

**REGIME LEGACIES AND DEMOCRATIZATION:  
EXPLAINING VARIANCE IN THE LEVEL OF DEMOCRACY  
IN LATIN AMERICA, 1978—2004**

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## **ABSTRACT**

In this paper we analyze the level of democracy achieved by 19 Latin American countries after 1977, in the period between the transitions from authoritarian rule and 2004. Our study shows enduring regime legacies: despite authoritarian interruptions in the past, the best predictor of the current level of democracy is the country's experience with competitive politics during the "first" (1900–44) and the "second" (1945–77) waves (and counter waves) of democratization. We document the impact of regime legacies using a fixed-effects vector decomposition model. Our finding resembles, but does not strictly confirm, theoretical claims about "path dependence" in democratization.

## **RESUMEN**

En este trabajo analizamos el nivel de democracia alcanzado por 19 países latinoamericanos a partir de 1977, en el período transcurrido entre las transiciones del autoritarismo y el año 2004. Nuestro análisis muestra legados políticos persistentes: a pesar de las interrupciones autoritarias en el pasado, el factor que mejor predice el nivel de democracia actual es la experiencia de cada país con la vida política competitiva durante la "primera" (1900–44) y la "segunda" (1945–77) olas (y contra-olas) de democratización. Nuestro estudio documenta estos legados utilizando un modelo estadístico que descompone el vector de efectos fijos por país. Los resultados recuerdan, pero estrictamente no logran confirmar, los argumentos sobre "trayectorias dependientes" en el proceso de democratización.



By the early twenty-first century, every country in Latin America except Cuba had either begun 1978 as a democracy (Costa Rica, Colombia, and Venezuela) or had experienced a transition to a competitive regime during the third wave of democratization that took place between 1978 and 1992 (16 countries). But the outcomes of these transitions varied widely. At one pole, in Haiti, transitions to competitive regimes were brief lived and resulted in two coups (in 1991 and 2004), the erosion of political competition and the closure of parliament twice (in 1999 and 2004), two international interventions (in 1994 and 2004), and a state that tottered on collapse. At the other end of this spectrum, Chile after 1990 and Uruguay after 1985 joined Costa Rica as stable, robust democracies with solid mechanisms of intrastate accountability, effective rule of law, a military under civilian control, and solid respect for civil and political rights.

A similar or even more dramatic dispersion of regime outcomes after an initial transition to competitive regimes has occurred in other parts of the world in the third and fourth waves of democratization. Many transitions to competitive regimes failed, resulting in a burgeoning number of competitive authoritarian regimes that sponsor controlled elections. Other transitions (Poland, Hungary, the Czech Republic) have resulted in robust democracies. As a result of the wide variation in regime outcomes after transitions, a new question has emerged on the political science agenda. Why have some countries blossomed into stable and robust democracies, while other regimes are best characterized as semi-democratic or even authoritarian? This question has assumed importance as a large number of hybrid regimes, semi-democracies, and competitive authoritarian regimes in Latin America, Africa, Asia, and the post-Soviet region have come into existence (Darden and Gryzmala-Busse 2006; Diamond 1999, 2002; Epstein et al. 2006; Karl 1995; Kopstein and Reilly 2000; Levitsky and Way 2002, forthcoming; McMann 2006; Ottaway 2003; Schedler 2002, 2006; Zakaria 1997).

In this paper we contribute to this literature by examining regime outcomes in post-1978 Latin America. What explains countries' level of democracy since the inauguration of a competitive political regime in the third wave of democratization? This question is important in the contemporary social sciences; it is also important for citizens who live in Latin America and for the future of democracy in the region (UNDP 2004).

The most important determinant of how democratic a regime is today is the country's past history of political regimes. Countries that had stronger histories of democracy in the 1900–44 and 1945–77 periods are likely to be more democratic today. The only countries that have attained a very high level of democracy in contemporary Latin America—Chile, Costa Rica, and Uruguay—had the strongest democratic legacies from the period 1900–77 in the region. Most countries that had highly authoritarian heritages have transitioned to competitive political regimes, but the quality of democracy in these regimes is much lower.

### **THE LEVEL OF DEMOCRACY SINCE 1978**

By the end of the twentieth century, the process of democratization had stagnated globally (Diamond 1999, 2002). By contrast, between 1992 and 2008, there was some continued regime change in a democratic direction in Latin America. There were a few cases of democratic advances, a few of erosion, three countries that had semi-democratic regimes as of 2008 (Venezuela, Guatemala, and Paraguay), one case that has fluctuated between unstable semi-democracy and unstable authoritarianism (Haiti), and one case of persistent authoritarianism (Cuba). Many of the democracies are low-quality democracies. Jointly, these phenomena allow for considerably more democratization than has been achieved. In 2006, the mean inverted Freedom House score for the 20 Latin American countries was 8.5, well short of the maximum possible score of 12.<sup>1</sup>

Table 1 provides information on the level of democracy measured by Freedom House scores since 1978 (for the three countries that had democracies at that time) or since the inauguration of a competitive regime (for the rest of the countries). We include Cuba in Table 1 but not in the subsequent statistical analysis because it has not had a competitive political regime during the post-1978 period.

**TABLE 1**  
**FREEDOM HOUSE SCORES IN THE POST-1978 PERIOD**

Country	First year of competitive regime	Average FH score, 1978*-2006	Std. deviation	Average change, 1978*-2006
Costa Rica	1978	11.6	0.5	0
Uruguay	1985	11.0	0.8	0.1
Chile	1990	10.5	0.9	0.13
Panama	1990	9.6	1.4	0.19
Argentina	1983	9.6	1.0	0.09
Dominican Republic	1978	9.3	1.0	0
Bolivia	1982	9.0	0.6	-0.04
Ecuador	1979	9.0	0.8	-0.07
Venezuela	1978	9.0	2.0	-0.18
Brazil	1985	8.6	1.0	0.05
Honduras	1982	8.4	0.5	0
El Salvador	1984	8.1	0.9	0.14
Mexico	1988	7.7	1.6	0.11
Colombia	1978	7.6	1.3	-0.04
Peru	1980	7.6	2.0	0
Paraguay	1989	7.4	0.5	0.06
Nicaragua	1984	6.6	1.9	0.18
Guatemala	1986	6.6	1.0	-0.05
Haiti	1991**	2.6	1.9	0.33
Cuba	none	0.7	1.0	-0.07

\* Average scores computed since the transition from authoritarianism (or since 1978 in the cases of Colombia, Costa Rica, Venezuela, and Cuba).

