Regime Change in Authoritarian States:

Assessing the Impact of Economic Crises on Political Liberalization

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ABSTRACT

After more than a decade following the third wave of democratization, a significant portion of the countries of the world remain under the control of some form of authoritarian government. The failure of regime transition in regions such as the Middle East and North Africa has led some scholars to attribute the democratic deficiency to inherent cultural incompatibilities. In Latin America, the prospects for liberalization are more optimistic, although continued economic inequality and political corruption may undermine the significant achievements of the past several decades. The African continent has had diverse results with the establishment of democracy in countries such as Botswana and the continued election of "presidents for life" in countries such as Zimbabwe. This disjoint between the expectations of democracy's "Third Wave" and the subsequent results has initiated a re-evaluation of the way scholars think about the establishment, transition, and breakdown of political regimes. This paper seeks to answer the following questions: 1.) What impact does the interaction between economic crisis and autocratic institutional structures have on political liberalization? I find that multi-party regimes are the most resistant to liberalization while monarchical regimes show promise of liberalization in the aftermath of an economic crisis.

Introduction:

After more than a decade following the third wave of democratization, the aftereffects of this historical period of regime transition have been inconsistent and limited. In the case of the Middle East and North Africa the continued resilience of autocratic regimes has led some scholars to attribute the region's democratic deficiency to inherent cultural incompatibilities[1]. The prospects for political liberalization have been more optimistic in Latin America; however, even here continued economic inequality and political corruption may undermine the significant achievements of the past several decades. The African continent has had diverse results with the establishment of democracy in countries such as Botswana and the continued election of "presidents for life" in countries such as Zimbabwe[2]. This disjoint between the expectations of democracy's "Third Wave" and the subsequent results has initiated a re-evaluation of the way scholars think about the establishment, transition, and breakdown of political regimes.

Why is it that some regimes have allowed for the creation of a limited, political space for contestation and others have remained resilient against pressure for reform? One way that scholars have attempted to asses the survival mechanisms employed by political leaders is to examine the response of autocratic regimes to political and economic shocks. Variables of interest in analyses of this sort would include the nature of political cohesion among regime elites, the strength of political parties, the balance of civil-military affairs, or the reach of state institutions into society. Traditionally, the impact of economic crises on the nature of regimes has been assessed in terms of a "continuum of transition" where states move from one extreme—democracy-to another—authoritarianism. Applying this logic, in the

[1] Kedourie argues that certain tenants of the Islamic faith are inherently in conflict with democracy. Alleges that Islamic faith calls for authority to be concentrated in the hands of single religious leader and that this conflicts with democracy's ideal of popular sovereignty. Kedourie, Elie, *Democracy and Arab Political Culture* (Washington Institute for Near East Policy, 1992).

[2] Van de Walle, Nicholas. 2002. "Africa's Range of Regimes" *Journal of Democracy*, Vol. 13, No. 2, pp. 67-79

wake of significant financial shocks, several outcomes are possible. First, fragile democracies can transition to authoritarian regimes as a single leader or political entity justifies their un-checked power as a necessary condition to combating the crisis[3]. Second, economic shocks can lead to a "crisis of legitimacy" whereby autocratic leaders implement political reforms as a means of maintaining political survival[4]. In this case, pressures for change in the "rules of the game" play a pivotal role in initiating a democratic transition. A third alternative is that, in the case of authoritarian regimes, the state does not experience a full transition to democracy. In this case, autocratic leaders maintain their positions of authority while at the same time creating a limited, 'political space' for opposition groups. This third scenario is the focus of this paper.

