

Actors and Contexts

IN ADDITION to our "macrovariables" of prior regime type and stateness, we call attention to some other important variables that affect democratic transition and consolidation and that lend themselves to middle range propositions. Two actor-centered variables concern the leadership base of the prior nondemocratic regime and the question of who initiates and who controls the transition. Three context variables relate to international influences, the political economy of legitimacy and coercion, and constitution-making environments.

THE INSTITUTIONAL COMPOSITION AND LEADERSHIP OF THE PRECEDING NONDEMOCRATIC REGIME

Our central question here concerns the core group that is in day-by-day control of the state apparatus. What is the institutional character of this state elite? Does its character favorably or unfavorably affect democratic transition and consolidation? The organizational base is necessarily analytically distinct from the variable of regime type because, within some regime types (especially authoritarian), there can be dramatically different types of state elites, each with quite different implications for democratic transition and consolidation. Without being exhaustive, four different types of state elites can be distinguished: (1) a hierarchical military, (2) a nonhierarchical military, (3) a civilian elite, and (4) the distinctive category of sultanistic elites.

Hierarchical Military

As shown in chapter 4 on the consequences of prior nondemocratic regime types, only an authoritarian regime has the possibility of being controlled by a hierarchical military organization. Control by such an organization is against the logics of a totalitarian, post-totalitarian, or sultanistic regime.¹ All hierarchical

military regimes share one characteristic that is potentially favorable to democratic transition. The officer corps, taken as a whole, sees itself as a permanent part of the state apparatus, with enduring interests and permanent functions that transcend the interests of the government of the day. This means that there is always the possibility that the hierarchical leaders of the military-as-institution will come to the decision that the costs of direct involvement in nondemocratic rule are greater than the costs of extrication. Thus, the reassertion of hierarchical authority in the name of the military-as-institution is a permanent danger faced by the military-as-government. Furthermore, as members of a situational elite who derive their power and status from the existence of a functioning state apparatus, the military-as-institution have an interest in a stable state, and this requires a government.² This often means that, if a democratic regime is an available ruling formula in the polity, the military may decide to solve their internal organizational problems and their need for a government by devolving the exercise of government to civilians. Paradoxically but predictably, democratic elections are thus often part of the extrication strategy of military institutions that feel threatened by their prominent role in nondemocratic regimes.

We can make parsimonious and much less optimistic statements about hierarchical military regimes in relation to democratic consolidation. Precisely because the military (short of their elimination by foreign powers or by revolution) is a permanent part of the state apparatus and as such has privileged access to coercive resources, members of the military will be an integral part of the machinery that the new democratic government has to manage. Theoretically and practically, therefore, the more the military hierarchy directly manages the state and their own organization on a day-by-day basis before the transition, the more salient the issue of the successful democratic management of the military will be to the task of democratic consolidation. Furthermore, the more hierarchically led the military, the less they are forced to extricate themselves from a nondemocratic regime due to internal contradictions, and the weaker the coalition that is forcing them from office, the more the military will be in a position to negotiate their withdrawal on terms where they retain nondemocratic prerogatives or impose very confining conditions on the political processes that lead to democratic consolidation. More than any of the three other kinds of organizational bases found in nondemocratic regimes, a hierarchical military possesses the greatest ability to impose "reserve domains" on the newly elected government, and this by definition precludes democratic consolidation. This is a particularly acute problem if

1. In some cases, such as Chile and Uruguay, and especially the "dirty war" in Argentina, the military developed a definition of the enemy in their national security doctrine that gave to the repression a totalitarian dimension. See, for example, Alexandra Barahona de Brito, "Truth or Amnesty—Human Rights and Democratization in Latin America: Uruguay and Chile" (Ph.D. diss., University of Oxford, 1993), 28–61.

2. For a more discursive argument about the analytical and historical utility of the distinction between military-as-government and military-as-institution, see Stepan, "Paths toward Redemocratization," 75–78, 172–73. For the concept of the military as a "situational elite" with a special relationship to the state, see Alfred Stepan, "Inclusionary and Exclusionary Military Responses to Radicalism with Special Attention to Peru," in Seweryn Bialer, ed., *Radicalism in the Contemporary Age* (Boulder: Westview Press, 1977), 3: 221–39, 344–50.

the hierarchical military have been involved in widespread human rights violations and condition their loyalty, as a part of the state apparatus, upon not being punished by the new democratic government. Such a legacy of human rights violations presented severe problems for democratic consolidation in Argentina and Chile.

This is not meant to imply a static situation. Power is always and everywhere relational. We simply mean that, if a relatively unified, hierarchically led military has just left the direct exercise of rule, the complex dialectical tasks of democratic power creation and the reduction of the domains of nondemocratic prerogatives of the military must become two of the most important tasks for new democratic leaders.

Nonhierarchical Military

A nonhierarchical, military-led nondemocratic regime, on the other hand, has some characteristics that make it less of a potential obstacle to democratic transition and especially democratic consolidation. Concerning democratic transition, if a nonhierarchically led military-as-government (e.g., of colonels and majors) enters into difficulties, the incentive for the military-as-institution to re-establish hierarchy by supporting an extrication coup is even higher than it would be if the military-as-government were hierarchically led. The fundamental political and theoretical distinction, however, concerns democratic consolidation. The chances that the military-as-institution will tolerate punishment and trials of members of the outgoing nondemocratic government are significantly greater if the group being punished is not seen to be the military institution itself, but a group within the military which has violated hierarchical norms. Likewise, if the colonels have established para-state intelligence operations that are perceived as threats even to the organizational military, the hierarchical military is much more likely to acquiesce (or even insist) that their reserve domains of power be eliminated.

