Autocratic Stability and Democratization
The Impact of Political Economy and Governance

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Paper prepared for the panel “Bad Guys, Good Governance? Varieties of Capitalism in Autocracies”
at the IPSA-ECPR Joint Conference, Sao Paulo, 16-19 February 2011
1 Introduction

Much of our theoretical knowledge of dictatorship is derived from the literature on democratization and democracies. Factors that are conducive to democracy are assumed to be absent or at least weaker in non-democracies. Nevertheless, the most common explanation of the persistence of autocracies is that they have always been authoritarian. From a historical point of view it may be a satisfactory explanation. However, if we take an interest in autocracies of the contemporary world, we should pay attention to which conditions maintain authoritarianism, how authoritarian rule may be brought to an end, and how a democratization process may be initiated. In this paper, the determinants of democratization (and lack of democratization) in authoritarian states are explored. The transitional phase is in focus, i.e. the point in time when authoritarian rule is coming to an end. Moreover, the primary focus is on the impact of economic factors and governance. Does the political economy and governance in autocracies that are about to take their first steps towards democratization differ from the political economy and governance in countries that remain authoritarian?

One of the most well-known and examined theories in political science concerns the relationship between economic development and democracy: when countries become more affluent, the prospects of democracy increase. Countries with a high level of socio-economic development tend to be democratic, whereas poor countries most often lack democratic institutions and procedures. Since the support for the modernization theory over the last half century is so convincing, there is good reason to explore whether it might explain why some autocracies are about to leave the authoritarian stage behind, while others remain permanent autocracies. If socio-economic development precedes democratization, there should be a difference between permanent and soon-to-be former autocracies already at the authoritarian stage.

A capitalist economic system is also associated with democracy. Since they have several similar features, some measure of capitalist economy is regarded as a prerequisite of democracy, whereas socialism is said to impede democratization. Therefore, we may assume that autocratic states that are about to start a process of democratization are characterized by a higher degree of capitalism than enduring autocracies. A rentier economy is expected to have the opposite effect. A rentier state is one that generates most of its income from selling its natural resources to foreign actors. Since the revenues flow straight to the state, it tends to become autonomous from society, unaccountable to the citizens and consequently autocratic. Good governance is closely related to democratic rule. Democracy presupposes some degree of transparency and openness in policy formulation and implementation as well as a certain quality of public service, civil service, bureaucracy and rule of law. Therefore, it is of interest to explore whether soon-to-be former autocracies have a better quality of governance than permanent autocracies.

More generally, the study aims at establishing the conditions under which autocratic rule is likely to endure and the contextual setting in which autocracy is likely to end and a process of democratization may begin. Therefore, some contesting variables are included. These determinants are concerned with religion, culture, diffusion, physical properties and regime type. Although we are dealing with democratization, the study focuses on autocracies rather than democracies. It differs from conventional macro-comparative studies of determinants of democracy and democratization in that comparisons are made exclusively at the autocratic stage. Stable autocracies are compared to soon-to-be former autocracies.
2 Autocracies and Democratization

Democracy and autocracy

Needless to say, there are numerous definitions of democracy. Joseph Schumpeter’s formulation of democracy is one of the most frequently cited: the central procedure of democracy is the selection of leaders in competitive elections by the people that they govern (Schumpeter 1942). In Robert Dahl’s terminology, systems that include these two dimensions – contestation and participation – are called polyarchies. These regimes are relatively but incompletely democratic. A responsive democracy presupposes at least eight institutional guarantees: freedom to form and join organizations, freedom of expression, the right to vote, eligibility for public office, the right of political leaders to compete for support, alternative sources of information, free and fair elections, and institutions for making government policies dependent on votes and other expressions of trust (Dahl 1971, 3). In an ambitious study of democracy and development, Przeworski and his team maintain that the standard way of thinking about democracy follows Dahl’s perception (Przeworski et al. 2000, 33). In many respects, autocracy can be described as the opposite of democracy. If democracy implies extensive political, civil and human rights, impartial judiciaries and state institutions, and free and fair elections, autocracy means that these elements are very weak or totally absent.

During the last few decades the world has witnessed a democratic triumph, and most of the research on political regimes has focused on democracies, causes of democratization, and democratic consolidation. Remarkably little systematic research has been conducted on the emergence and persistence of non-democratic regimes (Levitsky and Way 2002, 63). However, there are many reasons to systematically pay attention to autocratic regimes as well. One reason is that a continuing democratic advance cannot be taken for granted. In fact, the world has experienced waves of democratization as well as setbacks when communism, fascism, military dictatorships and other non-democratic forms of government have displaced democratic regimes. There may be new reverse waves of democratization, and therefore we have to be forewarned and forearmed by past experiences of how and why autocracies emerge. Another reason is that dictatorship is the most common form of government in a historical perspective. Autocracies have played an important role in the development of politics and government. Despite the strong democratic advance in recent times, a large part of the world is still under autocratic rule. Still another reason is that most of the theory-building in political science is based on experiences from and conditions in established western democracies. We may say that political science suffers from a “democratic wryness”. When conclusions on power, influence and political behavior are made, we often take for granted that the political system works according to democratic principles. Accordingly, politics in non-democracies become something different to what the established theories claim. Power is also exercised in autocracies, and in addition to being an interesting phenomenon in itself, the study of non-democracies offers a comparative perspective on democracy (Brooker 2000, 1-2; Karvonen 2008, 10-12).

There are different kinds of autocracies, and the extent to which the democratic elements mentioned above are absent varies. Autocracies also vary with respect to historical background, durability, ideology and organization. A common distinction is made between totalitarian and authoritarian states (Linz 2000); Stalin’s communist regime and Hitler’s Nazi regime are examples of the former (e.g. Arendt 1951), whereas Franco’s dictatorship in Spain was a typical authoritarian regime (e.g. Linz 1970). Carl Friedrich and Zbigniew Brzezinski’s (1956) definition of totalitarianism includes six interrelated and mutually supporting features: (1) an ideology; (2) a single party typically led by
one person; (3) a terroristic police; (4) a communications monopoly; (5) a weapons monopoly; (6) a centrally directed economy. Juan Linz (1970) identifies four defining elements of authoritarianism, which should be viewed in comparison with totalitarianism: (1) limited political pluralism; (2) absence of an elaborate and guiding ideology; (3) absence of political mobilization; (4) a leader exercising power within formally ill-defined limits, yet quite predictable ones. Authoritarianism is hence a less extreme form of dictatorship than totalitarianism. However, definitions of authoritarianism have been accused of being too widely applicable, including many diverse cases (Brooker 2000, 21-22). Franz Neumann (1957, 235) introduced a typology with three categories – simple, caesaristic and totalitarian dictatorship – which is still a common basis of classification in the literature. A simple dictatorship is one where the leader controls the traditional powers, i.e. the military, the police, the administration and the judiciary. Several military regimes in Latin America in the 1970s fall into the first category. In a ceasaristic dictatorship, the leader needs to create popular mass mobilization, whereas a totalitarian regime controls all parts of society including citizens’ private lives. In a reworking of Neumann’s classic typology, Giovanni Sartori (1993) calls the intermediate category authoritarian.

Another kind of classification focuses on who holds absolute power. We may distinguish between autocracies governed by a monarch, sheik or sultan, autocracies led by a political party or a political movement, military dictatorships and theocracies. Many rich oil-producing countries in the Middle East represent the first type of autocracy. Party dictatorships were common during the Cold War; the foremost example today is China. As of the revolution in 1979, Iran has been a theocracy, the Ayatollah being the undisputed political leader. In the 1960s, 1970s and 1980s, there were plenty of military dictatorships in Latin America and Africa. Burma represents a typical military autocracy today. In the present study, all forms of non-democracies are called autocracies. Authoritarianism and authoritarian are used as synonyms to autocracy and autocratic.

Objectives

Two sets of non-democracies are compared: stable and former autocracies.1 The purpose is to explain why some autocratic countries leave the authoritarian stage and democratize, whereas others remain compact autocracies. Focus is on the autocratic stage; i.e. we want to know in what respect autocracies that are soon about to begin a process of democratization differ from those that are permanently authoritarian. In this regard, the study differs from studies of determinants of democracy. We are not interested in what makes a country democratic – rather, the critical question is: what sets former autocracies apart from enduring autocracies? Main emphasis is on governance and economic factors. At the same time, the paper also examines conditions that are favorable to authoritarianism. In which contexts are autocracies likely to remain autocracies? Concerning the first question, four hypotheses are tested:

1. Soon-to-be former autocracies have a higher degree of socio-economic development than stable autocracies.
2. States at the end of their autocratic phase are characterized by a higher degree of capitalism than permanent autocracies.
3. Rentier states remain authoritarian.

