

**COPYRIGHT NOTICE:**

HAGGARD & KAUFMAN: The Political Economy of Democratic Transitions is published by Princeton University Press and copyrighted, (c) 1996, by Princeton University Press. All rights reserved. This text may be used and shared in accordance with the fair-use provisions of US copyright law, and it may be archived and redistributed in electronic form, provided that this entire notice is carried and provided that Princeton University Press is notified and no fee is charged for access. Archiving, redistribution, or republication of this text on other terms, in any medium, requires the consent of Princeton University Press.

For COURSE PACK PERMISSIONS, refer to entry on previous menu.  
For more information, send e-mail to [permissions@pupress.princeton.edu](mailto:permissions@pupress.princeton.edu)

## The Political Economy of Authoritarian Withdrawals

Several different factors might account for the dramatic increase in the number of authoritarian withdrawals during the 1970s and 1980s. The wide geographic spread of the movement toward democracy suggests that international pressures played an important role. Diplomatic pressures from the Western European democracies and the lure of membership in the European Community were significant in the southern European transitions, and contributed to limiting the Turkish military's stay in power in the early 1980s. In the Caribbean, Central and South America, and the Philippines, American influence mattered.<sup>1</sup> The United States' encouragement of constitutional government reflected the attempt to counter leftist threats through political reform, a strategy that dates to the Alliance for Progress. Most of the transitions at the end of the decade occurred among Eastern European states that could no longer count on the military and political backing of their Soviet patrons.

The "contagion effect," discussed in work by Laurence Whitehead, has been another international source of pressure on authoritarian regimes. Successful democratic opposition in one country has an impact on the perceptions and behavior of actors in neighboring countries or in those with strong cultural links.<sup>2</sup> Developments in Spain resonated throughout Latin America and the "people power" revolution in the Philippines challenged other Asian dictatorships. Events in Poland and East Germany had implications for other East European regimes and the Soviet Union; their collapse, in turn, was debated virtually everywhere.

The structural changes associated with long-term economic growth constitute still a third influence at work. In southern Europe, the East Asian newly industrializing countries, and Eastern Europe, economic development resulted in the emergence of more complex, literate, middle-class societies that demanded increased political participation. Economic success thus arguably contributed to the demise of authoritarianism.

Given the myriad of forces that have worked to destabilize incumbent

<sup>1</sup> See Abraham Lowenthal, ed., *Exporting Democracy: Themes and Issues* (Baltimore: Johns Hopkins University Press, 1991).

<sup>2</sup> Laurence Whitehead, "The International Dimension of Democratization: A Survey of the Alternatives," paper presented at the International Political Science Association Congress, Buenos Aires, 21–25 July, 1991.

authoritarian rulers over the past several decades, our emphasis on the role of economic crisis requires justification. As Samuel Huntington has argued, specific transitions from authoritarianism to democracy are overdetermined: each is attributable to different combinations of causes, none of which is either necessary or sufficient to explain democratic transitions in general.<sup>3</sup> Why, then, should we focus intensively on economic crisis and adjustment as catalysts of political change?

One reason is that economic crisis *did* appear to accelerate, if not cause, the collapse of authoritarian regimes in a number of countries. This was particularly true in Latin America and Africa, where the shocks of the 1980s were profound. Where poor economic performance played a role in authoritarian withdrawals, it is important to specify clearly how economic deterioration affected political transformation. How did crisis affect the power relations among supporters of the regime and anti-regime opponents? Why were some regimes more vulnerable than others to the pressures created by these shifts?

A second reason to examine the impact of economic crisis is that even where it was not solely responsible for the transition itself, it had powerful effects on the *terms* on which authoritarian governments withdrew. Authoritarian governments able to avoid crises or adjust effectively were better positioned to resist pressures to leave office and maintained greater control over the timing and conditions of their exit. As we will suggest in Part Two, the differences between crisis and non-crisis transitions thus had an important impact on the institutional characteristics of incoming democratic governments.

This chapter provides an overview of the challenges economic crises pose to authoritarian regimes and the cross-national variation in responses to those challenges. We focus particularly on the withdrawal of military regimes, the typical form authoritarian rule took in middle-income capitalist societies, reserving the discussion of the more unusual dominant-party regimes to chapter 8. In the first section, we discuss the way economic factors, including both the level of development and short-run performance, affect the stability of authoritarian regimes. We begin with the general proposition that in relatively differentiated middle-income countries, the probability of a democratic transition increases during periods of economic distress.

Though the empirical evidence reviewed in the second section suggests that this hypothesis is plausible, the relationship is not a deterministic one; there are a number of anomalous cases in which democratic transitions occurred in the absence of economic crises. In the third section, we outline

<sup>3</sup> Samuel Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: Oklahoma University Press, 1991), p. 38.

the institutional factors that made military regimes more or less vulnerable to economic crisis, emphasizing organizational and other sources of cohesion and factionalism, and provide an overview of how the general argument applies to the case studies that follow in chapters 2 and 3.