Civilian Leadership

In comparative terms, civilian-led regimes (even mature post-totalitarian civilian-led regimes in which Communist parties are essential components) will characteristically have greater institutional, symbolic, and absorptive capacities than either military or sultanistic leaders to initiate, direct, and manage a democratic transition. Civilian leaders are often more motivated to initiate and more capable of negotiating a complicated reform pact than are the military. They often have more links to society than do military or para-military sultanistic leaders. Civilians also can see themselves as potential winners and rulers in a future democratic regime. This option is much less likely for military or sultanistic rulers.

There are, of course, potential problems for full democratic transition and

consolidation in such civilian-led political change. Civilian-led liberalization may re-equilibrate the system short of democratic transition or allow groups to win elections by skillful but nondemocratic means because of their privileged access to levers of power. When we consider democratic consolidation, however, it seems to us that the capacity of civilian leaders in a previously nondemocratic regime to create obstacles to democratic consolidation, such as constitutionally sanctioned reserve domains of power, is significantly less than that of a military organization.

An exception to the above assertion might seem to be the case of a civilian-led, nondemocratic regime based on a monopoly party—especially a ruling Communist Party. Should this kind of organizational base be considered an obstacle to democratic consolidation comparable to a hierarchical military organization that has just left power? Some political activists in Eastern Europe feared that a defeated ruling Communist Party and a defeated ruling hierarchical military were functional equivalents in terms of their ability to impede the consolidation of democracy. However, we believe that, in those cases where the Communist Party has been defeated in free and competitive elections (as in Hungary in 1990), this analogy is fundamentally misleading on two grounds: (1) organizational relationships to the state apparatus and (2) incentives. The hierarchical military, unless it has been militarily defeated and dissolved by the new democratic incumbents, will, as an organization, withdraw as a unit into the state apparatus where it still has extensive state missions and state-allocated resources (as in Chile in 1989). A defeated Communist Party, in contrast, while it may well retain control of many resources and loyalties that help it compete in later elections, has no comparable institutional base in the state apparatus, has no continuing claim on new state resources, and has no continuing state mission. Organizationally, it is a defeated party out of office and, though it may win open elections in the future (as in Hungary in 1994), it has less collective resources to impose “reserve domains” than do the military out of office. Our argument here is restricted *only* to those cases where the democratic opposition wins open and contested elections and then assumes control of the government. However, in some societies, normally close to the totalitarian pole, with no legacies of liberal or democratic politics, top nomenklatura figures are able to put on nationalist garb and engage not in democracy building but ethnocracy building. In such contexts civil society is too weak to generate a competitive political society and members of the nomenklatura are able to appropriate power and “legitimate” themselves via elections.

In relation to behavioral incentives, Communists (or ex-Communists) from the former nomenklatura after defeat in free and contested elections will still occupy numerous important positions within the state apparatus, especially in state enterprises. The members of the former nomenklatura through their networks extending over management, administration, and even security services can assure themselves a privileged position in the emerging capitalist economy and with it substantial political influence. However, they normally act for their own indi-

vidual self-interest. In most post-Communist countries the former nomenklatura do not attempt to overthrow or directly challenge the new regime but to profit by it. In some cases, particularly in the former Soviet Union, this leads to a confusion between the public and the private and with it considerable room for corruption. The more the members of the former nomenklatura act as individuals or democratic state managers, the better their chances of survival as officials. This is particularly so for managers of state production, trading, and banking enterprises, who can use their organizational resources profitably to restructure new forms of recombined public-private property.³ The incentive system for the former nomenklatura thus has strong individualist or network components, which involve working for advantages by manipulating the new political context more than opposing it per se. The incentive system for the military is fundamentally different. With few exceptions, incentives to the military are collective and derive from the struggles to retain group prerogatives to avoid collective negative actions, such as trials. Therefore, unlike the nomenklatura out of office, for the military out of office there may be significant incentives for acting together in open contestation against the new democratic government.

Sultanistic Leadership

Last, we should briefly consider what the institutional composition of sultanistic rule implies for democratic transitions and consolidation. A sultanistic regime is one in which the ruler personalizes the government and the regime and, in an uninstitutionalized but erratically pervasive way, penetrates the state, political society, and civil society. Fused are not only the private and the public, but also the civilian and the military. Theoretically, it is hard to classify sultanism as either a military- or a civilian-led regime. Sultanistic regimes present an opportunity for democratic transition because, should the ruler (and his or her family) be overthrown or assassinated, the sultanistic regime collapses. However, the very nature of a sultanistic regime means that there is very little space for the organization of a democratic opposition. Therefore, short of death by natural causes, sultanistic dictators are characteristically overthrown by quick, massive movements of civil society, by assassination, or by armed revolt (see table 4.2). This manner of regime termination often leads to the dynamics of a provisional government which, unless there is a decision to hold rapid elections, normally presents dangers for democratic consolidation.⁴ Also, the very personalization of power around the dictator may allow close associates of the regime to assume power. Or, even when the group or armed movement leading the revolt eliminates

3. Pioneering work on new network formation and the associated phenomenon of "recombinant property" that is not really private and no longer public is being done by David Stark, "Recombinant Property in East European Capitalism," Working Paper, Collegium Budapest, 1994.