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1 The more practical term “former autocracies” is used for countries that are about to initiate a democratization process. “Permanent”, “enduring” and “compact” are applied as synonyms to “stable” autocracies.
Soon-to-be former autocracies have a higher quality of governance than enduring autocracies. Since economic factors have an impact on the level of democracy, we may assume that there is a difference already at the authoritarian stage. On the other hand, it is all but self-evident that this is the case. It has been argued that a certain level of development and industrialization is needed in order to make a totalitarian regime durable (e.g. Karvonen 2008, 47). Moreover, we now that there are several wealthy non-democratic states in the world, notably in the Middle East. We also know that several non-democracies have a capitalist economy. In addition, a fair share of good governance may give the autocratic regime some legitimacy. However, theoretically and empirically, it is of interest to explore whether these determinants of democracy also explain why some autocracies begin a process of democratization while others do not. If these factors really precede democracy, it is justified to analyze the relationship at the autocratic stage.

It should be observed that we are only concerned with the beginning of democratization. Some former autocracies have developed into democracies rather quickly (e.g. Mongolia), others have gone through a slow process of democratization (e.g. Mexico), whereas some have become durable “semi-democracies” (e.g. Paraguay). Earlier, the last mentioned ones were treated as transitional forms of democracy as it was expected that they were developing into democracies. At the turn of the millennium, however, it became evident that they should be regarded as a category of their own. “They inhabit the wide and foggy zone between liberal democracy and closed authoritarianism” (Schedler 2002, 37). There is a variety of labels for these hybrid regimes; Steven Levitsky and Lucan Way (2002, 51-65) use the term “competitive authoritarianism”, the main features being a combination of democratic rules and authoritarian governance. The main purpose of holding elections is to legitimize the regime and to maintain a semblance of democracy. There may be constraints on the capacities of individuals to choose, on the range of choices, and on the degree to which elections determine who holds power (Markoff 1996, 104). Formal democratic institutions are seen as the principal means for the regime of obtaining and exercising political authority; elections are a means of regulating societal discontent and confining the opposition (Brownlee 2007, 8). Taken this into consideration, it is justified to distinguish between closed autocracies, on the one hand, and hybrid and democratic regimes, on the other.

Selecting the research population

The observed time period is as of the beginning of the third wave of democratization up to the present. The end of the dictatorship in Portugal in 1974 launched a wave of transitions to democracy around the world. The periodization of transitions to democracy originates from Samuel Huntington, according to whom the first wave of democratization lasted from 1828 to 1926 and the second wave occurred between 1943 and 1962 (Huntington 1991, 16). Both waves were followed by “reverse waves” when several democracies reverted to autocratic rule. Huntington has described the dramatic growth of democracy during the third wave as “one of the most spectacular and important political changes in human history” (1997, 4). In 1973, according to Huntington’s estimate, there were 30 democratic regimes and 92 non-democratic regimes among countries with a population of more than one million. In 1990, the number of democracies had increased to 59, whereas 71 countries were under non-democratic rule (1991, 26). According to another estimate that includes all countries of the world, there were 40 democracies in 1975, 70 democracies in 1990, and 89 democracies in 2005 (Karvonen 2008, 78). Some autocracies have developed into hybrids, whereas some have remained authoritarian. Jason Brownlee (2007, 25) points out that between 1975 and 2000 as many as 44
countries held limited multiparty elections while formally remaining authoritarian, and argues that authoritarianism with elections is the modal form of autocracy today.

In order to distinguish autocracies from hybrid and democratic regimes, we need a measure for identifying various levels of democracy. The Polity database and the yearly reports by the Freedom House organization are probably the two most common data sets on the degree of democracy. At first glance, the Polity scheme seems to be appropriate, because it examines both democratic and autocratic qualities, and distinguishes between “democracies”, “autocracies” and an intermediate form called “anocracies”. Countries are evaluated on a 21-point scale ranging from -10 to +10. Countries that score 6 points or more belong to the “democratic” category, whereas countries that score below -5 are labeled “autocracies” (http://www.systemicpeace.org/polity/polity4.htm).

Although human and civil rights are part of Polity’s definition of democracy, the rating of countries is not based on this dimension. Another shortcoming is that only countries with more than half a million people are included; roughly one sixth of all states in the world are excluded from the database. This is quite unfortunate considering that modern research has shown that the level of democracy may be related to country size (e.g. Dahl and Tufte 1973).

Freedom House has rated all countries in the world since 1972 along two dimensions: political rights and civil liberties. These two general sets of characteristics constitute the overall concept of freedom in the world. For each of the two dimensions, a scale ranging from 1 to 7 is applied, with 1 representing the most free and 7 the least free. The concept of political rights implies that the people are allowed to participate freely in the political process, i.e. the system by which authoritative policy makers are chosen, and binding decisions affecting the national, regional and local community are made. The concept of civil liberties implies freedom of opinion, freedom to develop institutions, and personal autonomy without state involvement. These two dimensions are combined into a three-grade classification. Countries that score an average of 1 to 2.5 on political rights and civil liberties are labeled “free”, countries that have a mean of 3 to 5 are characterized as “partly free”, whereas an average above 5 implies “not free” (www.freedomhouse.org). The Freedom House data is generally regarded as reliable among political scientists, and I shall use these ratings to identify autocracies. Countries that are classified as “not free” seriously and systematically violate human rights and liberties, and the people are effectively excluded from the political process, whereas the “partly free” category represents various forms of hybrid regimes between freedom and repression. Countries that are rated as “free” are democratic. Accordingly, countries that are classified as “not free” are regarded as autocracies. The most recent ratings concern the situation in 2009.

However, we need some further criteria for establishing, first, when a country that is rated as “not free” should be regarded as a stable autocracy and, second, when a country that is no longer classified as “not free” really has left the autocratic stage. To elucidate, in order to be considered a former or a stable autocracy, some duration is required. For instance, Guyana was classified as “not free” for only one year, in 1974. Accordingly, Guyana is not regarded as an autocracy during the analyzed time period. On this point, it is required that a country has been rated as “not free” for at least five successive years in order to be classified as a stable autocracy. A short-lived autocratic regime hardly set any deep mark in society. Pakistan, on the other hand, became “partly free” in 2008 after nine years of autocracy. We cannot really consider such a case a former autocracy yet; some permanence is required. Accordingly, Pakistan and similar cases are excluded.

Likewise, if a country that has been “not free” is rated as “partly free” for some years and slides back to “not free”, democratization has not taken place. A permanent improvement is required. For
instance, Algeria is seen as a permanent autocracy despite a “partly free”-rating between 1989 and 1991, because the country has been classified as “not free” before and ever after. Of course, each former autocracy might become authoritarian again sometimes in the future. Needless to say, we cannot take this into account. However, we may demand that a country has been outside the “not free”-category for some years in order to establish that some progress really has taken place. Again, I pose a limit of five years. For instance, Haiti has been “partly free” since 2006 after six years of autocratic rule – yet the country has been unstable for a long time and switched back and forth between “partly free” and “not free” several times. Such cases are also excluded. If a country has been “partly free” for a longer time but has recently entered the “not free” category, it is not qualified for the research population because it is neither a former nor a stable autocracy. Bahrain and Jordan are two cases in point. Applying these criteria, we receive a research sample of 38 former and 39 stable autocracies. Half of the states in the latter category have been authoritarian throughout the analyzed period.

3 Political Economy and Governance

Modernization

Seymour Martin Lipset’s essay “Some Social Requisites of Democracy: Economic Development and Political Legitimacy”, first published in the American Political Science Review in 1959, marked the starting point for political science research on the relationship between the level of economic development and democracy, generally known as “the modernization theory”. During the following decades, it became the greatest and most dominating theory of the prerequisites of democracy. In the article, Lipset puts forward the following thesis: “The more well-to-do a nation, the greater the chances that it will sustain democracy” (Lipset 1959, 75). He provided empirical proof for this argument by comparing two sets (stable democracies versus less democratic nations) of two groups of countries (Europe and the English-speaking democracies in North America and Oceania versus Latin America) on a wide range of indicators of socio-economic development. Within each regional set, the more democratic countries performed consistently better on the socio-economic variables than the less democratic ones did.

