

“The Vanhanen Thesis and the Prospects for Democracy in Latin America.” In Tatu Vanhanen, *Prospects for Democracy: A Study of 172 Countries*. London: Routledge, 1997, pp., 277-283.

6 Tatu Vanhanen thesis and the prospects of democracy in Latin America

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No serious student of democracy has been able to conduct work on the empirical theory of democracy since Tatu Vanhanen first began publishing his compilations of data without making reference to that work. The material contained in this collection of monographs, books and papers provides the raw data upon which so many of us rely for our work. Moreover, the collection of historical material, taking us back to the middle of the last century in a number of cases, is a unique resource, found nowhere else.

In the material covered in this book, Vanhanen has attempted to make sense of his own data, proposing a refinement of both theory and method that takes us beyond his previous works and updates the series to provide us with data for the 1990s. Those of us who have been asked to write region-specific chapters to accompany the Vanhanen world-wide analysis have a dual task. We must determine the extent to which the overall theory helps in the prediction of democracy for our region and we must determine the extent to which the data base provides an accurate reflection of the conditions in that region. In this paper I attempt to respond to both challenges. At the outset, however, it should be noted that I am very sympathetic to the enterprise that Vanhanen has undertaken and therefore my critique should be viewed as one that is coming from an analyst who applauds the method but disagrees with some of its specific points and applications.

A substantial number of Vanhanen's 172 cases are located in Latin America; in this analysis a total of twenty-nine cases. Critiquing the analysis becomes a major challenge when one is limited to these cases for a variety of reasons. First, as shown on Vanhanen's Table 3.7, not a single case of these twenty-nine deviates so much from the theory that they violate it. All but five cases are located above the democracy threshold of above 6.3 in the IPR index, and all of them were democracies based upon his democracy index (ID). Second, most of the five cases that range in the transition zone (an IPR of from 3.3 to 6.3) are clearly the least democratic countries by the ID standard. Thus, not a single case (at least at first analysis) in the Latin America region seems to violate the theory Vanhanen has proposed. Third, deviations from the arithmetic means of regression residuals are quite low for the Latin American region as a whole. As shown on Vanhanen's Table

4.2, the mean deviation from the IPR index for Latin America and the Caribbean is only 2.4, compared to more than double that for Europe and North America (6.7) and nearly quadruple that for the Australia and Pacific region (9.3). Indeed, only sub-Saharan Africa (0.8) and East Asia and Southeast Asia (-1.1) are predicted any more precisely by the theory than are the Latin America and Caribbean cases. Fourth, even when adjusted for new insights gained from the unexpected transitions of Soviet bloc powers, the theory holds up well in Latin America. Deviations from the means of residuals for the new IPR index (Index of Power Resources and Structural Imbalance) was developed by Vanhanen in order to better explain the failure of his theory to predict the democratic transition in the former Soviet bloc countries. No such problems exist in Latin America. If one looks at Vanhanen's Table 4.1 it becomes clear that the IPRI for Latin America is appropriately far lower than the index for Europe and North America and also appropriately far higher than it is for sub-Saharan Africa. Thus, our intuitive sense of the cases matches quite closely Vanhanen's revised measure.

Despite these very strong arguments that favour the Vanhanen work, the task at hand is to detect its faults as they apply to the Latin American cases. These faults involve both errors of omission and errors of commission.