4. We will discuss interim governments in our analysis of the next variable.

those most associated with the sultanistic regime, they may appoint themselves as the "sovereign" representatives of the people and rule in the name of democracy without passing through the free contestation and free election phases that are necessary for full democratic transition and consolidation.

TRANSITION INITIATION: WHO STARTS AND WHO CONTROLS?

Transitions initiated by an uprising of civil society, by the sudden collapse of the nondemocratic regime, by an armed revolution, or by a nonhierarchically led military coup all tend toward situations in which the instruments of rule will be assumed by an interim or provisional government.⁵ Transitions initiated by hierarchical state-led or regime-led forces do not.

Interim governments are highly fluid situations and can lead to diametrically opposite outcomes depending on which groups are most powerful, and especially on whether elections or sweeping decree reforms are considered to be the first priority. If the interim government quickly sets a date for elections and rules as a relatively neutral caretaker for these elections, this can be a very rapid and efficacious route toward a democratic transition. However, if the interim government claims that its actions in overthrowing the government give it a legitimate mandate to make fundamental changes that *it defines* as preconditions to democratic elections, the interim government can set into motion a dangerous dynamic in which the democratic transition is put at peril, even including the postponement of elections *sine die*.

Elections are crucial because without them there is no easy way to evaluate whether the interim government is or is not actually representing the majority. Without elections, actors who did not play a central role in eliminating the old regime will find it very difficult to emerge and assert that they have a democratic mandate. And without elections the full array of institutions that constitute a new democratic political society—such as legislatures, constituent assemblies, and competitive political parties—simply cannot develop sufficient autonomy, legality, and legitimacy.

Elections are most likely to be held quickly in cases of collapse where democratic party leaders (as in Greece in 1974) almost immediately emerge as the core of the interim government or where leaders of civil society who are committed to creating a political democracy as the first order of business (as in Czechoslovakia in 1989) are the core of the interim government. Frequently, however, especially in cases where armed force has brought them into power, interim governments develop a dynamic that moves them away from fully free contestation. Claiming

5. For a more detailed discussion of interim governments, see Yossi Shain and Juan J. Linz, eds., *Between States: Interim Governments and Democratic Transitions* (New York: Cambridge University Press, 1995).

revolutionary legitimacy, the provisional government may substitute occasional plebiscites or referenda for multiparty elections. A provisional government that begins with a nonhierarchical coup may open up an explosive situation because it may involve part of the state apparatus attacking another part of the state apparatus, in which outcomes can vary from massive state repression to revolution. The least likely outcome in such a conflict is procedural democracy.

What can we say about state-led or regime-initiated and regime-controlled transitions? For one thing the potential for the emergence of an interim government is virtually absent when the regime controls the transfer of government until elections decide who should govern. This fundamental point made, we need to be aware that regime-controlled transfers can be placed along a continuum ranging from democratically disloyal to loyal. A democratically disloyal transfer is one in which, for whatever reasons, the outgoing regime attempts to put strong constraints on the incoming, democratically elected government by placing supporters of the nondemocratic regime in key state positions and by successfully insisting on the retention of many nondemocratic features in the new political system. A disloyal transfer is most likely to happen when the leaders of the outgoing nondemocratic regime are reluctant to transfer power to democratic institutions and the correlation of forces between the nondemocratic regime and the democratic opposition is one where the nondemocratic leaders retain substantial coercive and political resources. For reasons we have already discussed, this is most likely to happen if the prior nondemocratic government was a hierarchically controlled military regime with strong allies in civil and political society, as we shall see in the case of Chile.

INTERNATIONAL INFLUENCE

The most influential and widely read publication on democratic transitions is the four-volume work edited by Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead, *Transitions from Authoritarian Rule*. The cases in this study all concerned Southern Europe and Latin America and, with the exception of Italy, the decade of the mid-1970s to the mid-1980s. Generalizing from the experiences within these spatial and temporal confines, O'Donnell and Schmitter in the concluding volume argue that "domestic factors play a predominant role in the transition. More precisely, we assert that there is no transition whose beginning is not the consequence—direct or indirect—of important divisions within the authoritarian regime itself."⁶ Laurence Whitehead, in his valuable chapter on

6. Guillermo O'Donnell and Philippe C. Schmitter, *Tentative Conclusions about Uncertain Democracies* (Baltimore: Johns Hopkins University Press, 1986), 19.

international influence, offers a more qualified generalization: "In all the peacetime cases considered here internal forces were of primary importance in determining the course and outcome of the transition attempt, and international factors played only a secondary role."⁷

However, if one considers the entire world and all major actual (or potential) cases of democratization in modern times, the analysis of international influences can be pushed much further and a series of nuanced hypotheses can be advanced. To do so, we distinguish between the foreign policy, *zeitgeist*, and diffusion effects.

Foreign Policies

Conceptually, foreign policies can have an influence on domestic contexts in very different ways. To begin with, there *are* in fact three categories of situations in which the use of force in foreign policy actually *determines* outcomes that relate to democracy. First, a nondemocratic country can use force to overthrow a less militarily powerful democracy and either annex or occupy the country or install a nondemocratic puppet regime (e.g., Germany in Czechoslovakia in 1938). Second, a nondemocratic regional hegemon (which can be a single country or a community of countries acting collectively) can in its "outer empire" use military force to reverse a successful democratizing revolutionary effort to overthrow a nondemocratic regime (e.g., Hungary in 1956) or to reverse a liberalizing process (e.g., Czechoslovakia in 1968). Third, a democratic country that is a victor in a war against a nondemocratic regime can occupy the defeated country and initiate a democratic transition by installation (e.g., Germany and Japan in 1945). However, although foreign policies can have determinative force in the democratic transition phase, democratic consolidation in an independent country is ultimately determined by domestic forces.