Why should economic development and modernization lead to a higher level of democracy? First of all, there is a mutual relationship between economic development and education. Increased welfare provides better opportunities for educating the people; at the same time, increasing levels of education contributes to economic efficiency. Education also brings about more tolerance as well as a more rational attitude towards politics and society; thus, economic development promotes a democratic culture. Moreover, the economic progress enables redistribution politics, while the state apparatus provides career opportunities for people from different social classes. Economic development also leads to a variety of economic interests, which, in combination with more spare time for the people, form a breeding ground for different kinds of voluntary organizations (Karvonen 1997, 29-39; 2008, 46-47). These associations play an important role for the democratic vitality of a nation; for instance, they infuse in their members habits of cooperation and public-spiritedness, and function as “schools of democracy”, where social and civic skills necessary to partake in public life are taught (Putnam 2000, 338).

Lipset’s analysis from 1959 certainly had several shortcomings and it has been criticized on both conceptual and methodological grounds. The theory of modernization has later on been modified and
complemented. Larry Diamond (1992, 93-139) has written an excellent survey (which also includes a separate analysis by the author) of the main studies of the relationship between economic development and democracy during the following three decades after Lipset’s path-breaking article. Within the framework of this paper, however, it is impossible to present them. In short, most of them provide convincing support for the thesis that a higher level of socio-economic development has a positive effect on democracy.

One study, however, is worth referring to, considering that the research population in this essay mainly consists of developing countries. In 1992, Axel Hadenius published a volume on the determinants of democracy in 132 third world countries, titled *Democracy and Development*. Hence, the rich and democratic countries in the developed world are excluded from the study. Notwithstanding, various aspects of socio-economic development are among the foremost factors that bring about a high level of democracy. A high level of energy consumption and GNP appear side by side with advanced industrialization and urbanization, few employed in agriculture and a relatively high standard of living. Literacy, education level, media exposure and mass communication are also strongly related to each other. Interestingly, the latter variables cluster together, whereas the pure economic factors constitute a separate group. Thus, we may distinguish two dimensions of modernization: one concerns different aspects of economic development, while the other deals with education, knowledge and cultural resources. The latter performs somewhat better than the former, and the single most important factor is literacy (Hadenius 1992, 77-91).

In this study, the Human Development Index (HDI) is used as a measure of socio-economic development. The index consists of four indicators that represent three dimensions: living standards, education and health. HDI is widely held as an appropriate measure of the level of socio-economic development in the countries of the world. The UNDP has observed the level of human development since 1975 which makes it even more suitable for this study. The index runs from 0 to 1 with higher values denoting a higher level of development. The standard of living component is measured by GNI per capita. The logarithm of income is used, because the importance of increasing wealth is stronger at lower levels of income. The education component is measured by mean years of schooling for adults aged 25 and expected years of schooling for children at school age. Life expectancy at birth constitutes the health dimension. These three dimensions are aggregated and the geometric mean is taken in order to produce the index (http://hdr.undp.org/en/statistics/hdi/). The single dimensions are also separately tested.

Tatu Vanhanen maintains that democracy is a consequence of the societal distribution of resources, which, in turn, is connected to socio-economic development and modernization. His work on democratization, which comprises most of the countries in the world since 1850, has been published in four books (Vanhanen 1984; 1990; 1997; 2003). Vanhanen has created a measure called Index of Power Resources (IPR) that consists of three separate indices. The Index of Occupational Diversification (IOD) is based on the share of urban and non-agricultural population. The Index of Knowledge Distribution (IKD) is made up of the share of students and literates, whereas the share of Family Farms (FF) constitutes the third dimension. High values on these dimensions denote a situation when the power resources are evenly distributed in society, which is assumed to be conducive to democracy (Vanhanen 1990, 51-65). The analyses largely confirm the positive relationship between societal resources and democracy.

In addition, Vanhanen expects that the transition to democracy takes place at a certain level with regard to power resources. There is a transition zone between IPR values of 3.5 and 6.5, where
countries may be democracies, semi- or non-democracies. Countries with higher values than 6.5 should be democracies, whereas those below 3.5 should be semi- or non-democracies. To a considerable extent, the predictions holds true. Huntington also talks about a zone of transition where traditional forms of rule become increasingly difficult to maintain and new forms of institutions are needed in order to meet the demands of an increasingly diverse and complex society (1984, 201). The IPR and the single indicators are therefore of particular interest here, although the dividing line in this work is between autocracies and non-autocracies rather than democracies and non-democracies. Furthermore, income distribution is included as an alternative measure of distribution of resources. Former autocracies should have a smaller income gap between the rich and the poor than permanent autocracies.

In accordance with the purpose of the study, former autocracies are observed during the last year with a “not free”-rating. If there is no data for that year, the closest available data prior to the beginning of democratization is observed. What about permanent autocracies? Many of them have been authoritarian since the beginning of the analyzed time period. In practically each autocracy, some degree of socio-economic development has occurred; however, they are still autocratic. Increased level of development has not brought about democratization. Therefore, it would be misleading to use data from the first autocratic year during the analyzed period. Albeit not a perfect procedure, I find the mean of each autocracy’s lowest and highest values to be an appropriate solution in this regard. This procedure pertains to all indicators of modernization.

**Capitalism**

The impact of socio-economic development on democracy brings us to the relationship between economic system and democracy. Capitalism generates a higher level of affluence than socialism, due to better economic efficiency (Usher 1981). Moreover, the development of a civil society is only possible in a system that provides a sufficient level of economic freedom (Karvonen 1997, 69). Capitalism implies that the capital goods are controlled by individuals and private organizations instead of the state. Two key dimensions are often mentioned in definitions of capitalism. First, free enterprise, i.e. the absence of societal restrictions on economic activity based on private work and investment. Second, the market is a central element: production, prices and distribution of utilities shall foremost be determined by the balance between supply and demand, not the state. Yet, Carlos Waisman (1992, 140) points out that the relationship between capitalism and democracy is a problematic one: all liberal democracies in the modern world have had capitalist economies, and all non-capitalist economies have existed in non-democratic polities, but not all capitalist societies have had democratic regimes. Accordingly, capitalism appears as a necessary but not a sufficient prerequisite of democracy.

The association between capitalism and democracy is both direct and indirect. On the one hand, they have several similar characteristics; on the other hand, capitalism affects the class structure in a way that has a positive impact on democracy. Since capitalism presupposes freedom of trade, contract and association, it is directly associated with many of the freedoms and rights that belong to a democratic system. Capitalism may only be developed in the absence of close state regulations and political repression – hence, capitalism renders an absolute government impossible, and thereby provides prerequisites of democratization. Another important factor is that the economic commercialization and the development of a market have a strong integrating effect at the national level (Karvonen 1997, 62-64). It has been argued that capitalism contributed to democracy through the creation of a
commercial and industrialized middle class. Barrington Moore simply concluded: “No bourgeoisie, no democracy” (1967, 418). The economic position of the middle class brought about demands for eligibility and universal suffrage. This argument is also put forward in the modernization theory: socio-economic development created a middle class that demanded increased political influence and democratization. To a considerable extent, the association between economic development and democracy may be attributed to the effects of capitalism. Most of the democracies in the contemporary world are not only prosperous; they are prosperous capitalist countries (Karvonen 1997, 65).

Hadenius (1992, 108-11) analyzes the effect of the economic system on democracy in 132 third world countries. Using a four-grade classification of countries – socialist, mixed socialist, mixed capitalist and capitalist – he finds a strong bivariate association. Particularly, there is a close association between capitalism and political freedoms. The positive impact persists in a multiple regression together with socio-economic and dependency variables – yet at a much reduced level. In a worldwide study that primarily focuses on the influence of religion on democracy, Krister Lundell (2004) reports that capitalism (on a six-grade scale) has a significant, positive effect on the level of democracy. However, the impact of the economic system is surpassed by the impact of socio-economic development and the (negative) effect of Islam.

The Index of Economic Freedom, provided by The Heritage Foundation, is a common measure for comparing the economic systems between countries. Admittedly, the organization is not a politically independent research institute. As stated on the website, its “...mission is to formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense” (http://www.heritage.org/index/). Still, it may be regarded as a decent and usable measure of the degree of capitalism, and in the absence of a more appropriate measure, it is applied in the present study. The index covers 183 countries across ten specific freedoms: business freedom, trade freedom, fiscal freedom, government spending, monetary freedom, investment freedom, financial freedom, property rights and freedom from corruption. These indicators are combined into an index that ranges from 0 to 100, higher values implying higher levels of economic freedom. Unfortunately, the earliest data is from 1995 – accordingly, only part of the research population is included in this particular analysis. The year of interest regarding former autocracies is the one preceding their first “partly free”-rating. The mean of the highest and lowest degree of economic freedom is the coded value for permanent democracies.