What has Vanhanen left out of his heroic effort to predict democracy world-wide? Any reading of his text will leave one with the clear impression that the focus of the work is heavily if not exclusively structural. The data presented tell us about many things. They give us information on education, agricultural class structure, concentration of non agricultural resources, etc. But these variables tell us little about the political culture of a given country. Since the initial work of Almond and Verba, political culture has been with us as a potentially important explanatory variable. Certainly Dahl's emphasis in *Polyarchy* on the beliefs of élites (especially political activists) has been taken very seriously by political scientists. More recently, Robert Putnam's (1993) study of Italy has linked the development of civic society to the emergence of a democratic political culture and given new life to the paradigm. Indeed, in a number of recent reviews, including that of David Laitin in the *APSR*, it has been argued that the study of democracy can no longer fail to include the political culture variable. While this is not the place to debate the utility of political culture as an explanatory variable, the absence of this data from Vanhanen's analysis makes it impossible to test directly its role in his 172 countries. It is important to note, of course, that the challenge of obtaining political culture data on such a large sample of nations is enormous, and even greater if one wishes to develop historical information. Putnam met that challenge for one country, Italy, and Ronald Inglehart (1988) has attempted to meet it for over twenty countries, but no researcher could be expected to gather data on 172 nations. The practical difficulties are real, but the lacunae in the research are equally real none the less.

A second omission is the absence of income distribution data. In some way, this is a problem similar to the one just mentioned, but one that is not nearly as complex. Labour force surveys exist for many nations, and income inequality data can be constructed from those surveys. The World Bank reports on many cases, and Edward Muller and I (1987) have attempted to expand the list with additional information. To Vanhanen's credit, he has included a surrogate measure, the concentration of non agricultural resources, but this measure is focused on private versus state ownership rather than distribution of income or wealth within the population. There is a great debate in the journals regarding the role of inequality in generating (or being a product of) regime type. The absence of this information in the Vanhanen data set makes it impossible for him to test the contribution of income distribution to democracy.

The absence of income distribution data is particularly significant for the Latin American cases. As a group, they are the countries in the world with the highest level of inequality in the distribution of income. Yet, within the region, there are countries like Costa Rica that have reduced their income inequality to reasonably low levels, yet right next door there is Honduras with perhaps the world's highest inequality in distribution. As a result, there is a lot that distinguishes these cases in terms of distribution. If we accept, as some have suggested, that income distribution is not merely a function of development as a strict interpretation of Kuznets' inverted U-curve would suggest, but is instead largely a product of policy decisions, then this variable becomes all the more important in Latin America.

One should hasten to add that these two omissions, while important, do not deprive the interested researcher from pursuing an inquiry with these variables added to the data set. One of the great virtues of Vanhanen's work is that it provides the raw data (and the sources) for each of his indicators. One could take his data, add the 'missing links', and do a reanalysis. The same point can be made for those critics who have challenged the statistical analysis itself. As Vanhanen points out in his text, some have called the statistical analysis naive. Indeed, I will critique him on some points in that regard in a moment. Yet, with the availability of his raw data in each of his publications, interested scholars can reanalyse his data with their technique of choice.

Errors of omission, both in terms of variables and analysis of data are flaws from which Vanhanen (or his followers) could recover. Of greater concern are errors of commission. These errors, too, could be remedied through inclusion of different data or recalculation of the methods utilized to produce indexes. But they presently lead Vanhanen to some potentially erroneous conclusions. It is important to focus on those.

Vanhanen claims that, 'the region of Latin America is geographically compact but culturally and ethnically heterogeneous'. While it is of course true that within the region there are countries that were colonies of Britain, France and the Netherlands, the overwhelming territorial area and

population consists of former colonies of Iberia (Spain and Portugal). The overwhelming majority of the population of Latin America speaks Spanish or Portuguese, is Catholic in religion and shares a common experience of dependence and subordination to the Western hemisphere's global power, the United States. For all these regions, one would expect considerable homogeneity within this region on the democracy variable, a factor that Vanhanen does not emphasize. On the other hand, he is perfectly correct that within many of the nations of the region there are substantial ethnic minorities, especially the indigenous population and descendants of the former African slaves.