Another influence of foreign policy on democratic transition and consolidation concerns what we might call *gate opening to democratic efforts*. Formal or informal empires, largely responding to their own internal and geopolitical needs, may open a previously closed gate to democratization efforts in subordinate regimes. Whether there will be a democratic transition or not and whether this will lead to democratic consolidation or not is predominantly domestically determined (e.g., most of the British Empire after World War II, the Soviet bloc in Eastern Europe in 1989).

7. Laurence Whitehead, "International Aspects of Democratization," in O'Donnell, Schmitter, and Whitehead, *Transitions from Authoritarian Rule: Comparative Perspectives*, 4. In the body of the article Whitehead gives detailed information about how the European Community played a strongly supportive role in democratic consolidation in southern Europe. In later works, Whitehead, O'Donnell, and Schmitter correctly acknowledged that international influence played a central role in Eastern Europe. Also see the two-volume work edited by Abraham F. Lowenthal, *Exporting Democracy: The United States and Latin America* (Baltimore: Johns Hopkins University Press, 1991); and Geoffrey Pridham, ed., *Securing Democracy: The International Context of Regime Transition in Southern Europe* (London: Routledge, 1990).

Subversion is another kind of policy effect. Regional hegemon (democratic or nondemocratic) can play an important contributing, though seldom determinative, role in helping to subvert a nondemocratic regime (e.g., U.S. foreign policies toward the Philippines in 1987) or in helping to subvert democracy that is opposing the hegemon's policy preferences (e.g., U.S. foreign policy toward Chile in 1973). A democratic hegemon may also use its geopolitical and economic power to thwart nondemocratic forces trying to impede a democratic transition process (e.g., President Carter's role in reversing electoral fraud in the Dominican Republic in 1978).

Finally, a regional hegemon may, by a consistent policy package of meaningful incentives and disincentives, play a major supportive (but not determinative) role in helping a fledgling democracy in the region complete a democratic transition and consolidate democracy (e.g., the collective foreign policy of the European Economic Community [EEC] and especially of West Germany toward Portugal in 1974).

Zeitgeist

The concept of *zeitgeist* is taken from the German tradition of intellectual history and refers to the "spirit of the times." We do not believe in any variant of the "end of history" thesis—the thesis, namely, that one ideology, such as the democratic ideology, can or will stop human efforts to respond to problems by creating alternative political visions and ideologies.⁸ But we do maintain that, when a country is part of an international ideological community where democracy is only one of many strongly contested ideologies, the chances of transiting to and consolidating democracy are substantially less than if the spirit of the times is one where democratic ideologies have no powerful contenders. The effect of a democratically hostile or a democratically supportive *zeitgeist* can readily be seen when we contrast interwar Europe with the Europe of the mid-1970s and the 1980s. In interwar Europe, in the aftermath of the break-up of the Austro-Hungarian Empire, boundary changes emerging out of the Treaty of Versailles, and various political experiments, eleven states with little or no prior experience of an independent democratic regime made some effort to establish democracies.⁹ However, the spirit of the times was one in which the democratic ideal competed with four

8. See, for example, Francis Fukuyama, "The End of History," *National Interest* 16 (Summer 1989): 3–18. The return to power in Lithuania, Poland, and Hungary of reform communists as social democrats is but one example of how history can evolve in new and unexpected ways. Another example is the resurgence, in the name of "democratic majoritarianism," of ethnic nationalist dictatorships in parts of the former Soviet Union and Yugoslavia.

9. These states were Spain, Italy, Poland, Hungary, Czechoslovakia, Estonia, Latvia, Lithuania, Bulgaria, Yugoslavia, and Romania. For a discussion of their demise, see Juan J. Linz, "La crisis de las democracias," in Mercedes Cabrera, Santos Juliá, and Pablo Martín Aceña, eds., *Europa en crisis, 1919–1939* (Madrid: Editorial Pablo Iglesias, 1992), 231–80.

other contesting ideologies in Europe, none of them democratic. Communism in the Soviet Union was a novel experiment that many felt offered great promise. Fascism in Italy was seen by many others as a powerful contestant to both communism and democracy. Catholicism, after the papal encyclical, *Rerum Novarum*, was the basis of novel forms of corporatist and integralist movements. Finally, in the midst of this intense ideological struggle, many conservatives still remembered positively the political formula of a predemocratic, authoritarian constitutional monarchy, of which Imperial Germany was the esteemed exemplar. All of Europe was influenced in some degree by these nondemocratic ideas. Latin America too was strongly influenced by these European intellectual and ideological currents, as the experience of the Estado Novo under Vargas in Brazil and of Peronism in Argentina shows.