\*\* President Aristide took office in February of 1991, so we code that year as the beginning of competitive politics.

In the third wave of democratization, Chile, Costa Rica, and Uruguay stand out as the Latin American countries with the highest levels of democracy. They are the only countries in Latin America that have ever registered the highest possible Freedom House score (12 on our inverted index, so that a high score represents a high level of democracy). Uruguay since 2000, Chile since 2003, and Costa Rica in 1978–92 and again since 2004 have consistently attained this maximum score. During this period, only four other Latin American countries, Argentina (1986–89; 2000), the Dominican Republic (1982–83), Panama (since 1999), and Venezuela (1978–88) have ever registered an

inverted Freedom House score of 11 and hence have approximated the level of democracy in Costa Rica, Uruguay, and Chile. We agree with Freedom House that Chile, Costa Rica, and Uruguay have attained the highest levels of democracy in Latin America, that there is a discernible gap between the level of democracy in these three countries and the rest of the region, and that the level of democracy in these countries is reasonably close to that of the most democratic countries in the world. This is not to claim that they are “perfect democracies”—there is no such thing.

Cuba and Haiti anchor the other end of the spectrum with very low mean Freedom House scores. Haiti is the only Latin American case that follows a pattern frequently found in Africa and Central Asia (Bratton and van de Walle 1997; Howard and Roessler 2006): a failed transition to semi-democracy, followed by state decay, years of authoritarian rule, and in 2006 another transition to semi-democracy.

In between these two poles of stable and robust democracy and the failed transition of Haiti (and the persistent authoritarianism of Cuba) are the remaining fifteen countries. Based on the mean Freedom House scores in Table 1, they do not cluster in any clear-cut ways except for the fact that Guatemala and Nicaragua are at the low end.

In qualitative terms, the differences between the three countries with a high level of democracy and the competitive regimes with a low level of democracy are profound. The competitive regimes with a low level of democracy have features of what Diamond (1999, 2002) called “illiberal democracies” and Karl (1995) called “hybrid regimes”; they have some characteristics of democracies and others of semi-democratic regimes even though none of the violations of the core principles of democracy is so gross that we view them as authoritarian (Mainwaring et al. 2007).

Table 1 also reports information about the level of stability in Freedom House scores (i.e., the standard deviation) and trends in a democratic or authoritarian direction since the establishment of a competitive regime or since 1978, whichever is later (the last column). Several countries (e.g., Costa Rica, Honduras, and Paraguay) have had very stable Freedom House scores over time, while a few (Peru, Venezuela, and Nicaragua) have exhibited more pronounced shifts. Panama, Nicaragua, El Salvador, Chile, Mexico, and Uruguay exhibit an average trend in a democratic direction, while Venezuela moved in the opposite direction. The average rate of change in democracy scores for a long



period can be deceiving: because positive and negative changes may cancel each other, countries such as Peru, with considerable fluctuation in the level of democracy, may appear to be stable over time. For this reason, the standard deviation is a much better measure of stability in Freedom House scores.

Although the level of democratization in principle can be quite fluid and historically has been so for many Latin American countries, the region has experienced remarkable stability in the level of democracy in recent years. Fourteen of the twenty Latin American countries had the same Freedom House score for every year between 2002 and 2006. Three others, Costa Rica, Brazil, and the Dominican Republic, had the same score for every year between 2003 and 2006, and one point lower in 2002. Colombia's scores improved from 6 in 2002–03 to 8 in 2004–06, while Venezuela's declined from 7 in 2002–03 to 6 in 2004–06. Haiti is the only Latin American country whose Freedom House scores changed more than 2 points between 2002 and 2006: from 2 in 2002 to 1 in 2003–05 and 5 in 2006. The Pearson correlation between scores for the 20 countries in 2002 and 2003 is .99; for 2002 and 2004, it is .98; for 2002 and 2005, it is .98; and for 2002 and 2006, it is .96.

This exceptional stability in the level of democracy coexists with considerable government instability in some countries, as reflected in the substantial number of presidents who have failed to finish their terms in recent years (Pérez-Liñán 2007). It also coexists with important political, economic, and social changes: the reemergence of the left as a powerful electoral contender in many countries (Cleary 2006), a period of sustained economic growth and low inflation for the region (2003–07), and notable decreases in poverty in Chile, Brazil, Mexico, Argentina, and Venezuela compared to five years ago.

Unfortunately, in some countries, the stability in Freedom House scores also reflects stagnation in the process of democratization. Honduras, Nicaragua, Bolivia, and Ecuador are stuck as democracies that fall short in terms of the rule of law and protection of citizen rights. Paraguay and Guatemala are stuck in low gear as poor-performing semi-democracies, and Cuba is a stable authoritarian regime. A stable level of democracy is normatively desirable at a high level of democracy, but not entirely desirable at an intermediate level.

## **EXPLAINING THE LEVEL OF DEMOCRACY IN CONTEMPORARY LATIN AMERICA**

To explain the level of democracy in contemporary Latin America, our dependent variable is Freedom House scores beginning the year in which a country became democratic or semi-democratic (see Column 2 of Table 1). Because our interest here is exclusively in the post-1978 cases, Costa Rica, Colombia, and Venezuela enter the dataset in 1978 even though they inaugurated competitive political regimes well before that (1949, 1958, and 1959, respectively). Each country in a given year since the establishment of a competitive political regime (democracy or semi-democracy) is one case. We use Freedom House scores to measure the dependent variable because they provide more nuance than other regime classifications (e.g., Mainwaring et al. 2007; Przeworski et al. 2000), and for present purposes, this nuance is useful. Freedom House scores before around 1990 are not as valid as is optimal, but there is no better alternative, and the measurement error introduced by using Freedom House scores for present purposes is likely to be small.

