Democratic Values and Institutions

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A **BIG** question in social science

Diverse political histories across countries and time?

- why are some countries stable democracies, others stable autocracies, yet others plagued by institutional instability?

Big question for two reasons

- *intrinsic* – care about democracy, as such
- *instrumental* – may help us answer another big question: why are some countries rich and others poor?
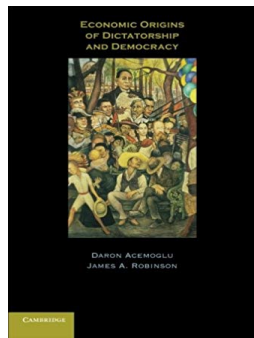- no stable democracy is poor, but tricky causality issues

Old political sociology tradition
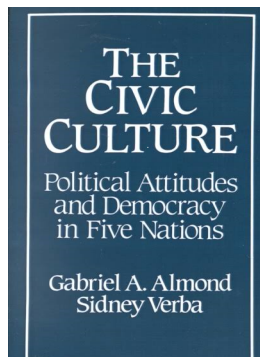
"*(I)f a political system is not characterized by a value system allowing the peaceful 'play' of power ... there can be no stable democracy.*" Lipset (1959, p. 71)

- ► focus on democratic values, or culture

More recent political economics tradition

"During the nineteenth century most Western societies extended voting rights, ... these political reforms can be viewed as strategic decisions by the political elite to prevent widespread social unrest and revolution." Acemoglu and Robinson (2000, p. 1167)

- ▶ focus on strategic design of democratic institutions

So far, no integration of the two traditions

This paper

Study two-way feedbacks between democratic values and institutions

- ▶ build model to join cultural and strategic traditions – neither institution design nor values have upper hand

In that model

- ▶ incumbent group chooses institutions and may repress citizens, who may fight to demand (defend) democracy
- ▶ as Acemoglu and Robinson (2000, 2006), *except* commitment: institutions must comply with current incentives
- ▶ but institution choices depend on democratic values (our single state variable), which depend on expected institution choices

What insights from the analysis?

Model constructed to fit basic facts in data

- ▶ for democratic reform history and democratic values

Accommodates many earlier ideas, including

- ▶ a mechanism for history dependence and institutional inertia
- ▶ a precise notion of critical junctures

Has auxiliary predictions for democratic values

- ▶ these too in line with data

Roadmap

Social science on culture and values

Old and modern classics

- Montesquieu (1748), Lipset (1959), Almond and Verba (1963): link democratic values to institutions
- Moore (1966): should consider changing values

Measurement of values

- Ingelhardt (1997), Ingelhardt and Welzel (2005): World Value Survey (WVS)

Cultural evolution more generally

- Cavalli-Sforza and Feldman (1981), Boyd and Richerson (1985): evolving choices

Culture and values in economics

- Güth and Yaari (1982): evolving preferences
- Bisin and Verdier (2000), Tabellini (2008), Besley (2015): so far, emphasize economic and social, not political, choices

Political economics on democratic change

Strategic approach to political reforms

- ▶ Acemoglu and Robinson (2000, 2006), Lizzeri and Persico (2004): reform the franchise, as can't credibly commit to future policy – institutional commitment *assumed*
- ▶ Aidt and Frank (2015): empirical support

- ▶ Weingast (1997): democratic rights as an equilibrium
- ▶ Lagunoff (2001): choice of civil liberties

Closest antecedents

Political culture and political institutions

- ▶ Ticchi, Verdier and Vindigni (2013), Bisin and Verdier (2017): similar big-picture question, but assume commitment to political institutions (two state variables)

Political reforms

- ▶ Persson and Tabellini (2009): democratic capital shapes willingness to defend democracy
- ▶ Gorodnichenko and Roland (2015): different values may shape democratic reforms

Values, protests and public policy

- ▶ Passarelli and Tabellini (2017): disappointments, given a reference point, make people stand up against unfairness

Facts on democratic reforms

Political reform histories have three forms: always remain non-democratic, permanent transition to democracy, or churning between the two, churning being the most prevalent

- ▶ from Polity IV data (positive Polity2 score)
- ▶ all 50 countries with data from 1875
- ▶ well-known patterns of inertia