## ECONOMIC DEVELOPMENT AND THE STABILITY OF AUTHORITARIAN REGIMES

### *The Lipset Hypothesis*

Virtually all of the theoretical discussion of the effect of economic factors on regime type has focused on the question raised over thirty years ago by Seymour Martin Lipset: whether a high *level* of development is a precondition for the emergence and maintenance of democratic rule.<sup>4</sup> Notwithstanding the controversy it has generated, there are both theoretical and empirical reasons why the Lipset hypothesis is plausible.<sup>5</sup> As Robert Dahl has suggested, the diffusion of skills and organizational resources associated with high levels of economic development expands the range of groups with capacities to influence politics. "A modern dynamic pluralist society disperses power, influence, authority and control away from any single center toward a variety of individuals, groups, associations and organizations."<sup>6</sup> Such developments, in turn, increase the costs of repression relative to those of toleration, and thus the chances that authoritarian rulers will acquiesce to pressures for political liberalization and democratic reform when they arise.

Empirically, the correlation initially observed by Lipset between measures of economic development and democracy has remained one of the strongest findings in political science.<sup>7</sup> With some important exceptions, such as India, very poor countries tend to be authoritarian; very rich countries are overwhelmingly democratic.

Predictably, however, there is wide variation in regime type among middle-income countries that are neither very rich nor very poor. Hunt-

<sup>4</sup> Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review* 53 (1959): 69–105.

<sup>5</sup> For a review of these hypotheses, see Alex Hadenius, *Democracy and Development* (New York: Cambridge University Press, 1992), pp. 77–82.

<sup>6</sup> Robert Dahl, *Democracy and Its Critics* (New Haven: Yale University Press, 1989), p. 252.

<sup>7</sup> For comprehensive reviews of the literature and presentation of new empirical findings, see Hadenius, *Democracy and Development*; Larry Diamond, "Economic Development and Democracy Reconsidered," *American Behavioral Scientist* 35 (1992): 450–99; John F. Helliwell, "Empirical Linkages Between Democracy and Economic Growth," *British Journal of Political Science*, 24 (1994): 225–48.

ington has suggested that such middle-income countries occupy a “zone of transition or choice, in which traditional forms of rule become increasingly difficult to maintain and new types of political institutions are required to aggregate the demands of an increasingly complex society. . . .”<sup>8</sup> As he points out, the recent wave of democratic transitions has occurred primarily among these middle-income countries.

But prior to the recent wave of democratic transitions, these same “transitional” countries had spawned new forms of *authoritarian* rule. The well-known work of Guillermo O’Donnell found that bureaucratic-authoritarian installations occurred in the most developed Latin American countries, not the least developed.<sup>9</sup> In a recent cross-national study, Lipset, Seong, and Torres found an “N-curve” relationship between authoritarianism and economic development. The probability of nondemocratic regimes *increased* with development in a middle range of countries (per capita income between \$2,346 and \$5,000 in 1980), but *decreased* with development among lower- and upper-income countries.<sup>10</sup>

In short, the relationship between level of development and regime type seems indeterminate among middle-income countries, which have been characterized by both authoritarian and democratic rule. A certain threshold of national income may constitute an important condition for democratic rule. But the level of economic development cannot tell us anything about the dynamics of democratic transitions or why they occur when they do.

### *Economics and Politics: The Equation in the Short Run*

An alternative hypothesis is that the stability of authoritarian regimes depends both on the overall level of development *and* on economic conditions in the short run.<sup>11</sup> Authoritarian regimes vary according to which segments of the population are given preference, but all are responsive to the economic interests and demands of at least some sectors of their societies. Inclusionary authoritarian regimes such as Peru’s initially mobilized mass support from above. Some authoritarian regimes, such as those in Central America and Africa, are based on highly personalistic ties between rulers and traditional social elites or clients. More typical of our

<sup>8</sup> Huntington, *The Third Wave*, p. 201.

<sup>9</sup> Guillermo O’Donnell, *Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics* (Berkeley, Calif.: Institute of International Studies, 1973).

<sup>10</sup> S. M. Lipset, K.-R. Seong, and J. C. Torres, “A Comparative Analysis of Social Requisites of Democracy,” unpublished paper, Hoover Institution, Stanford University, 1991; Diamond, “Economic Development and Democracy Reconsidered.”

<sup>11</sup> See also John Londregan and Kenneth Poole, “Poverty, the Coup Trap and the Seizure of Executive Power,” *World Politics* 42 (1990): 151–83.

sample of middle-income countries are “bureaucratic-authoritarian” regimes based around a military-technocrat alliance, an economic reform program, and support from some portions of the modern private sector, both domestic and foreign.

Whatever the nature of the underlying “authoritarian bargains,” poor economic performance—whether the result of external shocks, bad policy, or both—means a reduction in the resources available to political elites for sustaining bases of support. The effort to control inflation or to undertake structural reforms can further weaken the government’s hand. Stabilization of inflation and balance-of-payments adjustment typically involve policies that reduce aggregate income in the short run. Though these stabilization measures are likely to be the most difficult politically, structural adjustment measures also have costs, since governments are typically unable to compensate for the withdrawal of rents from previously privileged groups.

In some cases, authoritarian rulers may be able to weather economic distress by forcing the costs of adjustment onto excluded groups, yet there are significant constraints in attempting to do so. Authoritarian governments cannot appeal to broad principles of democratic legitimation. Coercion is also costly, and generally either ineffective or counterproductive in securing the confidence of the private sector. To survive, such governments must sustain bases of support; they are therefore accountable even if that accountability is not always institutionalized and is focused on a relatively narrow range of interests.

We can examine the effects of economic crises on the stability of military regimes by tracing the interests and likely political responses of three sets of political and economic actors: private-sector business groups; middle-class and popular-sector organizations; and military and political elites who control the state and the main instruments of coercion.