Rentier economy

The modernization theory maintains that economic development has a positive effect on democracy. When countries become more affluent, they also tend to become more democratic. However, there are several high-income states in the world, notably in the Arab Middle East, which are under authoritarian rule. All these states have another thing in common: their prosperity originates from abundant oil resources. Accordingly, does high income generated through oil impede democratization and foster authoritarianism? The key to understanding this relationship is the political incentives produced by external “rents” – i.e. the extraordinary profits, not only from the extraction of oil but other minerals as well, which flow directly to the central government without the need of a structured tax bureaucracy or the involvement of the domestic sphere. The extraction of these resources takes place within the context of an export-oriented industry without any strong
connection to other productive processes (Hirschman 1977). The rest of the political economy is affected mainly through the influence of resource rent on revenue-generating and spending. Resource rents that flow directly to the central government replaces bureaucratic forms of revenue such as income taxation. Since virtually no taxes are collected, citizens are far less demanding in terms of political participation (Beblawi 1987, 53-54).

In classical political economy, rent is defined as the payment to landlords in exchange for access to subsoil resources. In the contemporary world, with regard to national producers of oil and other minerals, the landlord is the national state. Accordingly, a rentier state is a country that regularly obtains substantial amounts of external economic rent (Yates 1996, 11). Originally, the term rentier state referred to the European states that extended loans to non-European countries. The current meaning of the term is credited to Hussein Mahdavy, according to whom a rentier state is one that receives substantial rents from foreign individuals, concerns or governments (1970, 428).

Hazim Beblawi and Giacomo Luciani (1987) prefer the term “rentier economy” to “rentier state”, suggesting that the rentier state is subordinate to a rentier economy. The nature of the state is influenced by the rentier economy and the income structure. Beblawi identifies four characteristics of a rentier economy. First, a rent situation must predominate. Second, the rent must come from the outside world. Third, only a few (primarily the elite) are involved in the generation of the rent and the creation of wealth, while the public is involved in its distribution and consumption. Fourth, the central government is the chief recipient of the external rent (Beblawi 1987, 51). The crucial task is that external rent liberates the state from the need to extract revenues from the domestic economy. The government does not need to resort to taxation – rather, the state becomes the primary source of revenue in the domestic economy through which public expenditure programs are carried through. Since the masses are not involved in generating the income, there is no need to give the people political influence or to be accountable to the public.

Michael Ross (2001) has explored the question whether oil and other minerals have antidemocratic effects. Three possible explanations of the causal mechanism are provided: a rentier effect, a repression effect and a modernization effect. The first one concerns low tax rates and high spending in order to dampen pressures for democracy and accountability. The repression effect implies that resource wealth enables governments to build up their internal security forces to ward off democratic pressures. The modernization effect holds that growth based on the export of oil and minerals does not bring about social and cultural development, which plays a crucial role in democratic development. First of all, the oil-impedes-democracy thesis is empirically verified. Second, the damaging effect is not restricted to the Middle East; neither is it restricted to oil but valid to non-fuel mineral resources as well. The empirical analysis provides support for all three causal mechanisms that relates oil to authoritarianism. The relationship between mineral wealth and autocracy is more elusive (Ross 2001, 325-61).

A vital point regarding the rentier economy is that the oil resources generate extraordinary profits that make the state prosperous. Therefore, I shall apply a classification based on GDP per capita (PPP) and total oil export, using data from the World Factbook.² It presupposes a decision on which countries are “rich” and which are major oil exporters. Admittedly, any dividing line is more or less arbitrary. Bearing in mind that we are dealing with mostly developing countries, I shall use 10,000 US dollars as the dividing line between rich and poor. A total of 22 countries in the research sample

² Only data for 2009 is available.
have higher figures than 10,000. Azerbaijan – the 80th wealthiest country in the world on the basis of GDP/capita – has a GDP/capita of $10,400, which is exactly the same as that of the entire world. Total oil export is measured by barrels per day. Saudi Arabia is at the top of the list with 8,728,000 barrels, and a total of 19 countries exceed one million. I choose 300,000 barrels per day as a criterion for being a major oil exporter. From this follows that 39 countries in the world are major oil exporters, 18 of which are included in this study. When we combine these two indicators, 12 states are identified as rich and major oil exporters. For practical reasons, I shall use the term “rich oil exporters”.

**Governance**

The concept of governance has been widely discussed among politicians and scholars – however, apart from a universal acceptance of its importance, there is no strong consensus around a single definition of the term. Definitions differ with regard to theoretical formulations, policy prescriptions and conceptualization (Abdellatif 2003, 3). In addition, some are so broad that they cover almost anything, whereas others have a narrow focus. Generally speaking, the term refers to the process of decision-making and the ways in which decisions are implemented (or not implemented). The government is the major actor, while non-state actors can influence the process (Powley and Anderlini 2004, 36). According to the UNDP, governance is “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences” (http://mirror.undp.org/magnet/policy/chapter1.htm). The core characteristics of good governance are citizen participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability and strategic vision (ibid.).

To a large extent, governance and democracy are akin to each other. In a democracy, citizens select their leaders and exercise civil rights; democratic rule presupposes responsiveness, transparency and accountability as well as respect for the rule of law. Still, governance is not exactly the same as democracy; a fair share of effective governance may be present in a non-democratic setting as well. Within the framework of this study, it is important to distinguish between elements of governance that simultaneously are characteristics of democracy and elements of governance that are external and thus may influence the level of democracy.

Adel Abdellatif maintains that a difference between “democratic governance” and “good governance” is that the former regards political and civil freedom and participation as developmental ends in themselves, whereas the latter sees them as means for achieving socio-economic progress. “Democratic governance” presupposes citizen participation and accountability of decision-makers (2003, 11). Autocratic regimes may provide high-quality governance, although they normally lack the incentives to listen to the people that prevail in a situation when the regime needs to seek popular support in elections (2003, 11-13). “Democracy is not strictly essential for good governance, just as well as bad governance is quite possible under formal democratic structures” (Abdellatif 2003, 13).

The Worldwide Governance Indicators (WGI) is a research project, conducted by The World Bank, which provides data on perception of governance for all countries in the world. The World Bank defines governance as “the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected, monitored and replaced; (b) the
capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them” (Kaufmann et al. 2010, 4). Data on perception of governance are drawn from a wide variety of resources and clustered into six broad dimensions of governance. Each of the three defining elements above encompasses two dimensions. The first dimension – voice and accountability – is concerned with the political process and civil liberties. The indicators measure the extent to which citizens are able to participate in the selection of governments, as well as the extent of freedom of expression, freedom of association and independence of the media. The second dimension is labeled political stability and absence of violence. It captures indicators of the likelihood that the government will be destabilized or overthrown by unconstitutional means, including domestic violence and terrorism.

The third dimension – government effectiveness – encompasses the quality of public service, bureaucracy and the civil service; it also includes the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies. Regulatory quality is the fourth dimension. It deals with the extent to which the government is capable of formulating and implementing sound policies and regulations that permit and promote private sector development. The fifth dimension – rule of law – includes indicators that measure the extent to which agents have confidence in and abide by the rules of society. Particularly, it concerns the quality of property rights, the police and the judiciary, the enforceability of contracts, and the likelihood of crime and violence. Finally, control of corruption encompasses various indicators of the extent of corruption, defined as the exercise of public power for private gain. It includes both petty and grand forms of corruption, as well as the tendency of elite forms to engage in “state capture” (Kaufmann et al. 2010, 4).

These data, except for the first dimension, are applied here. Voice and accountability is excluded, because it captures the same characteristics as our concept of democracy. By contrast, the other five dimensions may at least to some extent be present in non-democracies as well. They are treated as single variables, or expressions of governance, although they should not be thought of as independent of one other. Naturally, they affect each other in a multitude of ways. The estimates are standardized and distributed with a mean of zero and virtually all scores are within the range of -2.5 and 2.5. Higher scores denote a better outcome (Kaufmann et al. 2010, 9). WGI has measured governance in the countries of the world since 1996, which means that only part of the research population is included in the analysis. Governance in former autocracies is measured during the last year with a “not free”-rating. As for permanent autocracies, I once again regard the mean of their highest and lowest values during the whole period as the most appropriate estimate, since authoritarian rule has been maintained during higher as well as lower levels of governance.

4 Contesting Variables

There are many other factors than those examined above that are theoretically and empirically linked to democracy, and it is therefore necessary to include them in the analysis. To begin with, the regional dispersion of stable and former autocracies is provided. We know that the continents differ from each other as for the level of democracy and development. Europe has been the most successful region in consolidating democracy; the third wave of democratization affected almost the entire Latin America, whereas it has been much more difficult for democratic ideas and procedures to gain a foothold in Africa and Asia. Therefore it is of interest to see whether enduring and former autocracies follow a similar pattern. Regional diffusion means that countries tend to imitate other
countries that are geographically proximate and/or those with a similar culture. When some states begin a democratization process, other nearby states may follow. Likewise, if all or most of the countries in a region are authoritarian, they are likely to remain that way. Huntington uses the term “demonstration effect” for this phenomenon: democratization in one country encourages democratization in other countries (1991, 100).