# Classified Polity IV histories of 50 countries – Table 1

Weak	Mixed		Strong
Always nondemocratic	Multiple changes (number upward, number downward)		Always democratic
Afghanistan	Argentina*† (7,6)	Haiti (4,4)	Canada*†
Morocco*†	Austria (3,2)	Honduras (3,2)	New Zealand†
Oman	Belgium (3,2)	Iran*† (1,1)	Switzerland*
	Bolivia (2,1)	Japan*† (2,1)	United States*†
Permanent switch to non-democracy (year of switch)	Brazil*† (2,1)	Liberia (1,1)	Permanent switch to democracy (year of switch)
	Chile*† (3,2)	Nepal (3,2)	
	China*† (1,1)	Netherlands*† (2,1)	
	Colombia*† (3,2)	Norway* (2,1)	Costa Rica (1841)
	Denmark (3,2)	Peru*† (8,7)	El Salvador (1982)
	Dominican Republic (2,1)	Portugal (3,2)	Hungary* (1989)
	Ecuador† (3,2)	Paraguay (2,1)	Italy* (1945)
	Ethiopia*† (1,1)	Serbia* (4,3)	Mexico*† (1994)
	France* (3,2)	Spain*† (4,3)	Nicaragua (1990)
	Germany*† (2,1)	Thailand*† (5,4)	Romania (1990)
	Greece (5,4)	Turkey*† (3,2)	Russia*† (1992)
	Guatemala (6,5)	Venezuela (1,1)	Sweden*† (1910)
			United Kingdom*† (1837)
			Uruguay* (1910)

Facts on democratic values

Democratic values vary across individuals and countries, and are strongest (weakest) in countries with long (short) histories of democracy

- ▶ from 2007, 2012 individual WVS data (V140)
- ▶ "How important is it for you to live in a country that is governed democratically? On this scale, where 1 means it is 'not at all important' and 10 means 'absolutely important' what position would you choose?"
- ▶ classify as strong values if score > 8
- ▶ global share with strong democratic values is 0.6
- ▶ measure country share vs. global share, also holding constant income, education, age, and gender

WVS values and democratic histories – Figure 1
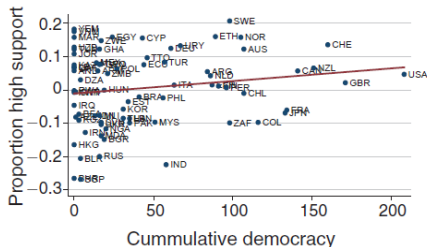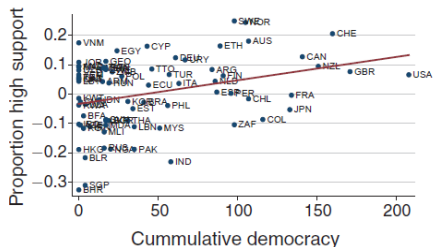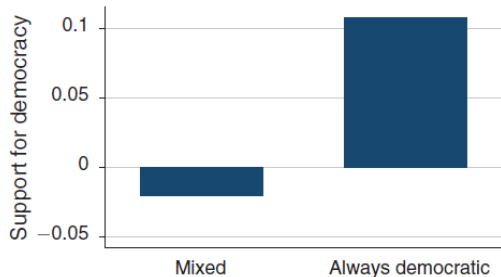
Roadmap

Groups and conflicts of interest

Sequential-generation model with two groups

- ▶ groups may alternate as incumbent and opposition

Incumbent picks one of two institutions

- ▶ democracy $D_t = 1$, or autocracy $D_t = 0$
- ▶ random variable x_t captures "stakes" in institutional choice – resource rents, or incumbent leader unpopularity, depending on how interpret democracy

Material payoffs generate conflicting interests

- ▶ incumbent prefers autocracy, more so for higher x_t
- ▶ opposition prefers democracy, more so for higher x_t

Types, values, and social justice

Two types of citizens

- share $(1 - \mu_t)$ passive, just care about material payoff
- share μ_t *concerned* – socially identify with this group
- their payoff also includes democratic values – μ_t the share of people with high democratic values (as in WVS data)

Democratic values

- positive for democracy $s(x_t)$ – the concerned "rejoice"
- negative for autocracy $-\gamma s(x_t)$ – the concerned "despair"
- see as concern for social justice: gains or losses by whole opposition group given two reference points (Kahneman-Tversky 1979, Thaler 1999)
- can drive protest, and shape relative fitness (below)