First, deteriorating economic performance disrupts the “authoritarian bargains” that rulers typically forge with some portion of the private sector. The specific bases of business support depend, of course, on the structure of the economy, the resources available to specific groups, and the political project of the government. In our sample of countries, authoritarian regimes have rested on a wide variety of coalitional foundations, including import-substituting industrialists in most Latin American countries, financial and agro-export elites in Chile, and export-oriented manufacturing firms in Korea and Taiwan. Yet in all mixed-economy middle-income countries, business elites are pivotal actors because they control both existing assets and the flow of investment that is crucial to continued growth. Even where authoritarian governments restrict the formal political access of such groups, political leaders nonetheless seek their cooperation and support.

In military regimes, this cooperation is secured in three ways: by promising protection against perceived threats to private property; by pursuing

broad development strategies that favor certain sectors; and by providing more particularistic favors or rents. Economic crisis and corresponding pressures for policy adjustment weaken the ability of the government to deliver in all three of these areas, and thus encourage a reassessment of the overall political bargain.

The initial reactions of the private sector to poor economic performance typically focus on changes in specific policies or government personnel. But if private sector actors believe that authoritarian governments are unwilling or unable to change policies detrimental to their individual and collective interests, if they lose “confidence,” they can quickly recalculate the costs associated with democratization; this is particularly likely where there are opportunities to ally with “moderate” oppositions. On purely self-interested grounds, crises can push business groups to view democracy as the system most likely to provide them with opportunities to defend their interests.

The defection of private-sector groups poses particularly serious challenges to military regimes; the private sector is well placed to play an organizational and financial role within the opposition. But more important is the fact that loss of private-sector confidence confronts the government with bleak prospects for future investment and growth. It is possible to coerce individuals, and even to seize their assets, but it is difficult to force them to invest.

Middle- and lower-income groups, by contrast, are more vulnerable to political repression, and in all the countries in our sample, repressive tactics were used to “manage” public protests against deteriorating economic conditions. But military governments have relied on material rewards to win support or deflect opposition from these groups as well, and economic crisis clearly weakens the government’s ability to do so. In several cases, rulers actively bid for the allegiance of portions of the popular sector through public employment, large-scale public works projects, and consumer subsidies. Even in harshly antilabor regimes, material payoffs have played an important role. In both Korea and Taiwan, for example, the political control of labor was a component of export-led growth strategies. But this growth strategy resulted in a steady improvement of living standards that bought the government the acquiescence, if not support, of some segments of labor. Even in the Southern Cone countries of Latin America, arguably the most labor-repressive of all authoritarian regimes, governments used exchange-rate policy, partial indexation, and other forms of compensation to limit the deterioration of workers’ incomes.

The primary political weapon of mass-based groups and social movements in authoritarian settings is the mobilization of protest: strikes, street demonstrations, or where opportunities exist, referenda and electoral campaigns. These protests are frequently directed at political targets, but it

would be misleading to interpret their origins and popularity as purely political. Such movements often have their origins in reaction to particular economic grievances: unemployment; inflation in the prices of staples, fuel, and transportation; declining real wages.<sup>12</sup> More importantly, these conditions provide opportunities for the political leaders of the opposition to draw in new adherents by linking economic circumstances to the exclusionary nature of the political order.<sup>13</sup>

Most crucial to the survival of military regimes, finally, is the continuing loyalty of the politico-military elite itself: the heads of the armed forces, strategic segments of the state apparatus, and in some cases, the individuals who control the machinery of the ruling party. We follow O'Donnell and Schmitter, Przeworski, and others in arguing that, except in cases of military defeat and foreign occupation, the proximate cause for the exit of authoritarian regimes can almost always be found in splits within this elite.<sup>14</sup> The crucial question for our purposes is the extent and manner in which economic conditions play a role in creating these divisions.

O'Donnell and Schmitter argue that the emergence of divisions between "hardliners" and "softliners" reflects preferences and assessments of risk that are not systematically related to economic conditions.<sup>15</sup> Agencies or individuals involved in earlier acts of repression, for example, are more inclined to adopt a "hardline" position against political liberalization than are officers who are less exposed to future reprisals. Similarly, willingness to support the use of coercion in response to protest may also reflect purely political assessments about the efficacy of coercion in deterring the escalation of protest or the possibilities of reaching agreement with a moderate opposition.

<sup>12</sup> This is not to suggest that all grievances are economic, particularly among middle-class groups. Because of their access to communications and organizational resources, white-collar groups, particularly within the liberal professions, play an especially important role in anti-government protests. These groups do not always favor democracy, but arbitrary governmental authority can pose threats not only to their careers but to professional norms, such as the integrity of the law or of universities. Except during periods of intense polarization, they are thus inclined to press for constitutionalism. Their incorporation into popular democratic movements is often pivotal to the process of political transition, in part because it effects the government's calculus concerning the use of coercion.

<sup>13</sup> For a useful discussion of the way these mobilizations can be affected by the strength of the union movement and past relationships to the party and the incumbent regime, see J. Samuel Valenzuela, "Labor Movements in Transitions to Democracy: A Framework for Analysis," *Comparative Politics*, 21 (1989): 445-73.