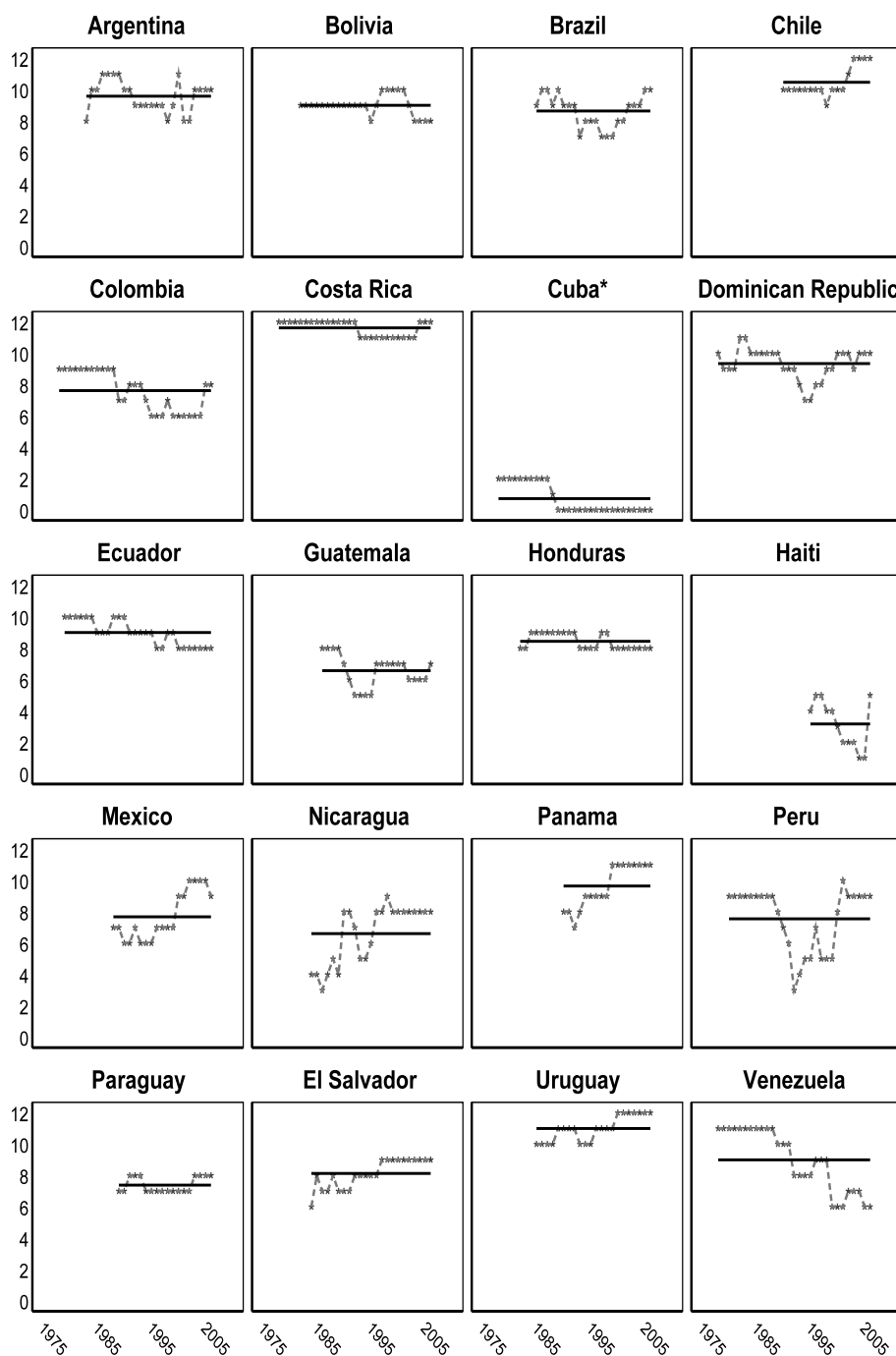
Figure 1 depicts the evolution of Freedom House scores for Latin American countries between 1978 (or the year of the transition from authoritarian rule) and 2006. Stars represent the observed Freedom House scores, and horizontal lines indicate mean values for the period. Although some competitive regimes (e.g., Peru) have shown considerable fluctuation in the level of democracy, differences among countries are overall more important to understand democracy in the region than change over time within countries.<sup>2</sup> Because democracy scores are quite stable for many countries, entrenched country characteristics may shape the overall level of democracy in the long run, while changing conditions may affect the evolution of democracy only in the short run.

This point suggests two related questions: Why do some countries tend to enjoy high levels of democracy on average, while others are less democratic? And why do countries rise above or fall below those historical averages during particular periods? While the latter question can be answered by looking at time-varying explanatory factors (for instance, a period of economic decline may spur popular discontent and an erosion of

democracy in later years), the former question calls for the analysis of stable country characteristics that help explain variation across countries.

By invoking country characteristics as causal factors, we do not embrace an essentialist explanation or argue that some countries are culturally predetermined to be more or less democratic. Rather, we seek to identify stable conditions that affect the level of democracy in the long run. These conditions can be treated as “fixed” only to the extent that they reflect (1) basic characteristics of the country (territorial extension, geographic location) that do not change over time; (2) institutional designs that remain unaltered during the period under study; (3) historical experiences that have already taken place by the time the country enters the sample; or (4) social conditions that change very slowly and because of limited data are better treated as time-invariant. The identification of these causal factors allows us to explore their relevance beyond any arguments about national exceptionalism.

This theoretical approach precludes the use of standard statistical techniques such as a cross-sectional analysis or a fixed-effects model. A cross-sectional or between-effects model would not properly capture the effect of the time-variant predictors, while a fixed-effects model would not allow us to capture the effect of stable-country characteristics.<sup>3</sup>

**FIGURE 1****EVOLUTION OF COMPETITIVE REGIMES, 1978–2006**

Note: Stars reflect annual Freedom House scores. Lines indicate the average score since the transition to democracy (or after 1977). Cuba was included in the figure for comparative purposes, but not in the analysis.

We estimate the impact of the independent variables through a fixed effects vector decomposition (FEVD) model (Plümper and Troeger 2007). FEVD is a three-stage estimator that allows us to capture the effect of both time-invariant and time-variant country characteristics. For our purposes, this is crucial because both levels of variables account for differences in a country's level of democracy in a given year. In the first stage, FEVD estimates a fixed effects model. In this stage, each country-year is one case. In the second stage, FEVD removes the estimates for fixed effects (often represented by country dummies) and uses time-invariant country-level variables (or rarely changing country variables) to estimate those fixed effects. In this stage, each country is one case. FEVD decomposes the initial estimates of fixed effects into two components: a predicted value based on the time-invariant factors, and an unexplained residual that is preserved as the new estimate of unit effects. In the third stage, the outcome of interest is modeled using pooled OLS, including both time-variant variables (such as inflation, economic growth, multipartism, etc.) and the time-invariant country characteristics as independent variables. The residuals from the second stage also enter this equation in order to capture the country fixed effects. Each country-year is one case, and OLS estimates can be corrected using standard procedures for serial autocorrelation, heteroscedastic panel structures, etc.