Protests by concerned and fighting by incumbent

Simple model of citizen protests against autocracy

- ▶ shocks to common cost of protest
- ▶ passive never protest
- ▶ concerned may protest, when cost low

Protest technology

- ▶ higher share of opposition μ_t protesting raises probability of success, which installs democracy
- ▶ more (costly) repression f_t by incumbent cuts success probability
- ▶ if whole opposition protests, $\mu_t = 1$, success probability is 1: like complementary collective action

Evolution of democratic values

Use simple class of "Darwinian" dynamics

$$\mu_{t+1} \gtreqqless \mu_t \text{ as } \Delta\left(\mu\right) \gtreqqless 0$$

- ▶ $\Delta\left(\mu\right)$ *expected fitness* of being concerned vs. passive
- ▶ can reflect (forward-looking) socialization or (backward-looking) imitation, but this does not affect (qualitative) results

Three possible long-run rest points: $\hat{\mu} = 1; \hat{\mu} = 0; \Delta\left(\hat{\mu}\right) = 0$

- ▶ which one(s) will reflect how $\Delta\left(\mu\right)$ varies with μ_t

Timing in period (generation) t

1. Leader selected from incumbent group, and x_t realized

2. Leader chooses D_t and f_t

3. If $D_t = 1$, democracy payoffs.
   If $D_t = 0$, cost realized and concerned opposition citizens decide on protest. Unsuccessful (or no) protest gives autocracy payoffs, successful protest gives democracy payoffs

4. Payoffs realized. New generation born and socialized, changing μ_t to μ_{t+1}. Non-beaten incumbent stays on to $t+1$. Else, opposition becomes next period's incumbent.

Protest and fighting by citizens and incumbents

Optimal protests and incumbent repression at 2 and 3 pin down:

- incumbent's *total* autocracy payoff less total democracy payoff
- probability that autocracy successfully enforced
- under weak conditions, both go up with stakes x_t and down with proportion of concerned citizens μ_t

Equilibrium institutions at t

Incumbent's choice of D_t involves a trade-off

- compare total payoff under autocracy and democracy
- for some critical stakes $\hat{x}(\mu)$, these payoffs are equal

Proposition 1   *There are two thresholds $\mu^L < \mu^H$ such that*

1. $\mu \leq \mu^L$, $D = 0$ *for all x and μ*
2. $\mu \geq \mu^H$, $D = 1$ *for all x and μ*
3. $\mu \in \left[\mu^L, \mu^H \right]$, $D = 0$ *iff $x \geq \hat{x}(\mu)$*

- democratic values μ low: protest success unlikely – incumbent picks autocracy and fights little, no matter the stakes
- μ high: incumbent likely to lose – fighting too costly, citizens get democracy, no matter the stakes
- μ in between: democracy (autocracy) for low (high) stakes

Equilibrium dynamics of democratic values

Concerned-citizen share and expected fitness

- recall Darwinian dynamics: $\mu_{t+1} \gtreqless \mu_t$ as $\Delta \gtreqless 0$

$$\Delta(\mu) \text{ is } \begin{cases} > 0 & \text{if } \mu \geq \mu^H \\ \gtreqless 0 & \text{if } x \lesseqgtr \widehat{x}(\mu) \quad \text{and} \quad \mu \in \left[\mu^L, \mu^H\right] \\ < 0 & \text{if } \mu \leq \mu^L \end{cases}$$

- being concerned better (worse) if incumbent always (never) chooses democracy, because always expect rejoice (despair)
- for intermediate μ, expect democratic rejoice only for realizations $x \leq \widehat{x}(\mu)$
- $\Delta(\mu)$ increases with μ, as probability of successful protest goes up – a dynamic complementarity

Dynamics and steady states

Proposition 2   *There is a unique value $\hat{\mu} \in [\mu^L, \mu^H]$ where $\Delta(\hat{\mu}) = 0$. When $\mu_0 \geq \hat{\mu}$, the polity converges to $\mu = 1$. But when $\mu_0 < \hat{\mu}$, it converges to $\mu = 0$*