<sup>14</sup> See Guillermo O'Donnell and Philippe Schmitter, *Tentative Conclusions about Uncertain Democracies*, pt. 4 of O'Donnell, Schmitter, and Laurence Whitehead, eds., *Transitions from Authoritarian Rule* (Baltimore: Johns Hopkins University Press, 1986), pp. 15-17. Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (New York: Cambridge University Press, 1991), chap. 2, pp. 51-94.

<sup>15</sup> *Ibid.*

## 32 AUTHORITARIAN WITHDRAWALS

Even where economic crises are not the *source* of factional conflicts between hard and softliners, however, they are likely to widen them. In the first instance, economic downturns affect the loyalty of the military-political elite directly by reducing the ability of the government to deliver material benefits. Like any other component of the public sector, military establishments are threatened by adjustment measures: devaluations which increase the cost of foreign procurement, reductions of pay, and budget cuts. Opponents to adjustment measures may thus find important allies from within the armed forces themselves.

The changes in the interests of the major actors that we have outlined ultimately affect the course of political change through their influence on the strategic interactions between the politicians who constitute the leadership of the opposition and authoritarian elites. As these dynamics have been well charted by O'Donnell and Schmitter and by Przeworski, we need not reiterate them in detail.<sup>16</sup> We have already noted how the widening disaffection with the regime presents new opportunities for opposition politicians to mobilize support. There may be divisions within the opposition; we discuss their effects in more detail in the case studies. But from the perspective of the authoritarian leadership, the defection of private-sector groups and the widening of popular-sector protest increase both the cost of coercion and the risk that it will prove ineffective. It is precisely under such conditions that the splits we have noted within the regime begin to have strategic importance for the transition process. "Softliners" begin to calculate that the corporate interests of the ruling elite are best guarded by conciliation, rather than further repression. Even when the objective is a "broadened dictatorship" rather than a transition to democratic rule, the division within the government between softliners and hardline defenders of the status quo provides the opportunity for the opposition to press for broader political reforms.

### ECONOMIC CRISIS AND AUTHORITARIAN WITHDRAWALS: EMPIRICAL PATTERNS

The relevance of short-term economic performance to authoritarian withdrawals can be gauged in a preliminary way by a survey of twenty-seven democratic transitions occurring between 1970 and 1990. Transitions are defined here as the first year of a competitively elected government; the two exceptions are Brazil, in which the opposition came to power through the electoral college, and Thailand, where the prime minister was selected by legislators not all of whom had been elected.

<sup>16</sup> See O'Donnell and Schmitter, *Tentative Conclusions*, pp. 15–36; Przeworski's discussion of the hardliner-softliner dynamic in *Democracy and the Market*, pp. 51–88.

As Table 1.1 shows, these transitions occurred under a wide range of conditions, including relatively strong economic growth. Nevertheless, in a substantial majority of the cases, the years preceding the transition were marked by declining growth, increasing inflation, or both. Twenty-one of the twenty-seven countries experienced declining growth prior to the transition; among the remaining cases, long-term growth rates were very low in El Salvador and Ghana, and had declined by historic standards in Brazil. Two-thirds of the transitions were also preceded by increasing inflation. In Argentina and Uruguay, inflation was very high, although it had declined somewhat relative to the earlier period.

Only in Korea, Chile, and Turkey did transitions occur during periods of high and rising rates of growth and declining rates of inflation. Thailand presents a somewhat ambiguous case, since growth slowed somewhat in the early 1980s. However, overall economic conditions remained highly favorable in Thailand throughout the 1980s; growth rates were among the highest in the world and inflation decreased. For these reasons, we do not consider Thailand a crisis case.

On the other hand, although yearly growth rates improved slightly in some other countries prior to transitions, in most instances they remained very low. Brazil, which we classify as a case of crisis-induced transition, experienced a brief economic upswing in the year prior to the transition, but this had been preceded by several years of severe recession. Moreover, the outgoing regime had failed to confront a number of pressing adjustment issues and inflation accelerated substantially prior to the change in regime.

The inferences that can be drawn from these data about the causal relationship between economic conditions and regime change are limited by the fact that the table does not include countries in which regimes survived severe economic shocks. There is surprisingly little cross-national statistical work on the economic determinants of regime change, however. One recent exception is a study by Mark Gasiorowski,<sup>17</sup> which uses a pooled time-series technique to explore the relationship between economic conditions, measured in terms of growth and inflation, and transitions to and from democracy. Gasiorowski finds little effect of growth on democratization, but argues that in the 1980s high inflation had a statistically significant effect on the probability that authoritarian regimes would transit to democracy.

To clarify theoretical expectations, it is useful to consider those regimes that did not democratize in response to economic crises. During the 1970s and 1980s, these survivors consisted mainly of authoritarian regimes in Africa and the Middle East, and until 1989, the Communist regimes of

<sup>17</sup>Mark Gasiorowski, "Economic Crisis and Political Regime Change: An Event History Analysis," unpublished ms., Department of Political Science, Louisiana State University, October 1993.