The direction and extent of any regime transition is a function of how specific institutional structures constrain and incentivize the behavior of actors. Within the political arena, an analysis of institutions provides insight into the distribution of power among elites as well the mechanisms of change available to actors within a political structure[5]. Yet, despite this fact, much of the literature on regime transitions has tended to focus on the strategic interactions of actors devoid of an institutional context. Variables of interest have been the material incentives of actors (Boix, 2003 and Olson, 1993) as well as the ability of elites to form cooperative pacts with one another[6]. Thus, institutions were assumed to be constant. This framework, while enlightening in terms of its analysis of strategic behavior, can only take us so far in our attempts to understand how similar regime types (autocracies) have experienced such divergent developmental paths.

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[3] An example of this would be the rise of dictatorships in Latin America during the period following the Great Depression. Remmer, Karen L. 1990. "Debt or Democracy? The Political Impact of the Debt Crisis in Latin America." In *Debt and Transfiguration? Prospects for Latin America's Economic Revival*, Ed. David Felix. (Armonk, NY: Sharpe).

[4] Haggard, Stephen and Robert Y. Kaufman. "The Political Economy of Democratic Transitions" *Comparative Politics*, Vol. 29, No. 3. Transition to Democracy: A Special Issue in Memory of Dankwart A. Rustow (Apr. 1997), pp. 263-283.

[5] Douglass North.1990. *Institutional Change and Economic Performance*. (New York, Cambridge University Press)

[6] For material interests of actors see Boix. 2003. *Redistribution and Democracy* and Mancur Olson. 1993. "Dictators, Democracy, and Development." *American Political Science Review*. 87, 567-76.

Recently, in the sub-field of comparative politics the tendency to relegate institutions to the analytical "background" has been directly challenged by scholars addressing the issue of authoritarian resilience. For example, Geddes (1997) and Diamond (2002) specifically argue that not all autocratic regimes "look alike." Furthermore, they assert that the distinctions among "military and monarchical" regimes, in the case of Geddes, and "hegemonic authoritarian and politically closed regimes" in the case of Diamond, can provide insights into the longevity of distinct forms of governance[7]. Some scholars have even gone so far as to argue that changes in authoritarian institutional structures may be systematic as monarchical regimes and military dictatorships are increasingly transitioning to a form of multi-party authoritarianism[8].

In this paper, I hope to contribute to the work of these scholars by examining the extent to which economic shocks interact with autocratic regime structures and influence the level of post-crisis political liberalization. More specifically, I assess relative changes in levels of political liberalization (as measured by Polity IV data) across various types of regimes that differ in the existence and extent of their political institutions: monarchical, military, no-party, one party, and multi-party. When examining autocratic regimes from 1972-2005, I find that in an economically stable environment, multi-party regimes are the most resistant to change, while monarchical regimes show the most promise for liberalization.

The structure of the paper will proceed as follows. First, I will discuss in more detail the causal dynamics that underpin regime transitions regardless of the starting point (autocratic or democratic). Second, I will propose regime specific hypotheses based on previous empirical findings in the field. Third, I will present my testable hypotheses and introduce the model that I use to test them. Lastly, I will discuss the conclusions and implications of my analysis.

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[7] Geddes, Barbara. 1999. "What do We Know About Democratization." *Annual. Review of Political Science. 2:115-44*. and Diamond, Larry. 2002. "Thinking about Hybrid Regimes" *Journal of Democracy*. Vol. 13, No. 2, pp. 5-20.

[8] Hadenius, Axel and Jan Teorell. "Pathways from Authoritarianism." *Journal of Democracy* 18 (1): 143-156.

Dynamics of Political Change in the Aftermath of a Crisis

Economic and political crises have long been identified by scholars as possible avenues for regime change in the form of both autocratic regression and democratic transition. In both cases, though to different degrees, crises are particularly threatening because they undermine the ability of regime leaders to make credible commitments both to the members of their cohorts (political party or ethnic group) and the population at large. Linz & Stepan (1978) argue that political survival is partly contingent on the ability of leaders to provide the necessary goods and services to its subjects, laying the foundation for a relationship of trust and cooperation. However, when economic crises threaten the ability of state leaders to meet their end of the "social bargain", perceptions of effectiveness and legitimacy may suffer. Scholars writing on the issue of the rentier state discuss how sudden decreases in the price of oil can prove destabilizing as political leaders have limited means of maintaining the social networks that play a pivotal role in the viability of their regimes[9].