Colonial heritage is another kind of diffusion. Former colonies have to varying extent adopted the norms, values and traditions of their former mother countries. British colonial rule is central within the framework of this study: a British colonial past is said to foster democratic values (e.g. Hadenius 1992, 129-130). Indeed, Hadenius finds a positive relationship between British colonial heritage and the level of democracy. However, when other determinants are controlled for, the significant association disappears. Differences in socio-economic conditions and the religious factor (Protestantism) appear as decisive in this respect. Nonetheless, it is worth examining the connection here.

The degree of ethnic and cultural heterogeneity is usually assumed to matter for democracy. The idea is that it is more difficult to sustain democracy in heterogeneous societies, because they are more conflict-prone than homogeneous ones (Powell 1982). Economic conflicts, on the other hand, are regarded as easier to handle than those based on ethnic, linguistic and religious cleavages. Hadenius finds a negative relationship between fragmentation and democracy but when socio-economic variables are controlled for, the association is no longer significant (1992, 118). Here, data on fragmentation is taken from Anckar, Eriksson and Leskinen (2002), based on Douglas Rae and Michael Taylor’s (1970, 24-33) index of fractionalization. The level of ethnic fragmentation as well as an index of total level ethnic, linguistic and religious fragmentation is included.

During the last few decades, the impact of physical characteristics on politics has gained renewed interest. The most important work on the subject in modern times is Robert Dahl and Edward Tufte’s *Size and Democracy* (1973). It is assumed that democratic rule has better chances to succeed in small entities than in large ones. Large distances presuppose stricter control over the territory, which may infringe on the civil liberties. There is plenty of evidence that smallness and democracy are positively related (e.g. C. Anckar 2008; Diamond 1999, 117-19; Hadenius 1992, 126-27). However, many have reported an insignificant association when other determinants, notably socio-economic development and religion, are controlled for. The original theoretical perception of the relationship between size and democracy concerns area rather population size. Therefore, to begin with, area is used in the empirical analysis. However, there is an interesting pattern with regard to population size; Dag Anckar (2002, 377-78), among others, has observed that a great majority of all countries with less than one million people, so called micro-states, are democracies, whereas only about one third of the other countries have democratic forms of government. Consequently, attention will also be paid to these circumstances.

Islandness is another physical factor that will be highlighted, because islands have characteristics that, allegedly, foster and maintain democracy. One such thing is remoteness, which is said to enhance cohesion. The fact that the political unit is isolated and remote from other countries has a unifying impact and creates a spirit of solidarity among the people. The distance between the elite and the masses is shortened if the polity is small; this tendency is probably further accentuated if the unit is an island (e.g. C. Anckar 2008, 436-37; D. Anckar 2002). In Hadenius’ study, islandness correlates stronger than population and area with the level of democracy (1992, 125). C. Anckar (2008, 452-55) has found that islandness is a relevant physical determinant of democracy in non-
Christian settings. Thus, we may expect more island nations among the former autocracies than among the enduring ones.

Several studies have reported a strong relationship between religion and democracy (e.g. C. Anckar 2008; Hadenius 1992; Lundell 2004). Christianity is said to foster democracy, whereas Islam is associated with non-democratic forms of government. Moreover, there is a difference between Protestantism and Catholicism; practically all countries in the world with a Protestant majority are democratic. Consequently, no Protestant nation is represented in this study – a majority of the research population is dominated by either Catholicism or Islam. For a long time, the Catholic Church counteracted democracy and encouraged its followers to accept the prevailing political conditions. Gradually, the attitude towards democracy changed, the threat of communism being one important factor, and as of the second Vatican Council (1962-65) the church has promoted democracy. Islam, by contrast, has been regarded as incompatible with democracy. The reason is that the political and the religious spheres are fused; the state is one with the *umma*, the community of believers. The local and regional unity is strong in comparison with the loyalty towards the state. The point of departure is that all existence shall be based on religious values (Karvonen 2008, 53). In such circumstances, it is difficult for democratic values, principles and procedures to gain a foothold. Accordingly, we may expect a large number of Muslim countries among the stable autocracies, whereas most Catholic states should be in the category of former autocracies.

Lastly, various regime types are distinguished. Are certain authoritarian regimes more likely to persist than some other forms of authoritarian rule? The classical theories on non-democratic regimes were based on the distinction between totalitarianism and authoritarianism. However, this classification soon became inexpedient, since very few regimes fit the totalitarian type, while the latter category was too broad. Several refined typologies have later on been created. In a study that covers the postwar period, Barbara Geddes (1999, 115-44) distinguishes personalist, military and single-party regimes as well as hybrids of these three types. Military regimes turn out to be the most short-lived, whereas one-party states have the longest lifespan. However, her analysis does not tell anything about whether authoritarian rule is brought to an end or whether the autocratic regime is followed by another form of dictatorship.

In a similar study that covers the period from 1972 to 2003, Hadenius and Jan Teorell (2007, 143-56) takes democratic development into account. Furthermore, they include monarchies and different kinds of “electoral” autocracies in their analysis. All in all, they differentiate five autocratic regime types: monarchical, military, no-party, one-party and limited multiparty regimes. The distinguishing feature of monarchies is hereditary succession of head of state in accordance with the constitution or accepted practice. In addition, the monarch must exercise real political power. Military regimes are states in which political power is exercised by military officers by virtue of their actual or threatened use of force. Three broad types of electoral autocracies are identified. First, there are no-party regimes in which political parties are prohibited. Second, in one-party regimes, there is only one legal party; all other parties, if they are even allowed to formally exist, are forbidden from contesting elections. Third, in limited multiparty regimes, at least some opposition candidates and/or parties are able to take part in elections. However, elections are not free and fair but manipulated, in one way or another, by the regime (Hadenius and Teorell 2007, 146-47). As much as 77 percent of all regime transitions have resulted in another authoritarian regime. Monarchies and one-party regimes are most often succeeded by other forms of authoritarian rule. A more detailed classification of autocracies is applied when the remaining 23 percent are analyzed. Military/multiparty regimes are most frequently
followed by a democratic form of government. Their most important finding is that limited multiparty autocracies are most likely to make a transition to democracy (2007, 152-54).

My classification of regime type is based on Hadenius and Teorell’s (2006) detailed typology. It results in altogether 11 different types of autocracies, which are transformed into four broad categories: monarchical, military, non-competitive and limited multiparty regimes. These categories are similar to Hadenius and Teorell’s broad typology, with one exception: no-party and one-party electoral regimes are combined into a single category of non-competitive autocracies. To be sure, many monarchies and military dictatorships are also non-competitive but at the same time they also differ from electoral regimes that do not allow any competition from oppositional forces. Concerning personalist regimes, I agree with Hadenius and Teorell that personalism is a feature that may be more or less present in any regime (2007, 149), by contrast with Geddes (1999) who classifies personalism as a regime type of its own. Since their classification extends only to 2003, the 2010 edition of Freedom in the World is used as an additional source. As for stable autocracies, the current regime type is the observed.3

5 Empirical Analysis

Bivariate patterns: political economy and governance

The first column with figures in Table 1 shows mean human development indices among stable and former autocracies. There is practically no difference between the two groups. In the following three columns, the single HDI indicators for income, education and health are given. Stable autocracies have a somewhat higher income value than former autocracies, whereas no difference appears with regard to the other two. When we look at real GNP per capita levels in US dollars (not presented in table format), permanent autocracies are clearly more prosperous – $3002 compared to $1852 - but the difference is far from significant.

Table 1 Human development indicators and autocracies. Mean values (N in parenthesis).