- interior steady state unstable: values adjusts over time to fully democratic or non-democratic
- democratic values feed back to institutional choice – as per Proposition 1 – until transition to democracy or autocracy irreversible; cross threshold μ^H or μ^L
- institutions become persistent, but not by assumption

Roadmap

Motivating facts redux

Analysis predicts country-specific histories

- ▶ Propositions 1 and 2 imply country-specific paths for institutions D_t and values μ_t

Institutional histories of three types, as in Table 1

- ▶ permanent autocracy – values μ start below threshold μ^L
- ▶ one reform into permanent democracy – μ crosses threshold μ^H from below into region of irreversible democracy
- ▶ multiple shifts in D – different stakes x, above and below, $\widehat{x}(\mu)$ in $[\mu^L, \mu^H]$ region

Democratic values history-dependent, as in Figure 1

- ▶ longer history in $D = 1$ with rejoice of democracy gives higher share μ with strong values today

Insights from bridging cultural and strategic approaches

New light on strategic approach

- ▶ inertia of political institutions may not reflect commitments, but reformers' attention to democratic values, which have more inertia than institutions

New light on cultural approach

- ▶ mechanism whereby democratic values give stability: enter cost-benefit calculus of potential protesters and strategic institutional reformers

Other insights

Framework encompasses several existing ideas

- ▶ varieties of reform: defensive and offensive democratizations
- ▶ critical junctures: permanent shocks close to $\hat{\mu}$ may reshape political history
- ▶ initial conditions: could be reset by historical events – e.g., the Enlightenment – or by influential leaders
- ▶ autocracy traps: long repression history gives low democratic values that make autocracy stick – e.g., 1990s or present-day Russia, initial post-colonial African democracies
- ▶ microfoundation for democratic capital: omitted variable, rather than state dependence

Consider predictions beyond motivating facts

Introduce foreign occupation in model

- outside power imposes autocracy $D_t = 0$, and enforces it by strong repression f_t
- may depress democratic values for two reasons
- more years of autocracy make current democratic values lower
- *holding constant* years of autocracy, enforcement by foreign occupation reduces democratic values (more despair from autocracy cut relative fitness of being concerned)

Prediction *Ceteris paribus, democratic values should be lower for generations that formed democratic values during, rather than after, foreign occupations*

How test this auxiliary prediction?

Go back to WVS data

- consider foreign occupations due to colonialism and USSR post-war occupation
- interpret generations in model, as cohorts in WVS data

Consider *within-country* variation in values

- do people in cohorts with "formative years" during, rather than after, foreign occupation have lower democratic values?
- consider formative years as up to 16 (or 18, or 20)
- hold constant *individual* age, gender, education, income, and *country-wide* average values

Foreign occupations and democratic values – Table 2

	(1)	(2)	(3)	(4)
Colonial rule at 16	−0.062	−0.058		
	(0.015)	(0.016)		
USSR occupation at 16			−0.069	−0.067
			(0.018)	(0.088)
Individual controls	Yes	Yes	Yes	Yes
Birth-year dummies	Yes	Yes	Yes	Yes
Country dummies	Yes	Yes	Yes	Yes
Countries in sample	All	Past colonies	All	Post-USSR block
Number of countries				
Observations	140,311	103,776	140,311	25,952
R^2	0.075	0.074	0.075	0.056

Roadmap

Contribution

Aims of paper

- ▶ use approach inspired by evolutionary anthropology to bridge cultural and strategic approaches to democracy
- ▶ see democratization as two-way process: evolving democratic values and institutional experience reinforce each other
- ▶ get institutional persistence without commitment

Propose model of coevolving democratic values and institutions

- ▶ single state variable: share of citizens with strong enough democratic values to stand up for democracy
- ▶ cultural evolution driven by relative fitness of concerned vs. passive types
- ▶ model reproduces main patterns in data for democratic values and histories, and has additional predictions that seem to hold

Ways ahead from this basic framework

Explore role of political leaders

- ▶ to what extent can they influence democratic values?

Delve deeper into separate aspects of democracy

- ▶ one is free elections, another is checks and balances
- ▶ positively, but not perfectly, related across countries and time
- ▶ need some common drivers – democratic values? – to understand the positive relation and distinct drivers to understand mixed regimes (in theory and data)

Apply similar framework to related questions

- ▶ two-way interactions of culture and institutions