## 34 AUTHORITARIAN WITHDRAWALS

**TABLE 1.1**  
Economic Performance prior to Democratic Transitions

	<i>GDP Growth</i>		
	<i>Avg. Performance, Transition Year and Two Previous Years</i>	<i>Avg. Performance, Five Previous Years</i>	<i>A – B</i>
	<i>(A)</i>	<i>(B)</i>	
Honduras, 1982	-0.5	7.6	-8.1
Romania, 1990	-4.3	2.9	-7.2
<i>Philippines, 1986</i>	-3.2	3.9	-7.1
Ecuador	6.3	13.2	-7.0
<i>Bolivia, 1982</i>	-1.5	4.4	-6.6
Portugal, 1976	1.3	7.4	-6.1
<i>Argentina, 1983</i>	-3.2	2.4	-5.6
<i>Uruguay, 1985</i>	-2.4	2.0	-4.4
Hungary, 1990	-2.3	1.8	-4.1
Spain, 1977	2.5	6.2	-3.7
Nicaragua, 1990	-4.6	-0.9	-3.5
Greece, 1974	4.3	7.7	-3.4
<i>Thailand, 1973</i>	6.3	9.2	-2.9
Nigeria, 1979	2.6	5.3	-2.7
Senegal, 1978	0.1	2.5	-2.4
<i>Thailand, 1983</i>	5.8	7.8	-2.0
<i>Argentina, 1973</i>	3.2	4.4	-1.2
Poland, 1989	2.2	3.1	-0.9
Guatemala, 1986	0.0	0.6	-0.6
<i>Peru, 1980</i>	3.5	4.1	-0.6
Czechoslovakia, 1989	1.7	2.2	-0.5
<i>Turkey, 1974</i>	6.5	6.9	-0.4
<i>Brazil, 1985</i>	3.3	3.1	0.2
El Salvador	-0.9	-1.2	0.3
<i>Turkey, 1983</i>	4.3	3.0	1.3
<i>Korea, 1988</i>	11.7	8.5	3.2
<i>Chile, 1990</i>	6.3	3.9	2.4
Ghana, 1979	3.3	-1.9	5.2
Paraguay, 1989	5.7	0.1	5.6

Eastern Europe. The survival of authoritarianism in these regions was attributable in part to the continued backing of external patrons. Regimes in the more advanced Eastern European states collapsed quickly once Soviet support was withdrawn. Authoritarian regimes in poor countries have arguably been kept alive by the unwillingness of external donors to sever the aid tie, usually for strategic as well as humanitarian reasons. One important source of political pressure on the poorer African countries in the early 1990s was the evaporation of a strategic justification for continued support, and a greater willingness to link assistance to political reform.<sup>18</sup>

The failure of democracy to take root in poorer countries, however, also reflects structural conditions that were highlighted by Lipset in his original analysis. In particular, the capacity of rulers in very poor countries to prolong their domination was facilitated by the relative weakness of organized interests. Highly dependent private sectors and geographically dispersed rural cultivators lacked the independence or organization to launch sustained protest against declining economic conditions. In these societies, economic hardship was often associated with social violence, palace coups, and the deterioration of central control over population and territory.<sup>19</sup> But into the early 1990s, predatory personalist rulers were surprisingly adept at resisting reform and clinging to office through continued access to external aid, repression, and careful maintenance of select patronage relations.<sup>20</sup>

A plausible hypothesis that combines economic conditions in both the long and short run is that authoritarian regimes are more vulnerable to economic downturns in middle-income capitalist countries. In such societies, wealth holders are more sharply differentiated from the political elite. Social groups hold substantial and independent organizational and material resources that are crucial to regime stability. The middle and working classes are politically relevant and there are lower barriers to collective action on the part of urbanized low-income groups. Countries fitting this description are also more likely to have prior histories of party politics, labor mobilization, and civic association. In both southern Europe and Latin America, these political traditions provided the basis for political mobilization during periods of crisis.

<sup>18</sup> See Joan M. Nelson with Stephanie Eglington, *Encouraging Democracy: What Role for Conditional Aid?* (Washington D.C.: Overseas Development Council, 1992), pp. 15–18.

<sup>19</sup> See Londregan and Poole, "Poverty, the Coup Trap and the Seizure of Executive Power."

<sup>20</sup> For reviews of the constraints on democratization in Africa, see Robert H. Jackson and Carl G. Rosberg, "Democracy in Tropical Africa: Democracy versus Autocracy in African Politics," *Journal of International Affairs* 38 (1985): 293–305; Larry Diamond, "Introduction: Roots of Failure, Seeds of Hope," in Diamond, Juan Linz, and Seymour Martin Lipset, eds., *Democracy in Developing Countries: Africa* (Boulder, Colo.: Lynne Rienner, 1988), pp. 1–32; Thomas M. Callaghy and John Ravenhill, eds., *Hemmed In: Responses to Africa's Economic Decline* (New York: Columbia University Press, 1993).

VARIATIONS IN RESPONSES: THE INSTITUTIONAL  
BASES OF MILITARY RULE

Neither these socioeconomic factors associated with level of development, nor short-term economic conditions, are fully able to explain the pattern of regime change; institutions also mattered (Figure 1.1). First, the distinction between military regimes and dominant-party systems appears to play some role in accounting for variations in the stability of authoritarian rule. One-party states outside of Eastern Europe showed considerable durability and substantial ability to control the pace of political liberalization. In Latin America, the Stroessner regime in Paraguay, based on an alliance between the military and the dominant Colorado party, was not forced from power until 1990. Mexico's ruling party continued to dominate the political landscape even in the face of crisis; we discuss that case in more detail in Chapter 8. One-party systems in Africa began to face more severe challenges in the early 1990s, in part as a result of declining external support. Nonetheless, single-party structures in countries such as Zambia arguably contributed to the surprising longevity of authoritarian rule in the face of secular economic decline and severe external shocks.<sup>21</sup> In Eastern Europe, Communist regimes survived the declining economic performance of the 1980s, and some, including Poland and Romania, weathered acute crises.

