤HDI<0.8) and 3 (HDI<0.5). If the developing world is comprised of groups 2+3, the corresponding means for the level of democracy are PM (9.65), SP (8.07) and PR (7.06) with N= 106. If we only look at the third group, the corresponding means for the level of democracy are PM (10.23), SP (10.33) and PR (8.50) with N=33. However, for none of these alternative classifications is the overall F significant at the 0.10 level or better.

11. The higher average for the PR systems compared to the PM systems to a large extent depends on the two lowest ranked PR countries. If these, for whatever reason, were removed from the sample, the two means would approximate each other.

12. For the global sample Scheffe’s post-hoc test revealed significant means differences between the PR and PM systems (F=15.169, significance 0.01 or better). For the developing world sample Scheffe’s post-hoc test revealed significant means differences between the PR and PM systems (F=8.869, significance 0.01 or better).

13. Lipset (1981) compared the means of these indices for his four groups: European Stable Democracies, European Dictatorships, Latin American Democracies, and Latin American Dictatorships.

References


UNDP (1999), Human Development Report, UNDP.

World Bank (1999), World Development Indicators.