While the ultimate effect of financial shocks to an incumbent regime is largely disadvantageous, whether or not it progresses to an outright violent challenge to the state or the initiation of a regime transition depends on how the effects of the shock transfer through institutional and social mechanisms. Scholars studying this topic identify several mechanisms, two if which I will discuss below: political polarization and electoral instability.

Both Linz & Stepan (1978) and Haggard & Kauffman (1997) identify political polarization as a particularly destabilizing effect of crisis situations. For both scholars, polarization can be intra-governmental (between the executive and the military, for example) or state-society based (citizens groups call for policy changes). Essentially, a perceived weakness in the capacity of the state can result in dissenters finding a focal point of contestation, which they can use as a means of remedying the classic collective action problem and initiating regime change. The former authors apply this theoretical

[9] Smith, Benjamin, 2004, Oil wealth and regime survival in the developing world, 1960–1999. *American Journal of Political Science* 2, 232–246.

framework to explain the breakdown of democracies in countries such as Argentina, Colombia, and Brazil during the early-to-mid nineteenth century.

O'Donnell and Schmitter (1986), though not examining the specific role of crises, would argue that the impact of crisis-initiated polarization would be dependent on the ability of hardliners and softliners within opposing factions to form cooperative pacts for dealing with the adverse effects of the crisis[10]. This framework is particularly helpful for understanding the nature of cooperation between members of one-party regimes. When faced with the decision to maintain the status quo or to liberalize, the dynamic between hardliners and softliners in negotiations can make the difference between regime breakdown and survival.

In her analysis of the impact of the 1980s debt crisis in Latin America, Remmer (1986) finds that the most significant residual effect within the region was not extremism or regime change, but electoral instability. Rather than attempting to subvert their fragile democracies, citizens were more apt to change their support from one political party or candidate to the next. Essentially, she finds evidence that is complementary to the element of polarization discussed by Stepan and Linz (1978), but one that is much more tempered. She finds no support for the claim that crises can lead to the breakdown of democracy in Latin America for this period[11].

In sum, the various dynamics of change that are influenced by the event of a crisis are applicable across regime types, which necessitate more extensive analysis of multi-directional regime transitions. Essentially, the same dynamics that promote democracy can be utilized to understand better the mechanisms that facilitate or inhibit autocracy.

Causal Story

[10] O'Donnell, Guillermo, Philippe C. Schmitter L. Whitehead. 1986. *Transitions from Authoritarian Rule*. (Baltimore, MD: Johns Hopkins University Press).

[11] Remmer and Toeller "The Political Impact of Economic Crisis in Latin America in the 1980s. *The American Political Science Review*. Vol. 85, No. 3, pp. 777-800.

The response of political actors within an autocratic state to an exogenous shock is an important phenomenon to study empirically. As Hadenius and Teorell (2006) note, autocratic regimes have proven their ability to survive civil war, coups, economic shocks, and a changing international, geo-political environment during the past several decades. Observing how actors behave in the context of a severe crisis can provide valuable insights into how diverse autocracies maintain their survival in general. Economic shocks in the form of increased inflation or substantial decreases in growth have the potential to change the balance of power among elite groups in a polity. Therefore, crisis response can allow us to examine how individual regime leaders, political parties, and elite groups interact to deal with severe situations and what implications their response may have for regime emergence, stability, and breakdown.

A central issue of concern in this analysis is assessing how economic crises interact with the institutional structures of autocratic regimes to facilitate political liberalization. As North (1990) and Axelrod (1981) argue, institutions are valuable ways to coordinate activity and facilitate cooperation among political actors. Presumably, the mere involvement of actors in formal institutions implies that the interaction of agents will be iterative. If these interactions can take place in an organized environment where cooperation and defection are clearly defined than it bodes well for the sustainability of the institution. Thus, the iterative nature of interactions governed by institutions and their ability to reduce information asymmetries bodes well for political structures within a regime[12].