Because of the lack of availability of information for subsequent years for some independent variables, our multivariate analysis covers the period through 2004.

In the analysis we include three time-invariant or slowly changing variables as independent variables. First, some scholars have argued that ethnically divided countries are less likely to be democratic. Ottaway (2003), and van Cott (2005), among others, have pointed to difficulties in building democracy in Latin American countries with the largest indigenous populations. Accordingly, we include an index of ethnolinguistic fractionalization that approaches a value of zero when the country is highly homogenous and a value of one when the country is highly fractionalized (Annett 2001; Fearon and Laitin 2003).<sup>4</sup>

We also use two variables to measure prior democratic history. Angell (forthcoming) has argued that Chile's success in the post-1990 period can be attributed to its pre-1973 history of democracy. Along similar lines, Bratton and van de Walle (1997:

223–225) show that a past history of more elections and more electoral participation was favorable to a higher level of democracy in Africa in 1994. Accordingly, we created one variable for the average level of democracy during the second wave of democratization (and its counter wave) between 1945 and 1977.<sup>5</sup> To examine the impact of even earlier democratic history, we also have a variable for the average level of democracy during the first wave of democratization (and its counter wave) between 1900 and 1944. As an alternative measure of democracy during those periods, we used Smith's (2005) coding with equivalent results.

We have nine time-varying independent variables. First, we use per-capita GDP (logged) at the beginning of a competitive political regime period (or 1978 for Costa Rica, Colombia, and Venezuela) because of the theoretical expectation that a higher level of development might be favorable to a higher level of democracy (Abente 2007; Ottaway 2003: 161–189; Przeworski et al. 2000).

Second and third, poor economic performance could affect the level of democracy,<sup>6</sup> so we include variables for per-capita GDP growth and for inflation.<sup>7</sup> Both variables are measured beginning with the inception of the regime, for up to ten years. For example, the inaugural year for Argentina's democratic regime was 1983, so the growth and inflation variables in 1983 reflect the values for 1983, whereas the same variables in 1993 reflect the mean values for 1984–93.

Fourth, because several scholars have argued that countries that depend on natural resources such as oil are likely to experience vicious cycles detrimental to democracy (Karl 1997; Ross 2001), we include a measure of natural resource dependence, namely, the average proportion of the gross national income represented by exports of fuel and minerals over the past ten years (data come from the World Development Indicators).

Fifth, in their class approach to democratization, Rueschemeyer, Stephens, and Stephens (1992) argued that the working class is the pro-democratic actor par excellence, and that therefore a large working class is favorable to democracy. Accordingly, we include a variable for the share of the economically active population in manufacturing, mining, construction, and transportation.

Sixth, because some scholars have argued that weak institutionalization of the party system is inimical to high-quality democracy (Mainwaring 1999; Mainwaring and

Scully 1995; Mainwaring and Torcal 2006), we include a variable for party system institutionalization. This variable is equal to the average age of the parties in Congress, weighted by their seat share. However, age is a nonlinear indicator of party institutionalization; the gap between a hypothetical party system that is just 1 year old and another that is 30 years old is much greater than the gap between a party system that is 101 years old and another that is 130 years old. Therefore we transformed the raw values by taking the square root of the age variable.<sup>8</sup>

Seventh, because some scholars have argued that presidential democracy is more problematic with multipartism (Linz 1994; Mainwaring 1993; Stepan and Skach 1993), we have a dummy variable for multiparty systems, operationalized as an effective number of parties of 3.0 or greater. We also include an interaction term for multipartism times institutionalization, for reasons discussed below.

Eighth, Shugart and Carey (1992) argued that presidentialism functions more effectively with weaker constitutional presidential powers. A high concentration of power in presidential hands seems intuitively to be detrimental to a high level of democracy. To see whether presidents' constitutional powers affect the level of democracy, we included Shugart and Carey's measure of presidential powers in Model 2.1 below and Negretto's (forthcoming) measure in Model 2.2 (the latter is not available for Haiti).

Finally, several studies have shown neighborhood political effects on the level of democracy (Brinks and Coppedge 2006; Gleditsch 2002; Gleditsch and Ward 2006; Kopstein and Reilly 2000; Levitsky and Way forthcoming). Accordingly, we include a variable that measures the distance between the average Freedom House score of a country's immediate neighbors and the country itself during the previous year (Brinks and Coppedge 2006). The neighborhood variable looks at the gap between the country of interest and the bordering countries.

Table 2 presents the results of the estimation. To the extent that levels of democracy are relatively stable over time, the impact of exogenous shocks affecting the level of democracy in any given year cannot be assumed to dissipate by the following year. To address this problem, we adopted a first-order autoregressive specification in phase 3.<sup>9</sup>

TABLE 2

## FEVD MODELS OF DEMOCRATIZATION, 1978–2004

	2.1	2.2
<i>Country characteristics</i>		
Ethnic fractionalization	1.18*** (0.38)	-0.46 (0.35)
Democracy (1945–77)	1.52*** (0.43)	0.90** (0.41)
Democracy (1900–44)	2.67*** (0.88)	1.79*** (0.49)
Unit effects	0.77*** (0.04)	0.75*** (0.05)
<i>Time-varying covariates</i>		
Per capita GDP (ln)	3.09*** (1.09)	3.28*** (0.77)
GDP Growth (last 10 years)	-5.46 (12.3)	-4.48 (10.76)
Inflation (ln, last 10 years)	-1.26** (0.55)	-1.27** (0.57)
Natural resource dependence	-2.72 (2.86)	-1.17 (2.63)
Labor force in industry (%)	0.05** (0.02)	0.05** (0.02)
Multipartism	-0.98* (0.53)	-0.89* (0.51)
Party institutionalization	-0.14* (0.09)	-0.13 (0.09)
Multipartism*Institutionalization	0.16* (0.09)	0.15* (0.08)
Diffusion (Brinks-Coppedge)	-0.07 (0.09)	-0.06 (0.07)
Presidential powers	-0.07** (0.03)	-0.01 (0.01)
Constant	-1.13*** (0.28)	-1.94*** (0.26)
N	381	372
Adjusted R <sup>2</sup>	0.66	0.61
ρ (rho)	0.78	0.77
Durbin-Watson (original)	0.44	0.46
Durbin-Watson (transformed)	1.79	1.81

Notes: Entries are FEVD coefficients with Prais-Winsten AR(1) transformation (panel-corrected standard errors). Dependent variable is Freedom House Scores. In Model 2.2, past democracy is measured using Polity scores and Presidential powers are measured using the Negretto (forthcoming) index (Haiti excluded from Model 2.2).