Though democracy is never "overdetermined," even in the context of the most supportive *zeitgeist*, by the late 1970s the *zeitgeist* in southern Europe—indeed in most of the world (with the important exception of a reinvigorated fundamentalism in the Islamic cultural community)—was such that there were no major ideological contestants to democracy as a political system. To be sure, Communism was entrenched in the Soviet Union and by extension in the subordinate regimes of Eastern Europe, but the pronouncement by an eminent Polish philosopher that the 1968 Soviet invasion of Czechoslovakia represented the "clinical death" of Marxist revisionism in Central and Eastern Europe proved prophetic.¹⁰ By 1977, the issue of human rights had acquired such pan-European support that most of the East European regimes became signatories to the Helsinki Accords.¹¹ Fascism and Nazism were thoroughly discredited after World War II, and no longer represented a pole of attraction. After Vatican II (1961–63) Catholicism developed an ideological and institutional position more amenable to democracy (if not to capitalism) than ever before.¹² In the modern era most of the secure and successful monarchs are now constitutional heads of state in parliamentary democracies. The Egyptian and Peruvian military option so intriguing in the 1960s had few adherents in the world by the mid-1970s. On the other hand, the Latin American left's experience with a new type of modern military-led bureaucratic-authoritarian regime had contributed to a deep revalorization of democracy, not merely as a tactical instrument but as a value in itself.¹³ The hopes that some democrats had in Yugoslav worker self-management as a school for democracy have been thor-

10. Leszek Kolakowski, *Main Currents of Marxism* (Oxford: Oxford University Press, 1978), 3: 465.

11. For the effects on the domestic politics of East European countries and the Soviet Union of having signed the Helsinki Accords, see Samuel P. Huntington, *The Third Wave: Democratization in the Twentieth Century* (Norman: Oklahoma University Press, 1991), esp. 85–100.

12. For Vatican II and how it enhanced the status of democracy in Roman Catholic theology, see George Weigel, *The Final Revolution: The Resistance Church and the Collapse of Communism* (New York: Oxford University Press, 1992), esp. 67–74.

13. The revalorization of democracy by the left produced a rich new genre of writings. For one such example see Francisco Weffort, "Why Democracy?" in Alfred Stepan, ed., *Democratizing Brazil: Problems of Transition and Consolidation* (New York: Oxford University Press, 1989), 327–50.

oughly disappointed. In Africa, "one-party" states by the early 1990s had lost almost all their original credibility as "mobilizing regimes" and were increasingly disdained as "rent-seeking" formulas exploited by nondemocratic elites.

Diffusion

Zeitgeist in the world of politics refers to historical eras. But the *diffusion effect* in an international political community, especially in a community tightly coupled by culture, coercive systems, and/or communication, can refer to weeks or even days. Law-like statements about human creations such as democracies are inherently different from law-like statements in the physical sciences because no two moments in history can be exactly alike. Human beings reflect upon previous events and, where the events seem directly relevant to them, often consciously or unconsciously attempt to adjust their behavior so as to achieve or avoid a comparable outcome. Political learning is possible. For example, after the Portuguese revolution had exploded, a Spanish conservative leader, Manuel Fraga, expressed some interest in playing a role in leading democratic change because he "did not want to become the Caetano of Spain."¹⁴ Likewise Prince Juan Carlos in Spain was undoubtedly influenced by the Greek case, where his brother-in-law, King Constantine, lost his throne due to his ambivalence about democracy.

More generally, we posit that the more tightly coupled a group of countries are, the more a successful transition in any country in the group will tend to transform the range of perceived political alternatives for the rest of the group. Indeed, as we shall see when we examine Central and Eastern Europe in 1989, international diffusion effects can change elite political expectations, crowd behavior, and relations of power within the regime almost overnight. For practitioners and theorists alike, diffusion effects have obviously gained in salience in the modern world owing to the revolution in communications. Today, the dramatic collapse of a nondemocratic regime is immediately experienced by virtually the entire population of the neighboring countries through radio and television. This experience in turn instantly becomes a powerful new component of domestic politics.¹⁵

THE POLITICAL ECONOMY OF LEGITIMACY AND OF COERCION

What is the relationship between citizens' perception of the socioeconomic efficacy of a regime and their perception of the legitimacy of the regime itself?

14. Fraga was referring to the overthrow of the post-Salazar leader of Portugal, Marcello Caetano, who failed to initiate a transition. The diffusion effect here is that Spanish conservatives rapidly began to recalculate the costs and benefits of initiating a democratic transition.

15. All countries discussed in this volume experienced some diffusion effects, but none more dramatically than the countries of Central and Eastern Europe.

How does the economy affect the prospects of a transition away from a nondemocratic regime? If a transition has begun, how does the economy affect the chances of democratic consolidation? Are democratic and nondemocratic regimes equally helped by sustained growth? Are democratic and nondemocratic regimes equally hurt by economic decline?

We accept the well-documented correlation that there are few democracies at very low levels of socioeconomic development and that most polities at a high level of socioeconomic development are democracies.¹⁶ Most of the major modern transition attempts thus take place in countries at medium levels of development. However, this relationship between development and the probability of democracy does not tell us much about *when*, *how*, and *if* a transition will take place and be successfully completed. Indeed, within this critical context of intermediate levels of development we contend that it is often difficult or impossible to make systematic statements about the effect of economics on democratization processes.¹⁷ However, if one uses an analytical framework that combines politics and economics and focuses on legitimacy, one can make much more meaningful statements. Certainly for transition theory, economic trends in themselves are less important than is the perception of alternatives, system blame, and the legitimacy beliefs of significant segments of the population or major institutional actors. Why?