Military regimes in middle-income countries generally appeared more vulnerable to economic shocks. These governments faced strong challenges from civil society, yet lacked the mediation of a dominant party. Severe economic difficulties played an important role in virtually all of the Latin American transitions except Chile and were important in the collapse of the Marcos regime in the Philippines. However, some military regimes were able either to avoid crisis or to engage in successful economic adjustments that served to prolong authoritarian rule. Among the cases in this category are four that will be discussed in more detail in subsequent chapters: Korea, Chile, Turkey, and Thailand.

The differences between "successful" and "unsuccessful" regimes was partly fortuitous: some rulers were simply more skilled than others in manipulating the rivalries within the opposition and the ruling coalition itself. The more successful military governments also appeared to share some common institutional features, however, particularly mechanisms that reduced factionalism within the government and increased cohesion. We can see this most clearly by beginning with a discussion of those divided military governments that proved vulnerable to crisis.

<sup>21</sup> For a discussion of this factor in Africa during earlier decades, see Ruth Berins Collier, *Regimes in Tropical Africa: Changing Forms of Supremacy, 1945–1975* (Berkeley, Los Angeles, and London: University of California Press, 1982). For an excellent discussion of the current period, see Michael Bratton and Nicolas van de Walle, "Neopatrimonial Regimes and Political Transitions in Africa," *World Politics* 46 (July 1994): 453–89.

	<i>No Economic Crisis</i>	<i>Economic Crisis</i>
I. POLITICAL CHALLENGES TO THE REGIME	Primarily political demands for liberalization	Political demands overlap with: <ol style="list-style-type: none"> <li>1. Economically motivated mass protest</li> <li>2. Defection of business elites</li> <li>3. Internal division of military-political elites over material benefits</li> </ol>
II. POLITICAL OUTCOMES		
Military-dominant, low cohesion	Military-business-political coalition remains stable. Regime controls terms of transitions (Thailand)	Internal divisions raise cost of coercion. Government fails to control either elite defection or mass protest. Regime unable to adjust to crisis. Regime collapses, outgoing elites unable to influence structure of new regime. (Argentina, Bolivia, Brazil, Peru, Uruguay, the Philippines)
Military-dominant, high cohesion	Regime exerts strong control over terms of the transition (Chile 1990, Korea 1987, Turkey 1983)	Government adjusts to crisis, reasserts authority internally, represses opposition, regains business loyalty. Survives crisis, exerts control over terms of the transition. (Chile 1981–82, Korea 1980)
Dominant party	Regime exerts strong control over terms of liberalization, transition ambiguous. (Taiwan)	Government adjusts to crisis, exerts strong control over terms terms of liberalization, transition ambiguous. (Mexico)

*Vulnerable Regimes*

Military governments that had difficulty adjusting were characterized by uncertain or divided control over the bureaucracy and the main instruments of economic policy, as well as economic teams that were politically weak or internally divided. To a certain extent, these divisions reflected disagreements over the “technical” diagnosis of daunting economic problems. More typically, they reflected political, economic, and ideological conflicts within the military establishment itself.

One important source of conflict lay in the division of labor between the military officers holding political office and those who remained in charge of military personnel and procurement. The interests of these two groups were especially likely to diverge during periods of economic crisis, when the military as *government* faced unpopular policy choices that had consequences for the armed forces as an *institution*.<sup>22</sup> The most durable arrangement for managing such conflicts was a fusion of military and political authority in the head of state. But this pattern was approximated only in Chile and Korea among the countries considered in this volume; we return to these cases below.<sup>23</sup>

In other cases, the military high command retained independence with regard to appointments and promotion, yet was excluded from day-to-day political decision-making. This arrangement created a potential center for opposition to government authority. In Bolivia, reformist officers complained of “political interference” and corruption, and played a key role in the return to civilian rule. Conflicts between military presidents and the military command also contributed to the overthrow of Velasco in Peru and Viola in Argentina. The Philippines constitutes a somewhat different case, since Marcos did not come from the military. However, the military split over the merits of Marcos’s rule, and it was that split which proved fatal for the government.

Collegial participation in political decisions through juntas and ruling councils that represented the different service branches constituted one institutional way of resolving tensions between the military government and the high command. In Brazil and Uruguay, this arrangement contributed to more orderly transfers of political authority and the maintenance of military cohesion. But collegial rule could not fully overcome a variety of other divisions that tended to emerge within military governments over time, divisions that were typically exacerbated by crises.<sup>24</sup>

<sup>22</sup> See Alfred Stepan, *The Military in Politics: Changing Patterns in Brazil* (Princeton, N.J.: Princeton University Press, 1971).

<sup>23</sup> Karen L. Remmer, *Military Rule in Latin America* (Boulder, Colo., San Francisco, and Oxford: Westview Press, 1991), pp. 37–41.