Vanhanen notes that in the 1970s he predicted the emergence of democracy in Latin America. As he states, 'The surprising victory of democracy in Latin America in the 1980s was not unexpected from the perspective of resource distribution, for IPR values were high enough to support democracy in nearly all countries'. Although that statement is true, it suggests that only via the IPR measure was democracy's emergence predictable, whereas to others, using other approaches, it was not. Vanhanen is quite correct that many Latin American experts were committed to the Bureaucratic-Authoritarian thesis proposed by O'Donnell, in which it was expected that these authoritarian regimes would last for a very long time since they had emerged out of increasing levels of economic development. Yet, those who examined data from the perspective of Lipset's classic thesis connecting economic and social development to democracy, would have concluded that democracy was very much a likely outcome. Indeed, in a direct application of the Lipset thesis, I found that with very few exceptions (Bolivia and Honduras) by the 1970s all Latin American nations had established the necessary (but not sufficient) conditions for the emergence of democratic rule (Seligson, 1987a; 1987b). These findings were based only upon two variables, GNP and literacy, and yet they replicated Vanhanen's far more complex multivariate IPR index. This raises the question of overdetermination in the Vanhanen approach; if one can come to the same conclusions with a far more parsimonious model, then the more complex model (and theory) is unwarranted.

A closer look at the Vanhanen measures reveal some troubling findings. He assigns Argentina an IPR of 33.4 and Uruguay 28.5, far and away the highest IPRs of any of the countries in Latin America. Indeed, these numbers nearly match those of Germany (42.4) and Switzerland (38.8). Yet, these are the countries that in the 1970s experienced the most violent breakdowns of democracy in all of Latin America with the exception of Chile. The military regimes that took power in those countries violated human rights at a frightful pace during the period of the so-called dirty war. In 1995 extensive revelations have emerged about the brutality of that war, in which hundreds if not thousands of still-alive political prisoners were tossed into the ocean from helicopters. True, the IPRs given in this volume are for 1993, but Vanhanen's earlier work also showed these countries to be at the top of the Latin American lists.

The values assigned to Argentina and Uruguay do not mesh well with the much lower value assigned to Costa Rica (20.0), the country nearly all experts agree is Latin America's strongest democracy. Indeed, in both objective and subjective ratings of democracy prepared by others, Costa Rica stands out. In the now classic Bollen (1980) index, Costa Rica was scored a 92, while Argentina received only a 53. In subjective ratings prepared every five years by Latin American experts, and formed into what has come to be known as the 'Fitzgibbon-Johnson Index', Costa Rica has been ranked number one for over twenty years, while Argentina has often been in the bottom tier of countries (Johnson, 1977). Something appears to be very wrong, then, with the IPR index with respect to these three countries, suggesting an underlying problem that might affect other countries as well.

What can account for this discrepancy? It does not emerge in Vanhanen's estimated degree of concentration (his Appendix 4), since each of the three countries has the same score (50). It is also not a factor in his measure of the index of family farms (Vanhanen's Appendix 3) since Costa Rica turns out to be higher, at 33 per cent, than Argentina (22 per cent) or Uruguay (27 per cent). I should note, however, that the subject of family farms is one to which I will return below. The discrepancy is also not a function of literacy, since each of these countries has literacy rates over 90 per cent. The large discrepancy emerges, instead, in the urbanization data (Appendix 2). Vanhanen shows, quite correctly, that Argentina and Uruguay are far more urban than Costa Rica. Argentina and Uruguay are both 86 per cent urban, non agricultural, while Costa Rica is only 47 per cent.

Vanhanen's thesis is that the higher the urban non agricultural population, the greater the chance for democracy. If this measure is used as a substitute for some measure of modernization and industrialization, then it makes sense. But in terms of theory, it does not. If true, it would suggest that countries that are basically rural and agricultural have little opportunity to become democratic. In fact, this contradicts Toqueville's image of America as well as the history of the United States. Furthermore, there is much literature that suggest that democracy in the US and Costa Rica are at least in part an outgrowth of the yeoman farmer. If so, then one would want to have more of those farmers, not fewer as the Vanhanen index would suggest.