\*\*\* Significant at the .01 level; \*\* .05 level; \* .1 level.



## RESULTS

Turning first to stable country characteristics, the most impressive result is the powerful impact of an earlier history of democracy on levels of democracy among contemporary competitive regimes. The effect is powerful both statistically and substantively, and the results for these variables are quite consistent across the two models. In Model 2.1, an increase of 1 on the Mainwaring/Brinks/Pérez-Liñán classification for 1945–77 (that is, a change from a country that was always authoritarian between 1945 and 1977 to one that was always democratic) predicts a substantial increase of 1.5 on the inverted Freedom House scale for contemporary competitive regimes. An increase of 1 on this same classification for 1900–44 produces an even larger increase, 2.7 points, in the predicted Freedom House score for contemporary competitive regimes. Hence, a country that was consistently democratic from 1900 to 1977 would have a predicted Freedom House score 4.2 points higher for the post-1978 period than a country that was consistently authoritarian. This is a large effect. Results in Model 2.2 for these variables, using Smith's historical classification of political regimes rather than our own classification, are consistent. The impact of past democracy on the current level of democracy is similar to the result obtained by Bratton and van de Walle (1997: 223–225) for 47 African countries.<sup>10</sup> The result also supports Angell's (forthcoming) argument that Chile's democratic legacy before 1973 is an important ingredient in its success since 1990. An authoritarian past did not prevent Latin American countries from developing competitive political regimes in the post-1978 period, nor did it prevent most of these regimes from attaining stability. But an authoritarian past did tend to limit the quality of democracy in the post-1978 period. Countries were able to break radically from the past, but not radically enough to develop a high level of democracy. Countries with a past democratic heritage had a significant advantage in building a high-quality democracy in contemporary Latin America.

In contrast to what occurs with most of the other independent variables, the results for the variable for ethnic fractionalization are not consistent across the two models. The change from Model 2.1 to 2.2 stems from the exclusion of Haiti in the latter regression. With Haiti included in the sample (Model 2.1), it appears that higher ethnic fractionalization would raise Freedom House scores, challenging the literature that has

argued that ethnic diversity is difficult for democracy. Without Haiti (Model 2.2), the opposite appears to be true. Because of the large majority of blacks, Haiti scores very low on the index of ethnic fractionalization (.07, the lowest in Latin America), and it also has the lowest Freedom House score among the nineteen countries that had competitive regimes during the third wave of democratization. The results produced by the inclusion of Haiti show that the fractionalization index, while useful for other purposes, was not designed to capture the share of the population made up of marginalized ethnic groups that historically suffered discrimination.

Four time-varying covariates present significant coefficients in both models: level of development, inflation, labor force in industry, and multipartism. The level of economic development had a positive impact on the overall level of democracy established during the competitive period. This result is consistent with Abente (2007) and Ottaway (2003), both of whom argued that low levels of development are likely to sustain low levels of democracy. The substantive impact, however, is moderate. The difference between a lower-middle-income country with an average income per capita of \$1,000 at the time of the transition and an upper-middle-income country with an average income of \$10,000 is expected to be 1.4 points on the Freedom House scale. Given the nonlinear transformation of the variable, the difference between the latter and a high-income country with \$20,000 per year would be just 0.42 points. The association between higher per-capita GDP and a higher level of democracy stands in contrast to the fact that for Latin America over a longer time span, a higher level of development does not predict a higher level of democracy in linear models (Mainwaring and Pérez-Liñán 2003; cf. O'Donnell 1973).

Although inflation is statistically significant, its substantive impact is moderate. Compared to zero inflation, an average inflation rate of 5 percent over the past ten years is expected to yield an erosion of -0.03 points in the 13-point Freedom House index, while an average inflation rate of 25 percent would yield an erosion of just -0.12 Freedom House points. The negative impact of inflation on the level of democracy is in line with other scholarly work that has argued that inflation increases the likelihood of a regime change from authoritarianism to democracy or vice versa.<sup>11</sup>

A larger share of the labor force in manufacturing, mining, construction, and transportation has a consistently positive effect on the level of democracy. Because labor unions frequently did not support liberal democracy in Latin America in the past (Levitsky and Mainwaring 2006), it is unlikely that the reason for this finding is that a large working class is intrinsically good for democracy, as Rueschemeyer et al. (1992) argue. More likely, the reason is that an authoritarian, patrimonial fusion of state and powerful elites is more common and more durable in poor parts of Latin America, and the share of the labor force in manufacturing, mining, construction, and transportation tends to be lower in such contexts. Stated differently, a larger working class is not necessarily good for democracy, but a smaller agricultural labor force reduces the opportunities for authoritarian local leaders who seek to dominate local politics at the expense of democracy.