For theoreticians and practitioners who posit a tightly coupled relationship between the economy and regime stability, robust economic conditions would appear supportive of any type of regime. We would argue, however, that the proposition is theoretically and empirically indefensible. We see good theoretical reasons why sustained economic growth *could* erode a nondemocratic regime. We see *no* theoretical reason why sustained economic growth would erode a democratic regime. Regime type can make a great difference. From the perspective of political economy, we absolutely cannot formulate any valid propositions that take the form, "under conditions of great economic prosperity there will be no incentives for a transition from a nondemocratic to democratic regime." This is so precisely because many nondemocratic regimes, especially those of the statistical

16. The classic initial formulation of this argument was Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review* (March 1959): 69–105. Larry Diamond reviewed three decades of literature relevant to the development/democracy debate and concluded that the evidence broadly supports the Lipset theory. See Diamond, "Economic Development and Democracy Reconsidered," in Gary Marks and Larry Diamond, eds., *Reexamining Democracy* (Newbury Park: Sage, 1992), 93–139.

17. The specific relationship between economic growth or economic crisis and the initiation of a transition out of a nondemocratic regime has been the object of considerable debate. José María Maravall, in an outstanding and well-researched work, has analyzed this problem in great detail, with particular reference to southern and Eastern Europe. We find that his analysis converges with our brief analysis, which we had written independently. We are happy to refer the reader to his book for the relevant evidence. See José María Maravall, *Los resultados de la democracia: Un estudio del sur y el este de Europa* (Madrid: Alianza Editorial, 1995).

mode, authoritarian regimes, are originally defended by the state elite and their core socioeconomic allies as necessary given the *exceptional* difficulties (often economic) the polity faces. Thus, prolonged economic prosperity, especially in an authoritarian regime, may erode the basis of the regime's justification based on exceptional circumstances. Prolonged economic success can contribute to the perception that the exceptional coercive measures of the nondemocratic regime are no longer necessary and may possibly erode the soundness of the new economic prosperity.

Prolonged economic growth may also contribute to social changes that raise the cost of repression and thus indirectly facilitate a transition to democracy. Prolonged economic expansion normally contributes to the growth of a middle class; a more important and needed skilled labor force; an expansion of education; greater contacts with other societies via television, radio, and travel; and a more diverse range of possible protests. There is even strong evidence to indicate that, within a territory, increases in regional wealth increase citizens' expectations that they should be well treated by the police.¹⁸

Empirically, there are a number of cases where sustained prosperity altered relations of power in favor of democratic forces. In fact, three cases in our study, Pinochet's Chile, Brazil in the early 1970s, and Franco's Spain in its last twenty years (as well as South Korea), had some of the world's highest rates of economic growth. Spain's growth contributed to the belief of some of the core constituents of the authoritarian regime and among the industrial elite that they could manage equally well in the future in a more democratic environment. The times had changed and so did the regime.¹⁹ In Brazil, the soft-line military wing announced its liberalization program in September 1973, after five years of unprecedented growth and *before* the oil crisis, soaring interest rates, and its attendant debt crisis. In September 1973 the military felt that the economy was in excellent condition and no significant political threat existed. In the absence of the "exceptional circumstances" that had legitimated their coup in their own eyes, they came to believe that continued authoritarian rule not only was not necessary but might contribute to the autonomy of the security forces and the "Argentinization of Brazil."²⁰ In Chile many of the key industrialists who had believed that Pinochet

18. For example, seven occupational groups in Franco's Spain, ranging from manual laborers to those in liberal professions, were asked if they expected "equal," "better," or "worse" treatment by the police than other citizens. The data were broken down according to the level of economic development of the respondents' place of residence. In 19 of 21 of the possible comparisons, the greater the regional economic development, the greater the expectation of equal treatment by the police. See Juan J. Linz, "Ecological Analysis and Survey Research," in Mattei Dogan and Stein Rokkan, eds., *Quantitative Ecological Analysis in the Social Sciences* (Cambridge: MIT Press, 1969), 91–131, esp. table 1, p. 113.

19. As Adolfo Suárez said before he became prime minister of Spain, "Our people who at the beginning of his (Franco's) government had asked simply for bread, today ask for quality consumption, and in the same fashion, whereas at the beginning they wanted order, today they ask for freedom—freedom of political association." Speech in the Cortes on June 9, 1976.

20. Stepan, *Rethinking Military Politics*, 32–33.

was indispensable in 1980, by 1988 had come to believe that the risk of fair elections to the economic model was less than the risk of supporting Pinochet in unfair elections.²¹ In all three cases, the political economy of prosperity contributed to new perceptions about alternative futures and to lessening resistance to democratic alternatives.

In sharp contrast, when we consider democratizing regimes or consolidated democracies, there are no theoretical reasons or empirical evidence to support an argument that economic growth contributes to regime erosion. Of course, a "revolution of rising expectations" may create new demands on democratic governments, but it cannot attack their *raison d'être*. Indeed, if a regime is based on the double legitimacy of democratic procedures *and* socioeconomic efficacy, the chances of a fundamental regime alternative (given the absence of a "stateness" problem) being raised by a significant group in society is empirically negligible.

Severe economic problems affect democratic and nondemocratic regimes, especially authoritarian ones, very differently. There are good theoretical reasons why sharp economic decline (say five years of continuous negative growth) will adversely affect stability in both democratic and nondemocratic regimes, but it will affect the latter substantially more. Modern nondemocratic (especially authoritarian) regimes are often heavily dependent on their *performance* claims but are not bolstered by procedural claims deriving from their democratic status. Theory leads us to posit therefore that a democratic regime has two valuable sources of insulation from sustained economic downturn not available to a nondemocratic regime: its claim to legitimacy based on its origin and the fact that elections are always on the horizon and hold the prospect of producing an alternative socioeconomic program and an alternative government *without* a regime change. This means that most new democracies have about eight years of breathing space—four years or so for the initial government and four years or so for an alternative government.