<sup>24</sup> In Argentina, the heads of the three branches of the armed forces were incorporated directly into a junta and a Legislative Advisory Council. But reciprocal veto powers made

In general, these conflicts were rooted in the expansion of military roles and diversification into other specialized political, economic, or policy functions. These new roles provided officers opportunities to build independent organizational and political bases and weakened hierarchical lines of authority within the military chain of command. The resulting cleavages took a number of forms. In some cases, the autonomy of local commanders increased as a result of sustained internal war or drug-control operations, as in Bolivia. Elsewhere, the involvement of officers in the management of state enterprises and other governmental agencies also generated the potential for conflict, as well as the organizational base for alliances between officers and civilian groups opposing reform efforts; this pattern was visible in a number of Latin American and African countries.

Programmatic disagreements were most pronounced in the bureaucratic-authoritarian regimes, particularly in Latin America, that had come to office with quite explicit political-economic projects. Military factions opposing such projects typically had their own institutional bases of power in the armed forces or the state sector, and could count on powerful allies in the private sector or civilian political class as well. Within the Brazilian military, this generated fierce factional struggles throughout the 1960s and 1970s over how long to hold power and on what terms, and over competing models of economic development. In Argentina and Uruguay, opponents of the neoliberal policies of the mid-1970s had important bases of support in the planning and intelligence agencies and in the state enterprise sector.<sup>25</sup>

These various divisions within the military elite made it more difficult for governments to provide consistent and coherent backing for the risky policy adjustments required to establish credibility among important economic actors, including foreign creditors. As a result the economic policy-making apparatus either fragmented into warring factions or cycled between teams with contradictory programs. These weaknesses, in turn, contributed to a further decline in the credibility of government programs and a further deepening of the economic crisis.

As in Latin America and the Philippines, extensive factionalism also

the government unwieldy and contributed to the fragmentation of the state apparatus. "As the guerilla threat was exterminated, internal splits reemerged over economic policy, political strategy, and the power and autonomy of the repressive apparatus." Maria Susana Ricci and J. Samuel Fitch, "Ending Military Regimes in Argentina: 1966–1973 and 1976–1983," in Louis W. Goodman, Johanna S. R. Mendelson, and Juan Rial, eds., *The Military and Democracy; the Future of Civil-Military Relations in Latin America* (Lexington, Mass.: Lexington Books, D. C. Heath, 1990), p. 59.

<sup>25</sup> *Ibid.*, pp. 55–75. In Uruguay, military officials in control of the Banco de la Republica and ESCMACO provided important sources of support for opposition to technocrats in the Finance Ministry. See Howard Handelman, "Military Authoritarianism and Political Change," in Howard Handelman and Thomas G. Sanders, eds., *Military Government and the Movement toward Democracy in South America* (Bloomington: Indiana University Press, 1981), pp. 215–37.

pervaded the armed forces in Thailand; rapid and relatively successful economic adjustment in that country thus constitutes somewhat of an anomaly in comparison with these other cases. We attribute this exceptionalism to the fact that military factionalism was counterbalanced by other institutional features of the regime, including both a unifying monarchy and a cohesive technocratic elite that enjoyed substantial prestige and independence. The technocrats did not prevent the military from making several important policy mistakes in the late 1970s, but the regime did avoid the severe macroeconomic disequilibria that generated serious political difficulties in the crisis cases. As in the other non-crisis cases discussed below, this in turn permitted military-backed governments to exert considerable control over the pace of political reform. Despite an extensive political liberalization and gradual transition, the military never fully relinquished its role in the polity in the 1980s, and launched another coup against the parliamentary system in 1991.

In all of the other factionalized military regimes, escalating economic crisis made the management of other political pressures more difficult. Some military regimes sought to build support through controlled electoral openings. However, where government parties were weak, even controlled elections posed hazards for authoritarian rulers.<sup>26</sup> In the absence of dominant parties, such rulers were impelled to forge links to notables or politicians with uncertain loyalty in order to orchestrate electoral victories. In situations of economic crisis, as opportunities for patronage declined, such links became more problematic, while the opportunities expanded for anti-regime electoral oppositions to exploit economic grievances for broader political ends. This was particularly apparent in Bolivia, Brazil, and the Philippines, where electoral contests crystallized opposition and served to undermine authoritarian rule.

Divisions within the government also affected the way economic elites weighed the risks of opening the political system to democratic oppositions. Where internal dissent was high, and again particularly where that dissent centered to some extent on the conduct of economic policy, private-sector groups were more likely to lose faith in the capacity of the regime to manage the economic crisis. As a result, they were more inclined to support political reforms aimed at altering the system of representation.

As suggested above, finally, cleavages within the elite also expanded the political space for mass democratic oppositions by lowering the risks of anti-regime protest. If it is known that some forces within the government dissent from the authoritarian status quo, repressive responses become less likely, and a crucial space is opened for oppositions to initiate anti-govern-

<sup>26</sup> Perhaps the most consistent voice for this perspective is Bolivar Lamounier. See for example "Authoritarian Brazil Revisited: The Impact of Elections on the Abertura," in Alfred Stepan, ed., *Democratizing Brazil: Problems of Transition and Consolidation* (New York: Oxford University Press, 1989), pp. 43–83.

ment protests. Under extreme conditions, repressing opposition initiatives may prove impossible because key portions of the military are unwilling to respond to orders to use force; this was most dramatically the case in the Philippines and East Germany.