<table>
<thead>
<tr>
<th>Type</th>
<th>HDI</th>
<th>Income index</th>
<th>Education index</th>
<th>Health index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable autocracies</td>
<td>0.578(28)</td>
<td>0.483(34)</td>
<td>0.560(36)</td>
<td>0.635(39)</td>
</tr>
<tr>
<td>Former autocracies</td>
<td>0.553(29)</td>
<td>0.446(28)</td>
<td>0.550(31)</td>
<td>0.635(37)</td>
</tr>
<tr>
<td>Total N</td>
<td>57</td>
<td>62</td>
<td>67</td>
<td>76</td>
</tr>
</tbody>
</table>


3 A few countries cannot be classified because of civil war (Bosnia-Herzegovina and Sudan), lack of governing authority (Somalia), and influence of foreign military presence (Iraq). Hadenius and Teorell (2006) classify Portugal as one-party traditional 1960-73, military in 1974, multiparty traditional in 1975, and as a democracy from 1976 onwards. I classify Portugal as a non-competitive regime prior to democratization, because the military period was largely a pro-democracy transitional phase. Hadenius and Teorell (2006) classify Algeria as military multiparty up to 2003. Since president Bouteflika shortly thereafter distanced himself from the military (Freedom in the World 2010, 25-26), I classify Algeria as a limited multiparty regime.
In Table 2, values of IPR and its three major components are presented. Former autocracies are above the transition level of IPR between 3.5 and 6.5 where democratization is likely to take place – however, so are the stable autocracies and the difference between the groups is small. Neither is there any remarkable differences concerning the separate indicators. Data on income distribution is not presented in table format. Paying attention to both the richest 10 percent and poorest 20 percent income groups, former autocracies have, by contrast with the assumption, somewhat more unequal income distribution but the difference is not statistically significant. Unfortunately, time-series data on literacy rates have not been available. Cross-sectional data from UNDP return a somewhat higher literacy rate among stable democracies.

<table>
<thead>
<tr>
<th>Index of power resources</th>
<th>Index of occupational diversity</th>
<th>Index of knowledge distribution</th>
<th>Family farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable autocracies</td>
<td>6.9 (39)</td>
<td>49.9 (39)</td>
<td>39.8 (39)</td>
</tr>
<tr>
<td>Former autocracies</td>
<td>8.2 (36)</td>
<td>45.8 (36)</td>
<td>39.7 (36)</td>
</tr>
<tr>
<td>Total N</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
</tbody>
</table>

Sources: Vanhanen 1984; 1990; 1997; 2003

The bivariate analysis of economic freedom and autocracy as of 1995 includes 45 countries, of which 37 are stable and only 8 are former autocracies. Results are given in Table 3: former autocracies have a higher degree of economic freedom than permanent ones. Particularly, former autocracies perform better with regard to investment freedom, financial freedom and property rights. The other indicators do not reach statistical significance.

<table>
<thead>
<tr>
<th>Index of economic freedom</th>
<th>Investment freedom</th>
<th>Financial freedom</th>
<th>Property rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable autocracies</td>
<td>47.1 (37)</td>
<td>33.1 (37)</td>
<td>32.8 (37)</td>
</tr>
<tr>
<td>Former autocracies</td>
<td>55.2 (8)</td>
<td>47.5 (8)</td>
<td>45.0 (8)</td>
</tr>
<tr>
<td>Total N</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: http://www.heritage.org/index/
Economic freedom: $F = 3.09$, sig. 0.086
Investment freedom: $F = 6.64$, sig. 0.013
Financial freedom: $F = 4.28$, sig. 0.045
Property rights: $F = 6.60$, sig. 0.014

In Table 4, before turning to the rentier effect, mean values of governance indicators are given. All values are negative which means that they are below the average of all states covered in the World.
Bank database. Still, this is not surprising since autocracies are not expected to exercise very good governance. No notable differences appear between the groups. It should be observed that the number of cases is only 49, and the former autocracies constitute only one fifth of the sample.

Table 4 Governance and autocracy. Mean values, N in parenthesis.

<table>
<thead>
<tr>
<th></th>
<th>Political stability</th>
<th>Government efficiency</th>
<th>Regulatory quality</th>
<th>Rule of law</th>
<th>Control of corruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable autocracies</td>
<td>-71.9 (39)</td>
<td>-76.5 (39)</td>
<td>-92.8 (39)</td>
<td>-85.0 (39)</td>
<td>-73.3 (39)</td>
</tr>
<tr>
<td>Former autocracies</td>
<td>-86.1 (10)</td>
<td>-82.9 (10)</td>
<td>-63.6 (10)</td>
<td>-60.3 (10)</td>
<td>-76.5 (10)</td>
</tr>
<tr>
<td>Total N</td>
<td>49</td>
<td>49</td>
<td>49</td>
<td>49</td>
<td>49</td>
</tr>
</tbody>
</table>

Source: Teorell et al. (2010)

According to the criteria that were defined earlier – GDP/capita above $10,000 and more than 300,000 barrels of oil per day – the following states are rich and major oil exporters in the research sample: Argentina, Azerbaijan, Belarus, Equatorial Guinea, Iran, Kazakhstan, Libya, Oman, Qatar, Russia, Saudi Arabia, and United Arab Emirates. Argentina is the only former autocracy in the group. A cross-tabulation of these two variables returns a significant association at the 0.01 level. Since these oil exporters are both rich and stable autocracies, there is reason to return to the modernization, capitalism and governance indicators, and explore how these states differ from the other autocracies in this respect.

Table 5 Governance and rich oil states. Mean values, N in parenthesis.

<table>
<thead>
<tr>
<th></th>
<th>Political stability</th>
<th>Government efficiency</th>
<th>Regulatory quality</th>
<th>Rule of law</th>
<th>Control of corruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rich oil exporters</td>
<td>-15.1 (11)</td>
<td>-38.6 (11)</td>
<td>-57.3 (11)</td>
<td>-40.1 (11)</td>
<td>-41.2 (11)</td>
</tr>
<tr>
<td>Other cases</td>
<td>-92.0 (38)</td>
<td>-89.2 (38)</td>
<td>-95.4 (38)</td>
<td>-91.6 (38)</td>
<td>-83.4 (38)</td>
</tr>
<tr>
<td>Total N</td>
<td>49</td>
<td>49</td>
<td>49</td>
<td>49</td>
<td>49</td>
</tr>
</tbody>
</table>

Source: Teorell et al. (2010)

Political stability: F = 7.24, sig. 0.01
Government efficiency: F = 6.38, sig. 0.015
Rule of law: F = 5.57, sig. 0.023
Control of corruption: F = 4.50, sig. 0.039

Naturally, the income index is much higher among rich oil exporters. However, they also have a considerable higher level of education and health. Accordingly, the level of human development is also significantly higher among rich oil exporters than among the other countries, the HDI values being 0.721 and 0.528, respectively. Despite a relatively small number of cases, the difference is significant at the 0.001 level. The rich oil exporters also have a higher level of economic freedom, yet the difference is smaller than between stable and former autocracies. Consequently, when the rich
oil exporters are excluded, the difference between former and permanent autocracies becomes larger and significant at the 0.05 level. In Table 5, rich oil exporters are compared to the other states with regard to governance indicators. Now the pattern changes dramatically: despite being permanent autocracies, rich oil exporters have a considerably higher level of governance. All indicators but regulatory quality return a significant difference between the groups. All values are certainly negative which means that they are below the mean of all countries in the world – however, political stability among oil exporters is close to the mean.

**Bivariate patterns: contesting variables**

The regional affiliation of stable and former autocracies is given in Table 6. The total research sample is spread over four continents; there are no cases in North America and Oceania. Almost half of all cases are located in Africa, close to 30 per cent is in Asia, whereas Europe and Latin America are represented by 12 and 7 cases, respectively. In Africa, there are almost as many permanent autocracies as former ones. Roughly half of all stable autocracies in the research population are Asian countries. By contrast, most European cases are former autocracies; only Belarus and Russia are still (or in the case of the latter: again) authoritarian. All autocracies in Latin America have become democracies or hybrids, except for Cuba.

| Table 6 Region and autocracy. Cross-tabulation, percentages, N in parenthesis. |
|------------------|------------------|------------------|------------------|------------------|
|                  | Africa           | Asia             | Europe           | Latin America    | All cases       |
| Stable autocracies | 43,6             | 48,7             | 5,1              | 2,6              | 100             |
|                   | (17)             | (19)             | (2)              | (1)              | (39)            |
| Former autocracies | 50,0             | 7,9              | 26,3             | 15,8             | 100             |
|                   | (19)             | (3)              | (10)             | (6)              | (38)            |
| All cases         | 46,8             | 28,6             | 15,6             | 9,1              | 100             |
|                   | (36)             | (22)             | (12)             | (7)              | (77)            |

Asia: Chi-Square = 15.72, sig. 0.000  
Europe: Chi-Square = 6.57, sig. 0.01  
Latin America: Chi-Square = 4.07, sig. 0.044

A colonial past under British rule does not matter in this regard. Of the 15 former British colonies in the research sample, nine are stable and six are former autocracies. Neither is there any difference concerning the degree of ethnic and other cultural heterogeneity; the mean values do not differ much. Next, we turn to the relationship between autocracies and their physical size. In accordance with the assumption, the stable autocracies cover a much larger area than those that have initiated a democratization process. The permanent autocracies are on average about three times larger than the former ones. A closer look at the former autocracies reveals that nine of them are microstates. By contrast, there are only two microstates among the enduring autocracies: Brunei and Qatar. We find a similar relationship when looking at island states. There are six islands in the research sample; only Cuba is left in the authoritarian camp.