This theory-based assumption gains strong empirical support from data compiled by Fernando Limongi and Adam Przeworski. In their study of South America between 1945 and 1988, they found that the probability that a nondemocratic regime would survive three consecutive years of negative growth was 33 percent, whereas the probability that a democratic regime would survive three years of negative growth was 73 percent. More dramatically, their data show that *no* nondemocratic regime survived more than three years of consecutive negative growth, whereas the probability that a democratic regime would survive four or five years of consecutive negative growth was 57 percent and 50 percent respectively.²²

Let us return to our argument concerning economics and the politics of *alter-*

21. See the interview with one of the leaders of a major business interest group in Chile, in Alfred Stepan, "The Last Days of Pinochet?" *New York Review of Books* (June 2, 1988): 33.

22. Fernando Limongi and Adam Przeworski, "Democracy and Development in South America, 1945–1988" (University of Chicago, October 27, 1993, unpublished manuscript).

natives and *system blame* in nondemocracies and in democracies. If the political situation is such that there is no strong perception of a possible alternative, a non-democratic regime can often continue to rule by coercion. However, when the belief grows that other alternatives are possible (as well as preferable), the political economy of legitimacy and coercion changes sharply. If the coercive capacity of the nondemocratic regime decreases (due say to internal dissent or the withdrawal of vital external guarantees), then the political economy of prolonged stagnation can contribute to the erosion of the regime. It is not changes in the economy, but changes in politics, that trigger regime erosion—that is, the *effects* of a poor economy often have to be mediated by political change.

The question of system blame is also crucial for the fate of democracies. As we have discussed elsewhere, the economic crisis of interwar Europe was as intense in countries such as the Netherlands and Norway (which did not break down) as in Germany and Austria (which did break down). Indeed, 30,000 Dutch workers in 1936 went to work in Germany because the Dutch economy was in worse condition than the German economy. What made the crisis of the economy a crisis of the political system in Germany and Austria was that strong groups on the right and the left had regime alternatives in mind and thus attacked the regime. Politically motivated system blame, more than the economic crisis *per se*, caused the German and Austrian breakdowns.²³

The key question for the democracies is whether their citizens believe that, in the circumstances, the democratic government is doing a credible job in trying to overcome economic problems. It is important to stress that the political economy of legitimacy will produce severe and perhaps insoluble challenges to democratic consolidation in those cases where the democratic system *itself* is judged to be incapable of producing a program to overcome the economic crisis.

To summarize, what can and cannot we say about transition theory and the political economy of legitimacy? Theory and the Limongi-Przeworski data indicate that consecutive years of negative growth lessen the chance of either a non-democratic or a democratic regime's surviving. Thus, a country that is experiencing positive growth, other things being equal, has a better chance to consolidate democracy than a country that is experiencing negative growth. This said, the theory and the data also indicate that a democratic regime has more insulation from economic difficulty than does a nondemocratic regime. The ques-

23. For a more detailed development of this argument with supporting data, see Juan J. Linz and Alfred Stepan, "Political Crafting of Democratic Consolidation or Destruction: European and South American Comparisons," in Robert A. Pastor, ed., *Democracy in the Americas: Stopping the Pendulum* (New York: Holmes and Meyer, 1989), 41–61. We are indebted to Eckart Zimmerman for his pioneering studies of interwar Europe. See Zimmerman, "Government Stability in Six European Countries during the World Economic Crisis of the 1930s: Some Preliminary Considerations," *European Journal of Political Research* 15, no. 1 (1987): 23–52 and Zimmerman, "Economic and Political Reactions to the World Economic Crises of the 1930s: Six European Countries," paper presented for the Mid-West Political Science Association Convention, Chicago, April 10–12, 1986.

tion of whether an aspiring democracy can withstand economic difficulties, as the German-Dutch comparison showed, depends to a great extent on the degree of noneconomic system blame and mass-elite perceptions about the desirability of other political alternatives. The question is thus one of relationships. It is theoretically possible, and indeed has occurred, that a newly democratizing regime suffers a decline in citizen perceptions of democracy's socioeconomic efficacy *at the same time* that their belief that "democracy is the best possible political system for a country like ours" increases.²⁴

In those cases, however, where the citizens come to believe that the democratic system *itself* is compounding the economic problem or is incapable of defining and implementing a credible strategy of economic reform, system blame will greatly aggravate the political effect of economic hard times. More importantly, economic crises will tend to lead to democratic breakdown in those cases where powerful groups outside or—more fatally—*inside* the government increasingly argue that nondemocratic alternatives of rule are the only solution to the economic crisis.

In a situation where the crisis is permanent, after at least one democratic alternation of government, and where a reasonable argument can be made that the democratic political actors are incapable or unwilling to search for solutions and even compound the problems by such actions as infighting and corruption, key actors will search for alternatives. But alternatives might not be available. Key actors' previous experience with alternatives might have been equally or more unattractive. In such circumstances, many of these actors might resign themselves to a poorly performing democracy. Such resignation may not prevent crises, upheavals, and attempted local coups but is not conducive to regime change. But it certainly makes consolidation difficult and can even deconsolidate a democracy.