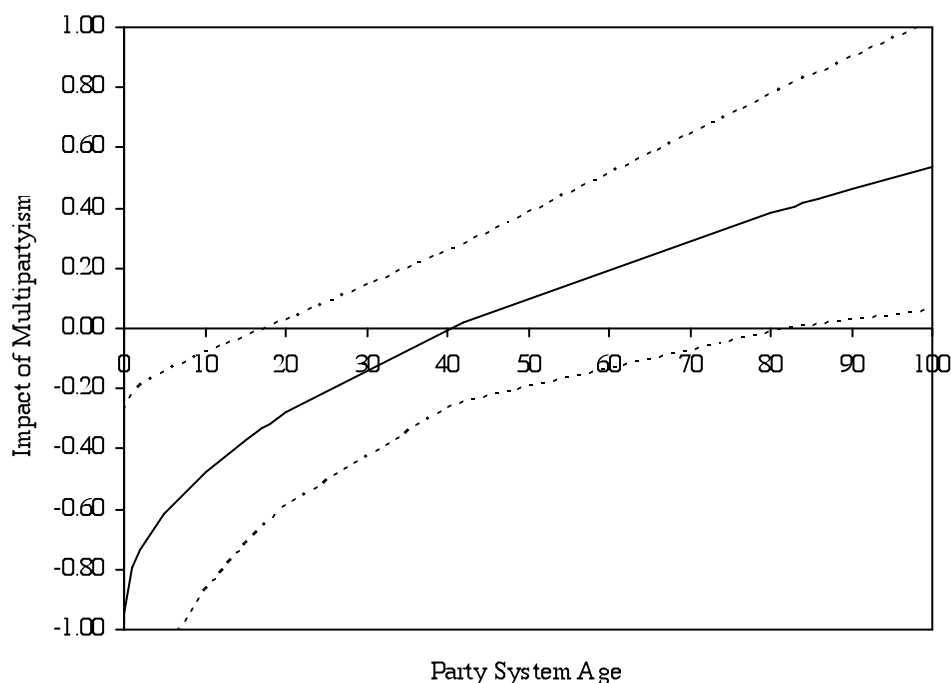
Among the institutional variables, multipartism also tends to lower the level of democracy. Multiparty systems tend to be, *ceteris paribus*, 0.98 Freedom House points lower than systems with less than three effective parties. Strong constitutional presidential powers also have a negative effect but only in one of the models. Interestingly, the measure of party-system institutionalization has a negative coefficient that is significant in Model 2.1 but not Model 2.2. This finding can be better explained by analyzing the interaction between this variable and the number of parties.

**FIGURE 2**


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**IMPACT OF MULTIPARTISM, CONDITIONAL ON PARTY  
INSTITUTIONALIZATION**

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Note: Dotted lines indicate 95 percent confidence interval (estimates from Model 2.1).

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Party-system institutionalization mediates the effects of multipartism. Multiparty systems and presidentialism represent a “difficult combination” (Mainwaring 1993) for presidentialism only when the parties are weakly institutionalized. Figure 2 illustrates this pattern based on the estimates for Model 2.1. When the average party is younger than 18 years, multipartism systems have a negative and significant impact on democracy (at the .05 level). Above this age and below 84 years, the impact of multipartism becomes insignificant—although the estimated effect becomes positive when the average party turns 41. When the average party in the system turns 84 years old, multipartism acquires a positive and significant effect, indicating that multiple parties can slightly improve the workings of democracy if they are highly institutionalized. A multiparty system in which the average party is 100 years old is expected to increase the level of democracy by 0.54

Freedom House points. In our dataset, only Colombia and Uruguay ever reached the combination of multipartism and an average party age (at least 84) that generates a predicted increase in Freedom House scores.

Part of what is going on with the variable for party-system institutionalization is that the three countries in which nineteenth-century parties dominated electoral competition (often unfair and unfree) well into the 1990s, Colombia, Honduras, and Paraguay, have not enjoyed high levels of democracy in the third wave of democratization. These three countries and Uruguay have the highest mean scores on the variable for party system institutionalization. Colombia, Honduras, and Paraguay combine high party-system institutionalization with relatively low mean democracy.

Referring specifically to Paraguay and Mexico, Mainwaring and Scully (1995: 20–21) cautioned that institutionalized hegemonic party systems are bad for democracy and that deinstitutionalizing such systems is a *sine qua non* for democracy. Our measure of party-system institutionalization does not directly speak to Mainwaring and Scully's argument about its importance for democracy because our measure also reflects the institutionalization of authoritarian parties. Along similar lines, the Honduran parties are very old, but they are relatively new to democratic politics.

Across many model specifications including those shown in Table 2, the diffusion variable is not statistically significant even at  $p < .10$ . Moreover, the coefficient is consistently negative, meaning that a more democratic neighborhood is associated with if anything a lower level of democracy in a given country. Neighborhood diffusion effects do not clearly shape the level of democracy among existing competitive regimes.

It is far easier for international actors such as the US, the OAS, and Latin American governments to deal with overt authoritarian regimes and overt regressions toward authoritarian rule than with democratic erosions or low levels of democracy among competitive regimes. If a coup occurs, the US and OAS have agreed in advance what steps they will take. When an overtly authoritarian regime is in power, it is apparent to all, and it is easy for international actors to insist on free and fair elections. In contrast, the transgressions of civil and political rights that keep a country's Freedom House score at 8 are less visible internationally, and they are far harder for international actors to agree to act upon.

## REGIME LEGACIES, PATH DEPENDENCE, AND DEMOCRATIZATION

Our finding about the impact of early democratization has some similarities to arguments about path dependence in social science (Collier and Collier 1991; Howard 2003; Kitschelt et al. 1999; Mahoney 2000, 2001; North 1990: 92–100; Pierson 2004: 17–78; Thelen 1999; Waisman 1987). However, we also register some differences in relation to path dependence arguments and cast our analysis in terms of regime legacies rather than path dependence.

Levi (1997: 28) usefully defines path dependence as meaning that “once a country or region has started down a track, the costs of reversal are very high.” Events in one historical moment greatly alter the distribution of possible and probable outcomes into the medium and/or long-term future (Pierson 2004: 20–22). With path dependence, the sequence of events produces an outcome that would not be obtained with a different sequence even if all other variables were equal in the two cases. The same inputs do not produce the same result; the sequence is decisive.

Our statistical results show a similar story: the early history of political regimes affects the current level of democracy even controlling for a wide range of other variables that often affect the level of democracy. In Latin America, earlier democracy (before 1977) led to a substantially higher level of democracy in the contemporary (post-1978) period controlling for many other variables. Two countries similar on all of the other independent variables would have different predicted levels of democracy today if one had a past considerably more democratic than the other.

Our regime legacy argument stands in contrast to explanations of democracy that rely exclusively on structural variables such as the level of development (although the level of development also contributes to differences in the level of democracy since 1978). Regime heritage arguments differ from structural arguments because in the latter, if a country undergoes rapid economic growth (or changes structurally in some other specified way), its likelihood of becoming a high-quality democracy should increase significantly regardless of its past regime trajectory. Our statistical analysis included two structural variables (per-capita GDP and the percentage of the labor force in

manufacturing, mining, construction, and transportation), and the effect of regime heritage does not disappear with these structural changes.