Table 7 shows the frequency of dominating religion in stable and former autocracies. More than 40 per cent of the cases are Muslim countries. As many as 21 permanent autocracies are dominated by
Islam – however, there is also a fair share of Muslim countries among those that have left the authoritarian stage. Catholicism shows the opposite pattern; most of the Catholic states in the research sample are among the former autocracies. The authoritarian ones are Congo-Kinshasa, Cuba, Equatorial Guinea and Rwanda.

### Table 7 Religion and autocracy. Cross-tabulation, percentages, N in parenthesis.

<table>
<thead>
<tr>
<th></th>
<th>Catholicism</th>
<th>Islam</th>
<th>Orthodox</th>
<th>Buddhist</th>
<th>Other / No dominant</th>
<th>All cases</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stable autocracies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,3</td>
<td>53,8</td>
<td>2,6</td>
<td>7,9</td>
<td>25,6</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(4)</td>
<td>(21)</td>
<td>(1)</td>
<td>(3)</td>
<td>(10)</td>
<td>(39)</td>
</tr>
<tr>
<td><strong>Former autocracies</strong></td>
<td>34,2</td>
<td>28,9</td>
<td>7,9</td>
<td>2,6</td>
<td>26,3</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(13)</td>
<td>(11)</td>
<td>(3)</td>
<td>(1)</td>
<td>(10)</td>
<td>(38)</td>
</tr>
<tr>
<td><strong>All cases</strong></td>
<td>22,1</td>
<td>41,6</td>
<td>5,2</td>
<td>5,2</td>
<td>26,0</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(17)</td>
<td>(32)</td>
<td>(4)</td>
<td>(4)</td>
<td>(20)</td>
<td>(77)</td>
</tr>
</tbody>
</table>

Source: The World Factbook
Catholicism: Chi-Square = 6.42, sig. 0.011
Islam: Chi-Square = 4.91, sig. 0.027

The dispersion of stable and former autocracies among different regime types is presented in Table 8. All six monarchies in the research population are stable autocracies. The opposite pattern prevails among military regimes: only one (Burma) of 15 has endured. Both former and present autocracies are frequent in the non-competitive category, whereas a great majority of the limited multiparty regimes are stable autocracies.

### Table 8 Regime type and autocracy. Cross-tabulation, percentages, N in parenthesis.

<table>
<thead>
<tr>
<th></th>
<th>Monarchy</th>
<th>Military</th>
<th>Non-competitive</th>
<th>Limited multiparty</th>
<th>All cases</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stable autocracies</strong></td>
<td>16,7</td>
<td>2,8</td>
<td>33,3</td>
<td>47,2</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(6)</td>
<td>(1)</td>
<td>(12)</td>
<td>(17)</td>
<td>(36)</td>
</tr>
<tr>
<td><strong>Former autocracies</strong></td>
<td>0,0</td>
<td>37,8</td>
<td>48,6</td>
<td>13,5</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(0)</td>
<td>(14)</td>
<td>(18)</td>
<td>(5)</td>
<td>(37)</td>
</tr>
<tr>
<td><strong>All cases</strong></td>
<td>8,2</td>
<td>20,5</td>
<td>41,1</td>
<td>30,1</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(6)</td>
<td>(15)</td>
<td>(30)</td>
<td>(22)</td>
<td>(73)</td>
</tr>
</tbody>
</table>

Sources: Hadenius and Teorell (2006); Freedom in the World (2010)
Monarchy: Chi-Square = 6.72, sig. 0.01
Military: Chi-Square = 13.74, sig. 0.000
Limited multiparty = 9.85, sig. 0.002

### Multivariate patterns

The next step is to run multiple regressions in order to, first of all, see if some of the main variables matter, and, more generally, to find out which conditions determine whether an authoritarian state endure or democratize. The relevant control variables are those that significantly correlate with the dependent variable: *Europe, area, Catholicism, Islam, military regime* and *limited multiparty regime*. There was also a strong bivariate association between monarchy and stable/former autocracies but
since all monarchic regimes have the same value on the dependent variable, monarchy cannot be included in a binary logistic regression. Latin America and Asia were also significantly related to either former or permanent autocracies. However, most Latin American cases are Catholic and former military regimes. Similarly, most Asian states are either Muslim, rich oil exporters, or both. Since we are more interested in the nature of autocracies than their physical location, these continents are not included in the multiple regressions.

Table 9 Determinants of former and stable autocracies. Binary logistic regression.

<table>
<thead>
<tr>
<th>Determinant</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power resources</td>
<td>0.13</td>
<td>-3.355*</td>
<td>-3.307*</td>
</tr>
<tr>
<td></td>
<td>(0.52) 0.063</td>
<td>(1.474) 5.184</td>
<td>(1.428) 5.366</td>
</tr>
<tr>
<td>Oil export</td>
<td></td>
<td>3.133*</td>
<td>3.478*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1.444) 4.710</td>
<td>(1.369) 6.459</td>
</tr>
<tr>
<td>Europe</td>
<td>2.262*</td>
<td>4.514*</td>
<td>4.710*</td>
</tr>
<tr>
<td></td>
<td>(1.064) 4.514</td>
<td>(1.444) 4.710</td>
<td>(1.369) 6.459</td>
</tr>
<tr>
<td>Catholicism</td>
<td>-0.243</td>
<td>0.134</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.960) 0.064</td>
<td>(1.049) 0.016</td>
<td></td>
</tr>
<tr>
<td>Islam</td>
<td>-0.820</td>
<td>-0.526</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.769) 1.138</td>
<td>(0.804) 0.427</td>
<td></td>
</tr>
<tr>
<td>Area (log)</td>
<td>-1.102*</td>
<td>-0.960*</td>
<td>-0.984*</td>
</tr>
<tr>
<td></td>
<td>(0.436) 6.397</td>
<td>(0.457) 4.421</td>
<td>(0.400) 6.070</td>
</tr>
<tr>
<td>Military regime</td>
<td>4.068**</td>
<td>4.385**</td>
<td>4.654**</td>
</tr>
<tr>
<td></td>
<td>(1.298) 9.818</td>
<td>(1.599) 7.521</td>
<td>(1.488) 9.782</td>
</tr>
<tr>
<td>Limited multiparty</td>
<td>-0.475</td>
<td>-0.381</td>
<td></td>
</tr>
<tr>
<td>regime</td>
<td>(0.786) 0.366</td>
<td>(0.750) 0.258</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>5.280*</td>
<td>4.857*</td>
<td>4.482*</td>
</tr>
<tr>
<td></td>
<td>(2.361) 5.000</td>
<td>(2.462) 3.892</td>
<td>(2.038) 4.837</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>36.1***</td>
<td>45.9***</td>
<td>44.8***</td>
</tr>
<tr>
<td>Nagelkerke R square</td>
<td>0.526</td>
<td>0.622</td>
<td>0.612</td>
</tr>
<tr>
<td>N</td>
<td>72</td>
<td>73</td>
<td>73</td>
</tr>
</tbody>
</table>

* sig. < 0.05; ** sig. < 0.01; *** sig. < 0.001; cell entries are B-coefficients, standard errors in brackets and Wald-values; coding of dependent variable: 1 = former autocracy, 0 = stable autocracy

Three regression models are presented. A positive effect implies that autocracies democratize, whereas a negative effect means that they persist. There is no reason to include human development indicators in a multivariate regression model, since the bivariate analyses showed that there is no actual difference between former and permanent autocracies with regard to modernization. In the first model in Table 9, the possible effect of power resources is studied. We noticed that former autocracies have a slightly higher degree of power resources than stable autocracies on average. In a multiple regression, there is no effect whatsoever. Area has a negative impact and military regime a positive impact on the dependent variable. The positive association between Europe and former autocracies also persists. The small number of former autocracies with values on indicators of economic freedom renders logistic regression analysis impossible. The same is true of governance indicators. Therefore, in model 2, the effect of rich oil exporters is analyzed while controlling for other determinants. The effect of oil export is somewhat stronger than that of country size and
Europe. However, military regime has the strongest impact. Despite strong bivariate correlations between Catholicism and former autocracies as well as between Islam and enduring autocracies, the associations become insignificant when other determinants are controlled for. The same is true of limited multiparty regime. Therefore, in the third model, these variables are not included. Military regime stands out as the most important factor, the effect being significant at the 0.01 level. However, the impact of all the other variables is also close to significance at the same level.