In the IPR index for the three countries under consideration, the sub-component labelled IOD (Index of Occupational Diversification) is where Argentina and Uruguay gain over Costa Rica. Argentina has an IOD of 88, Uruguay 86, but Costa Rica only 61.5. Because of this, Costa Rica lags badly behind the other two countries, yet we know its democracy is longer lived, more stable and deeper than that of Argentina and Uruguay. This suggests that this part of the IPR index is misleading and should be re-evaluated by Vanhanen.

Further difficulties emerge with this index. The case of Peru is particularly troubling. It has an index of 67.5, far higher than most countries in

Latin America, yet it experienced the most extensive guerrilla insurgency of any Latin American country in the 1990s. In addition, it was the one country to experience a complete breakdown of democracy as a result of an executive coup. Furthermore, the IPR index for Peru was 17.9, exceeding countries like Honduras, Mexico and Colombia, none of which have been seriously threatened with the overthrow of their systems.

Now I wish to return to the family farm issue. Vanhanen utilized the various World Census of Agriculture figures to develop his data. This certainly is the best source for the development of such an index, but its implementation by Vanhanen leaves some concerns. Consider the case of Costa Rica, once again, and compare it to El Salvador. Costa Rica scores thirty-three, while El Salvador scores thirty-six. In a recent article Seligson (1995) reviews the agrarian situation in El Salvador. By all accounts, for the year Vanhanen uses for El Salvador (1971), it was a country with one of Latin America's most extreme agrarian situations. Indeed, almost all analysts agree that the twelve-year civil war that broke out in 1980 was largely a function of the agrarian situation. It was only after the major land reforms of the early 1980s and the current post-civil war redistribution that El Salvador's land concentration has diminished. Yet, from the Vanhanen measure one would assume that the land tenure conditions in El Salvador were more favourable for democracy than those in Costa Rica. This discrepancy between the index and the reality again suggests that the index needs to be rethought.

One difficulty with the family farm index is that even though the World Census data used are the best that are available, they do have some serious problems. As Mark Edelman and I (Edelman and Seligson, 1994) have shown, census data can have a systematic bias, underrepresenting the largest farms and overrepresenting the smallest farms. We have demonstrated that in contrast, the land registry includes virtually all of the largest farms, but few of the smallest farms. This occurs because large land owners have the capability of paying the high costs of registering their property but are anxious to hide their ownership from the census takers for fear of expropriation by land reform agencies. On the other hand, small farmers do not have the economic resources to title their land, but use the census as a mechanism for obtaining some small measure of legitimacy of their claims. As a result of these biases in the two different sources, we argue that only the two sources combined can give us what we are looking for as a true measure of land distribution. In the case of El Salvador, the figures used by Vanhanen, no doubt, underrepresent the largest farms and therefore artificially increase the weight of the smaller farms in the census.

A further problem emerges in the case of Venezuela. There only 15 per cent of the farms meet Vanhanen's test. Yet, Venezuela established democracy in the late 1950s, decades before the current emergence of democratic regimes in Latin America. This suggests that either the index is wrong for

Venezuela, or that its utility in countries that are heavily urban and oil dependent is not as great as it is in other contexts.

A final concern is related to the IPRI index that was added to the Vanhanen approach to resolve the problem of the Eastern European cases. The central difficulty is his decision to combine that index with his IPR by adding a quarter of the value of the ISI. Why one-quarter? Why not one-half, or some other proportion? The decision seems to be entirely arbitrary and not based upon any theoretical considerations. Perhaps Vanhanen could go through an exercise in which he would examine the impact of including various proportions of ISI in the IPR after he has developed a theoretical explanation for each proportion.

CONCLUSIONS

In conclusion, the Vanhanen approach is one that we must all take very seriously. It is the most comprehensive data set that we have to date. At the same time, when looked at from the perspective of the Latin American region, troubling anomalies develop that suggest refinement of the measure is in order.

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