A regime legacy argument also diverges markedly from arguments about democratization that are highly voluntaristic (Di Palma 1990) and downplay the weight of the past. In a voluntaristic argument, the past does not condition the possibilities for democratization in the present. In Latin America, more so than voluntaristic arguments imply, past legacies have conditioned the possibilities of building a high-quality democracy at the present. Regime heritage arguments also differ from explanations of path dependence based on political culture (Inglehart 1997) or social capital.<sup>12</sup> A regime heritage argument is based on the effects of past political regimes, not on the effects of political culture.

Notwithstanding some important resemblances between path dependence and regime heritage arguments, we distinguish between our regime legacy argument and path dependence. Although the existing literature does not agree on how broadly or narrowly it defines path dependence, and therefore on what the boundaries of the concept should be, we believe that it should be bounded in such a way as to imply greater stability and linearity than is the case with Latin American political regimes. The stunning transformations of many political regimes in Latin America are inconsistent with our understanding of path dependence and with the more bounded concept advocated by Pierson (2004: 20–22), Levi (1997: 28), and North (1990: 92–100).<sup>13</sup> In the more bounded conception, path dependence means that the cost of switching courses is very high and relatively unlikely. In contrast to this emphasis on the low probability of dramatic shifts in course, many Latin American countries have radically broken from their past political regimes in the post-1978 period. Switching from authoritarianism to democracy and vice versa has been relatively common in many countries. The rare exception has been the countries with the same regime type throughout the period 1978–2008—only Cuba (steadily authoritarian) and Costa Rica (steadily democratic) fit this description.

We believe it is best to avoid conceptual stretching and limit the notion of path dependence to contexts of greater linearity, inertia, and stability, or at least to less radical departures from the past than many political regimes in Latin America have

experienced. In post-1978 Latin America, regime legacies have significantly affected the level of democracy, but many countries have established and preserved competitive political regimes despite an authoritarian past. A regime legacies argument is a less bounded, less deterministic version of path dependence, with less emphasis on the improbability of profound shifts in path. This softer version of path dependence is appropriate in a context of frequent regime instability and profound transformations in most political regimes since 1978. The post-1978 history of political regimes in Latin America is also inconsistent with Mahoney's (2000) argument that path dependent arguments are relatively deterministic.

Thelen (1999) argued that one shortcoming of some work that invokes the notion of path dependence is that it fails to explain the mechanisms that generate such dependence. A regime heritage argument faces the same challenge; it must explain why regime legacies shape the current level of democracy. The answer is not immediately obvious. The Chilean and Uruguayan military dictatorships of 1973–90 and 1973–84, respectively, were brutal and lasted long enough to effect considerable change. Intended to radically alter the political landscapes of their countries, they could conceivably have produced changes in political culture and institutions in ways that impinged on the quality of democracy in the medium to long term. Yet in relatively short order, after transitions to democracy, both countries built high-quality democracies. It seems that preauthoritarian legacies have greater weight in understanding post-1978 levels of democracy than the nature of the dictatorships that preceded this wave of democracy. Conversely, the peace accords of 1992 and 1996, respectively, could have created a window of opportunity for El Salvador and Guatemala to create high-quality democracies. Yet this desirable outcome has proven elusive. Guatemala in particular continues to be plagued by serious democratic deficiencies (Seligson 2005). Again, historical legacies are an important part of the reason.

At least three hypotheses might explain why regime legacies affect the post-1978 level of democracy:

- 1) In earlier periods of democracy, privileged actors learned that democracy was not harmful to their interests, and hence they more readily tolerate a high level of democracy in the contemporary period. We are not aware of particular authors who have



made this specific path-dependent argument, but many prominent scholars have emphasized elite willingness to accept democracy as crucial to its viability (Levine 1973; Linz 1978).

Several factors weaken the plausibility of the first hypothesis regarding the commitment of the political elite to democracy. The sharp polarization that occurred in the early 1970s in Chile and Uruguay, the two most democratic countries in Latin America in the first seventy-three years of the twentieth century, works against it. Especially in Chile, the right and Christian Democrats learned that democracy could be profoundly harmful to their interests. In response to the radical policies of Socialist President Salvador Allende, (1970–73), the right and part of the Christian Democratic party eventually mobilized against democracy and supported a military coup (Valenzuela 1978). Early and durable democracy thus does not have a definitive inoculating effect.

2) A more democratic and tolerant political culture emerged in the early democratizing countries. This tolerant democratic political culture fosters a higher level of democracy, an argument espoused by Almond and Verba (1963); Eckstein (1966); and Inglehart (1997: 160–215). There is no good, empirical way to test this argument given the absence of survey data going back to the early twentieth century, but there are good reasons to believe that political tolerance fluctuated in most countries during the twentieth century. Political polarization in the 1960s and the 1970s affected not only the elites, but also common citizens.

3) An early history of democracy favored the building of formal institutions such as party systems, courts, and other agents of intrastate accountability that are favorable to a higher level of democracy in the contemporary period. Conversely, as Mahoney (2001) argues in his analysis of the formation of political regimes in Central America, an early history of brutal authoritarianism fostered the building of formal institutions—in particular, the military—that have remained carriers of authoritarianism from the early and mid-twentieth century into the present. Early military authoritarianism bred the creation of armed forces with unrestrained power. These militaries developed material interests and codes of conduct that are very difficult to radically change in the short to medium term. Not coincidentally, the two Central American countries that developed early and durable military regimes, El Salvador and Guatemala, have political regimes

today in which democratic control over the armed forces is still shaky—especially in Guatemala. Even after the peace accords of 1992 and 1996, respectively, the militaries in these countries have wide ranging prerogatives, and in Guatemala, the military remains a powerful political force to reckon with. It substantially undermines and limits democracy (Seligson 2005: 226–227).

Another institutional carrier of higher and lower levels of democracy is the justice system. Before the third wave of democratization, there were already profound differences in the efficacy and probity of the justice systems in Latin America. Hammergren (1998: 212) discussed some characteristics of the Salvadoran justice system before the 1983 constitution. Judges “found their relations within and ability to please the Court the most important conditions for acquiring and keeping their positions... The Court had no system for keeping track of judicial performance, except for whatever complaints might be directed its way, usually by well-connected individuals soliciting their intervention... The extreme insecurity of tenure for judges made ‘professional’ behavior the least of their concerns.”