6 Discussion

The paper has explored which conditions provide fertile soil for democratic advancement in an autocratic setting, and, similarly, which conditions have an enduring impact on autocratic rule. Emphasis was laid on economic factors and governance. In a research sample of 39 stable and 38 former autocracies, no actual differences were detected with regard to modernization. If modernization precedes democracy, we may assume that there is a difference already at the authoritarian stage. This is not the case here, however. Hence the first hypothesis is falsified. To be sure, it must be observed that we have only dealt with the initial phase of democratization; qualification for the category of former autocracies does not require complete democratization. The hypothesis could well be verified in a larger sample based on a different classification. Nevertheless, it is quite surprising that, even if we exclude the rich and major oil exporters, no significant difference appears between former and enduring autocracies. Apparently, the explanation for the observed pattern is that the maintenance of authoritarianism often presupposes some degree of industrial development. In fact, the least developed countries have rarely been solid autocracies. Unfortunately, a measure of the degree of capitalism for the entire period was not accessible. The Heritage Foundation provides data on the economic freedom in the countries of the world as of 1995. As a consequence, only one fifth of the former autocracies were included in the analysis, and no far-reaching conclusions can be drawn. Still, there is a difference: former autocracies have a somewhat higher level of economic freedom. The difference is due to a higher degree of investment and financial freedom as well as property rights. Consequently, the analysis lend at least some support for the second hypothesis. Waisman (1992, 142) argues that of the two main dimensions of capitalism, a market economy is more important than private ownership of the means of production. Based on the finding here, however, free enterprise and investment rights seem to be more important in explaining why some countries are able to bring autocratic rule to an end.

The analysis of governance was marred by the same shortcoming: data was available as of the mid-90s only. No real differences with regard to the five indicators were found. Thus, the fourth hypothesis was not supported. However, one striking pattern appeared: rich and major oil exporters, which are largely based on a rentier economy, have a considerably higher quality of governance than the other countries. This is particularly interesting, because the rich oil exporters are stable autocracies, and good governance is assumed to be associated with democracy rather than autocracy. Yet in a wider perspective, the level of governance among rich oil-states is not particularly high. Nonetheless, we are dealing with non-democracies and there is a statistically guaranteed difference with regard to all indicators except regulatory quality. It seems that the profit and wealth brought about by the oil industry enables the government to provide a higher quality of public and civil service as well as policy formulation and implementation, and a more effective bureaucracy. The rules of society become clearer and property and contract rights related to the oil industry have high priority. A relatively high standard of living, partly due to low taxes or no taxation at all, probably
contributes to a smaller likelihood of domestic violence, crime and terrorism. Interestingly enough, the extent of corruption is also smaller. By contrast, the state is not particularly interested in promoting private sector development.

At the same time, it is evident that these states do not constitute a homogeneous group. A closer inspection reveals that three countries – Oman, Qatar, United Arab Emirates – and to some extent also Saudi Arabia have much higher values on governance indicators than the other rich oil exporters. Two other rich oil-states that did not meet the criteria for inclusion in the research population – Bahrain and Kuwait – presumably share the same characteristics. The same applies to Brunei which did not meet the export criterion because of its diminutive size. Another group of countries within this category are former Soviet states: Azerbaijan, Belarus, Kyrgyzstan and Russia. Autocratic continuance in these states is largely due to the Soviet legacy. One-party communism has in many former Soviet republics been replaced by absolute presidential power. Equatorial Guinea is another country where the abundant oil revenues do not reach the citizens; political and economic power is monopolized by the president and his clan, and the country is regarded as one of the most corrupt in the world (Freedom in the World 2010, 217-19). In Libya, by contrast, Muammar al-Gaddafi and the Revolutionary Committees has provided the citizens a relatively decent standard of living, which surely has had a legitimizing effect on the regime despite a lack of citizen influence on politics. In spite of the fact that the category of rich oil exporters is not homogeneous, the oil-impedes-democracy claim is supported in this study. Moreover, as Ross (2001, 346) also concludes, the negative impact of oil export is not limited to the Arabian Peninsula or the Middle East. Accordingly, we may conclude that the third hypothesis is verified.

The study supports the thesis that it is easier to introduce democracy in small entities than in large ones. Several former autocracies are micro-states – e.g. Suriname and Guinea-Bissau – which are said to be particularly auspicious to a democratic form of government. The combination of smallness and islandness is also conducive to democracy. All countries with these characteristics in the research population have left the authoritarian stage. In Cape Verde and Sao Tome and Principe, the transition from one-party rule to a multi-party system with free and fair elections took only a couple of years.

Catholic and Muslim countries are frequent in the research sample. Previous research has shown that Christianity is positively associated with democracy, whereas Islam is related to non-democratic forms of government. At first glance, it really seems like Islam is one of the main reasons for the maintenance of authoritarianism in the contemporary world, because more than half of the permanent autocracies are dominated by Islam. However, almost one third of the former autocracies are also Muslim countries. One purpose of this study has been to explore what distinguishes former autocracies from permanent ones, and Islam is not the most prominent factor in this respect. Hence, Islam alone is not to blame for autocratic continuance. A great majority of the Catholic countries are among the former autocracies, most of which are situated in Latin America. Yet, when other determinants are taken into account, the positive impact disappears.

These Latin American countries are not only catholic; they are former military regimes as well. Former military regimes that have been replaced by more democratic forms of government are also found elsewhere – Ghana and Mali in Africa are two cases in point. Thus, regime type overshadows Catholicism in this respect, and military regime appears as the most important variable in the study. Why are the prospects of democratization better under a military form of dictatorship than under any other form? First of all, they are relatively short-lived compared to other autocratic regime types,
because of tensions between different branches, command levels and cohorts. Moreover, a military regime often suffers from a lack of competence. It may succeed in maintaining order but when it comes to running state affairs and the society, the regime is likely to fall short. Sooner or later it will also face a legitimacy problem. A king may refer to the hereditary tradition and a civil dictator may enjoy some form of popular legitimacy. A military regime, by contrast, will inevitably face popular resistance (Karvonen 2008, 59-60).

Electoral authoritarianism has become the most common form of dictatorship. By conducting periodic elections in which some opposition parties are allowed to participate, autocratic regimes try to maintain a façade of democracy, thereby hoping to satisfy the citizens as well as external actors. Still, elections are under such tight authoritarian control that the ruling party is not seriously challenged (Schedler 2002, 36-37). At the same time, the regime is playing a risky game in comparison with more compact autocracies. Monarchic dictatorships usually face less challenge than electoral ones, because they are based on hereditary succession. All six monarchies in the study are stable autocracies. All but Swaziland are also wealthy oil-producers and Muslim societies, which in this context may be regarded as conditions that foster authoritarianism.

Some distinct regional patterns were discerned. Almost all permanent autocracies in the contemporary world are located in Asia and Africa, yet the African continent is inhabited by many former autocracies as well. A considerable share of former autocracies also exists in Europe and Latin America. Hence, the global pattern of democracy is to a great extent reflected here. Several explanations for these tendencies have been given. The former autocracies in Latin America were military regimes and catholic, many of the former autocracies in Africa also have a military past, whereas a large part of the enduring autocracies in Asia are rich oil-states, Muslim or hereditary monarchies. Many of them share all three characteristics. However, an element of diffusion has certainly been present as well. Huntington (1991, 100-104) maintains that diffusion was much more common in the third wave of democratization than in the previous two. Democratization in one country has encouraged democratization in other countries in the same region or countries that are culturally similar. The breakdown of the military regime in one Latin American country probably had some impact on the course of events in neighboring countries. The United States also played a major role by supporting Latin American military regimes in order to counteract the communist influence in the region. In the 1980s, however, the Soviet Union was not seen as a threat anymore and the basic motive for supporting the juntas vanished.

The communist regimes in eastern and central Europe were a consequence of external coercion. When the Soviet Union broke down, the communist regimes in the satellite states were soon replaced by democratically elected governments. Former democratic experience and proximity to the established democracies in Western Europe also had a positive influence in this respect. It seems like democracy through diffusion becomes more stable if it takes place in a culturally and geographically cohesive region. The countries in the Arabian Peninsula are in glaring contrast to those in eastern and central Europe. The prospects of democratization are probably weakest in this part of the world, partly because of the rentier effect, partly due to culture and tradition. Authoritarian breakdown is more likely in limited multiparty regimes and one-party states, because the democratic façade is inevitably marred by some fragility which in combination with poverty and unemployment constitutes a breeding ground for popular discontent.
Appendix

Stable autocracies:

Note: Countries with no year in parenthesis have been autocratic throughout the analyzed time period.

Former autocracies:

Note: Last autocratic year in parenthesis.

References

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