CONSTITUTION-MAKING ENVIRONMENTS

A neglected aspect of democratic transition and consolidation concerns the comparative analysis of the contexts in which constitutional formulas are adopted or retained. Without attempting to review all possible variations, let us simply mention six very different possible constitution-making contexts and/or formulas and indicate what problems they present for democratic transition and democratic consolidation. We move from those contexts and formulas that pre-

24. In Linz and Stepan, "Political Crafting of Democratic Consolidation or Destruction," 44, we note that, during a period (1978–1981) of rising unemployment, inflation, recession, and terrorism the Spanish citizen's belief in the efficacy of democracy *declined* by 25 percentage points in national polls while the belief that democracy was the best political system for a country like Spain *increased* by 5 percentage points in the same period. The key implication is that the citizenry did not believe, despite the economic problems, that any alternative political system was preferable.

sent the most confining conditions for democratic consolidation in an existing state to those that present the least.²⁵

1. The retention of a constitution created by a nondemocratic regime with reserve domains and difficult amendment procedures. These confining conditions may be the price the outgoing nondemocratic regime is able to extract for yielding formal control of the state apparatus. However, if this constitution *de jure* enshrines nondemocratic "reserve domains" insisted upon by the outgoing nondemocratic power-holders, then the transition by our definition cannot be completed until these powers are removed. If the constitution has very difficult amendment procedures this will further complicate the process of democratic transition and consolidation. In this book Chile is the clearest case.

2. The retention of a "paper" constitution which has unexpected destabilizing and paralyzing consequences when used under more electorally competitive conditions. Some nondemocratic constitutions may enshrine a very elaborate set of decision-rules, procedures, and rights that had no effect on the operation of the nondemocratic regime because the constitution was a fiction. However, in more electorally competitive circumstances, this constitution can take on a life of its own that may make it almost impossible to arrive at democratically binding decisions. In such cases, the constitution can help destroy the state and should be changed extremely quickly before its perverse consequences have this paralyzing effect. The most important instances of this type of constitution are found in the Soviet-type, federal constitutions in the former USSR, Yugoslavia, and Czechoslovakia.

3. The creation by a provisional government of a constitution with some *de jure* nondemocratic powers. Even when the old nondemocratic regime is destroyed and many new policies are passed, a democratic transition itself cannot be completed unless the nondemocratic components of the constitution crafted by the provisional government are eliminated, as we shall see in the case of Portugal. Even when these nondemocratic clauses are eliminated, the origin of the constitution in a provisional government may hurt democratic consolidation because of its inappropriateness or weak societal acceptance.

4. The use of constitution created under highly constraining circumstances reflecting the *de facto* power of nondemocratic institutions and forces. Such a constitution may be formally democratic and thus consistent with a transition

25. Some indispensable sources on constitutions and democracy are Jon Elster and Rune Slagstad, eds., *Constitutionalism and Democracy* (Cambridge: Cambridge University Press, 1988); Douglas Greenberg, Stanley N. Katz, Melanie Beth Oliveira, and Steven C. Wheatly, eds., *Constitutionalism and Democracy: Transitions in the Contemporary World* (New York: Oxford University Press, 1993); Bruce Ackerman, *The Future of Liberal Revolution* (New Haven: Yale University Press, 1992); A. E. Dick Howard, ed., *Constitution Making in Eastern Europe* (Washington: Woodrow Wilson Center Press, 1993); and the *East European Constitutional Review*, published quarterly since 1992 by the Center for the Study of Constitutionalism in Eastern Europe at the University of Chicago Law School in partnership with the Central European University.

being completed, but democratic consolidation may be hampered because a constrained constituent assembly, while believing that other institutional arrangements are more appropriate for the creation and consolidation of democratic politics, may be *de facto* prevented from selecting them. To some extent Brazil is such an example.

5. The restoration of a previous democratic constitution. This formula precludes a potentially divisive debate about constitutional alternatives and is often selected by redemocratizing polities for reasons of speed, conflict avoidance, and the desire to call upon some legacies of historic legitimacy. It should be pointed out, however, that simple restoration presents two potential problems for democratic consolidation. First, when the polity has undergone great changes during the authoritarian interlude, it is possible that a new constitutional arrangement would in fact be more appropriate for democratic consolidation. Second, restoration also assumes that the political procedures and institutions of the old constitution have played no role whatsoever in the democratic breakdown. When the old democratic arrangements have in fact contributed to democratic breakdown, restoration precludes an historic opportunity to construct new and improved arrangements with different procedures and symbols. Uruguay and Argentina are cases worth analyzing from this perspective.

6. Free and consensual constitution-making. This occurs when democratically elected representatives come together to deliberate freely and to forge the new constitutional arrangements they consider most appropriate for the consolidation of democracy in their polity. The constituent assembly ideally should avoid a partisan constitution approved only by a "temporary majority" that leads a large minority to put constitutional revisions on the agenda, thereby making consolidation of democratic institutions more difficult. The optimal formula is one in which decisions about issues of potentially great divisiveness and intensity are arrived at in a consensual rather than a majoritarian manner and in which the work of the constituent assembly gains further legitimacy by being approved in a popular referendum that sets the democratic context in which further changes, such as devolution (if these are to be considered), take place.²⁶ In this book only Spain fits this pattern.

In the rest of this book we examine how the interplay of our arenas, such as political society, rule of law, and economic society, and our variables, such as regime type, stateness, and those discussed in this chapter, affected the processes of transition to democracy and the consolidation of democracy in three different sociopolitical (and geographic) regions of the world—southern Europe, the Southern Core of Latin America, and post-Communist Europe.

26. For an argument in favor of consensual constitutions produced and ratified by nationwide debates, see Ackerman, *The Future of Liberal Revolution*, 46–68.