Counterintuitively, one of the most obvious institutional possibilities, that a more institutionalized party system should favor a higher level of democracy, found empirical support in the model estimations only under restrictive conditions; we discussed this issue above.

In this paper, we have used quantitative methods to begin explaining sharp cross-national differences in the level of democracy in contemporary (post-1978) Latin America. Our most powerful finding is that a high past level of democracy predicts a high level of democracy in the post-1977 period. The statistical results, however, say little about the causal mechanism that lies behind the impact of regime heritage on the contemporary level of democracy. The three possibilities discussed above are in principle potentially complimentary rather than competing.

Almost all of the leading work on path dependence in political science and sociology has come from qualitatively oriented scholarship (Collier and Collier 1991; Mahoney 2000, 2001; Pierson 2004; Thelen 1999; Waisman 1987). Quantitative scholarship can also make important contributions to detecting and understanding the impact of the past on the contemporary level of democracy, especially when quantitative

testing of hypotheses is combined with qualitative analysis of causal mechanisms. In many contexts, quantitative analysis can more effectively control for the effects of different independent variables than qualitative analysis based on a small number of cases.<sup>14</sup> To address this particular puzzle, however, a careful combination of qualitative and quantitative analysis may be necessary to disentangle the causal mechanisms that create regime legacies in the long run.

## ENDNOTES

<sup>1</sup> Every year since 1972, Freedom House has ranked countries on two scales measuring respect for civil liberties and political rights ([www.freedomhouse.org](http://www.freedomhouse.org)). Both scales range from 1 to 7, with 1 being the most democratic outcome. Following the standard practice, we created an aggregate score of democracy by adding the two measures and inverting the scale, so that 0 indicates a fully authoritarian situation and 12 indicates the highest level of democracy. The formula used to transform the Freedom House scores is  $14 - (\text{Civil liberties} + \text{Political rights})$ .

<sup>2</sup> An analysis of variance in 19 cases in Figure 1 (excluding Cuba) indicates that fluctuation within countries represents only 35 percent of the variance observed in Freedom House scores after the third wave of democratization, while variation between countries represents the remaining 65 percent. Cases are not removed from the sample if they revert to authoritarianism (e.g., Peru 1992–94), so this is not explained by a selection effect.

<sup>3</sup> A random-effects model would capture both effects by treating unexplained cross-sectional variance as part of the error component (and therefore by assuming that unobserved country characteristics are unrelated to the observed independent variables). However, if the initial level of democracy in each country is shaped by the behavior of the time-varying covariates before the country entered the sample, unit effects may be correlated with some predictors, introducing bias in the estimation.

<sup>4</sup> The index is constructed as  $1 - \sum p^2$ , where  $p$  is the proportion of the total population comprised by each ethnic or linguistic group. Because data is not available on a yearly basis, both Annett and Fearon and Laitin computed this index as a time-invariant indicator.

<sup>5</sup> We extended the Mainwaring et al. (2007) scale back to 1900, and recoded the scale as  $D=1$ ,  $SD=0.5$ , and  $A=0$ , so that the average for the period could be roughly interpreted as the proportion of years that a country was democratic during those years. For Smith's (2005) classification of political regimes, we used the same criterion, treating oligarchic regimes also as intermediate values (0.5).

<sup>6</sup> González (2006) showed that poor growth increased the likelihood of a major political crisis in Latin America.

<sup>7</sup> To avoid undue influence of extreme values, we took the natural logarithm of annual changes in the consumer price index (CPI), computing  $i = \ln(1 + \text{CPI}/100)$  for years of inflation and  $i = -1 * \ln(1 + |\text{CPI}/100|)$  for years of deflation.

<sup>8</sup> The square root allows for nonlinear effects but with a less pronounced nonlinearity than the logarithm. The formula for the index is  $I = \sum s_i a_i^{1/2}$  where  $I$  is the index of party institutionalization,  $s_i$  is the share of seats of the  $i$ -th party in the lower house, and  $a_i^{1/2}$  indicates the square root of the party's age measured in years. The index is computed on a yearly basis.

<sup>9</sup> The error term at time  $t$  is assumed to be a function of the error term at  $t-1$ , so that  $e_{it} = \rho e_{it-1} + u_{it}$ . Parameter  $\rho$  is estimated based on the data.

<sup>10</sup> Bratton and van de Walle (1997) measured prior levels of electoral competition (operationalized as the largest party's share of legislative seats in 1989) and the number of elections from independence until 1989. Both variables had a statistically significant impact on their dependent variable, Freedom House scores in 1994. Although our results converge, our analysis differs in two ways from Bratton and van de Walle's. First, our dependent variable is based on Freedom House scores over a much longer period of time. Second, we use a direct measure of the level of democracy for our independent variable.

<sup>11</sup> We ran some checks for endogeneity with the inflation variable to ensure that inflation was having an effect on Freedom House scores rather than vice versa. The lag of Freedom House is not a significant predictor of inflation, so there is no evidence that democracies with a high Freedom House score were better at managing inflation in the short term. In a bivariate between-effects regression model, the level of democracy does not predict inflation, so there is no evidence of a better performance by countries with a high Freedom House score in the medium to long run. Finally, the ten-year running mean for our inflation variable reduces the risk of endogeneity. Given the length of the lag for inflation, the temporal sequence (up to ten years) is clear.

<sup>12</sup> Putnam (1993) uses a social capital path dependent argument to explain good governance in contemporary Italy.

<sup>13</sup> Mahoney (2000; 2001: 10–11) argues for a less bounded conception that includes both processes of institutional and structural reproduction and what he calls reactive sequences. "Reactive sequences are characterized by transformative and backlash processes in which there is movement toward reversing previous patterns" (10). From our perspective, opening the definition of path dependence to processes of both positive (i.e., reinforcing) feedback and sharp change from a prior path in reaction to it makes it very difficult to establish the boundaries of the concept.

<sup>14</sup> On the limitations of testing hypotheses in contexts of small  $N$  qualitative studies, see Goldthorpe (1991); King et al. (1994); Lieberman (1992).

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