### *Cohesive Military Regimes*

Three military regimes present full or partial exceptions to the foregoing pattern of internal division; each was able to exert substantial influence over the timing and terms of the democratic transition. Two of these, Chile and Korea, faced economic and political challenges in the early 1980s, and a third—Turkey—seized power in the midst of a deep economic, political, and social crisis. In all of these cases, governments did not leave power until they had made extensive adjustments in the economy and deep changes in the structure of the political system, in effect *creating* bases of support for the institutional and political changes initiated during the authoritarian period.

The precise reasons for these exceptional patterns hinge on a variety of case-specific factors, but in all three the capacity of the military establishment to contain internal divisions played an important role in the outcome. Three factors worked to mitigate these divisions: the fusion of political and military authority; a greater specialization of military roles; and the length of time in power.

Chile and Korea had by far the most cohesive military establishments of the countries considered here. One characteristic of each case, as already noted, was a fusion of military and political authority in the head of state. This reduced the ambiguity about lines of authority, allowing the top political-military leader not only to control appointments and personnel decisions within the military, but to exercise dual control—through both military and civilian chains of command—over military personnel seconded to the government itself. This factor, as we shall see in more detail in chapter 3, was crucial for the survival of the Pinochet regime in Chile. An equivalent structure existed in Korea, buttressed by executive control over a pervasive intelligence apparatus, even though Park Chung Hee and Chun Doo Hwan ruled nominally as civilians.

A variety of factors also encouraged the insulation of the corporate hierarchies and the maintenance of loyalty to the central command. In Chile, the governing responsibilities of the Chilean military expanded substantially under Pinochet. But ironically, the socialization of the military to a narrow definition of mission during several decades of democratic government resulted in strong obedience to the chain of command, which in turn facilitated Pinochet's control over the military establishment.

In Korea, the threat from the north provided strong incentives for the

maintenance of corporate unity within the armed forces. In the immediate wake of the Park assassination, a portion of the military elite was quickly able to reestablish internal discipline and to reassert its authority over the political system as a whole, surviving the worst economic difficulties the country had faced in twenty years.

In both cases, concentrated executive authority and dependable support from the military establishment allowed the government to provide unambiguous backing to coherent and powerful teams of economic technocrats. In Korea, Chun Doo Hwan gave unwavering support to his reform team. In Chile, Pinochet's support for the "Chicago boys" is well known. Notwithstanding some important reshuffling of the policymakers during the shocks of the early 1980s, the two regimes' support for technocratic elites continued through the end of their rule.

Turkey presents a more ambiguous institutional picture. Unlike either Chile or Korea, the military establishment had been characterized by political factionalism and struggles over patronage; in this respect, it was closer to the typical Latin American military establishments than to Chile or Korea. One implication was that even following the military coup the economic technocrats assembled under Özal had less extensive control over the bureaucracy, important segments of which were opposed to the reform effort; on some issues, the military itself proved recalcitrant.

Unlike other military governments, however, internal division within the Turkish armed forces was held in check by the relatively limited tenure and purpose of the military intervention. During the escalating political crisis of 1979–80, competing factions of "moderates" and "radicals" drew together in the face of paralysis of civilian government and near-civil war conditions; in exchange for the moderates' backing for intervention, radicals agreed to hold to a preannounced timetable for withdrawal. This unity of purpose almost certainly would have eroded had the military remained in power over a long period; this in fact had been the experience in comparable cases of "collegial" military government in Uruguay, Argentina, and Brazil. However, during the short period of military rule that ensued, the incoming government was able to sustain the institutional support necessary to undertake harshly repressive measures against opposition and to back important adjustment measures that had been initiated, but had failed, under the ousted democratic government.

Successful economic management did not ensure the indefinite survival of these regimes. Even in good times, most rulers were eventually forced to respond in some measure to democratic forces based in the domestic working and middle classes and to foreign pressures, and all had in any case made some commitment to exit politics. However, in each of these regimes, as well as in Thailand, the capacity to engineer economic recoveries or sustain strong economic performance permitted incumbent elites

to exert greater control over changes in the political rules of the game and the economic policy choices of successor governments. In short, the different transition paths we have outlined here had important ramifications for the nature of their successor governments.

Political changes occurring under favorable economic conditions differed in at least three important ways from those that occurred during crisis; these differences are addressed in detail in chapter 4. First, transitions in good times were more likely to be characterized by the persistence and/or the reconstruction of cooperative relations between the incoming democratic government and the private sector. In regimes unable to adjust to crisis, the defection of business groups from the ruling coalition left outgoing political and military authorities isolated vis-à-vis broad, but heterogeneous democratic oppositions. New democratic governments faced the difficult—and sometimes impossible—task of reestablishing private-sector confidence. Where economic crisis was avoided or successfully managed, relatively strong center-right blocs continued to play an important role on the political scene, providing support for continuity with some capacity to veto departures from previous economic policies.

Successful adjustment and/or avoidance of crisis also limited the role played by middle-class and professional groups in populist antiauthoritarian coalitions. Where regimes had been unable to adjust, middle-class groups were more likely to join with the popular sector around distributive demands as well as political reform. In the non-crisis cases, middle-class groups sometimes joined mass movements for political democracy, but adopted more conservative positions on economic issues. This reinforced continuity in economic policy and tended to leave groups on the left more isolated.

Finally, even where rightist blocs accepted the necessity of democratization, successful economic performance increased their capacity to influence the rules of political competition, particularly those providing guarantees for the interests of business and military elites and those regulating the entry of mass-based groups into the political process.