Another valuable mechanism of institutions is their coercive capabilities. This is essential for maintaining cooperation among political actors. It is not enough that agents know what constitutes defection. They must also be assured of the institution's credible commitment to punishing defection. For example, political leaders may be less apt to misuse the national budget if their modes of behavior have been defined by political institutions and if their failure to meet these standards has a high probability of being punished.

[12] Robert Axelrod (1984). "Evolution of Cooperation" (New York, Basic Books, Inc.)and Douglass North.1990. *Institutional Change and Economic Performance*. (New York, Cambridge University Press)

In the aftermath of an economic crisis where national revenue is severely reduced and the effectiveness of the regime has been called into question, institutions (particularly political parties) can serve as safety devices against regime subversion. They can also allow leaders to maintain the status quo—i.e. cooperative relations with their own peers—while blocking broader claims for political reform.

Across the various sub-types of authoritarian regimes: monarchical, military, one-party, and multi-party, the interaction between crises and structure will be slightly different. I would expect the variation to be accounted for, in part, by varying levels in the *extent* and *nature* of institutionalization across the regimes. Therefore, one could expect the response of monarchical regimes to be distinct from that of a one-party or multi-party state.

In the next section, I will briefly discuss the distinct causal mechanisms that characterize regimes across the various sub-types; I will also present testable hypotheses.

Crisis Response across Sub-types of Autocracy

The autocratic regime types of interest for this analysis are monarchic, military, one-party and multi-party regimes. I will deal with each in turn.

Monarchical Regimes

Comparatively, this regime type is the most personalist. Here, secession is determined by familial heritage and regime structures tend to be defined along nepotistic lines. This has implications for the nature of political interactions. Strong formal institutions are not needed as much to coordinate cooperation among actors or to guarantee compliance. Based on pure familial bonds these types of mechanisms are secured through informal institutions such as tradition or reputation. In the midst of a financial crisis, it would be difficult to predict what outcome would be most likely given the institutional constraints. However, one could hypothesize that this regime would be less able to resist possible calls for liberalization or reform when encountered with a shock. While familial bonds provide an inherent

institutional framework, if the crisis is long enough and severe enough, even these bonds may be subject to dissolve. Also, because the ruling coalition is so small relative to the rest of the population, this could have interesting implications for the behavior of other actors. For example, members of the population at large may deem social revolution or other forms of collective violence as an acceptable way of remedying the significantly polarized distribution of power. Essentially, while familial bonds are significant, with a severe enough crises, one could expect for these relations to become strained and for factionalism to become an issue as members of the elite compete over the tight concentration of power. As a means of maintaining political survival in a tense environment, monarchical leaders may be more likely to liberalize. As a result, I formulate the following testable hypothesis:

H_1: ***In the aftermath of an economic crisis, monarchical regimes are more likely to experience higher levels of political liberalization.***

Military Regimes

Military regimes are considered by scholars to be among the least resistant to calls for increased democratization.[13] Relative to monarchical regimes, the level of institutionalization is more advanced here, yet still inadequate to deal with the aftereffects of substantial financial shocks. I propose three reasons for why this might be the case. First, the institutional structures within this regime type tend to be insulated from society as a whole. In many ways, the military apparatus has as an alternative set of institutions (style of dress, judicial system, code of conduct, perceptions of citizenship, etc…) that operate alongside the structures of the state. Therefore, when crises do emerge, military autocrats tend not to "see it coming." This element of surprise renders them somewhat inadequately prepared to formulate policies that would address the needs of the population at large. Their mere information asymmetry renders them incapable of combating demands for liberalization.

[13] Geddes (199) and Hadenius and Toeller (2007).

A second mechanism is based on the level of internal cohesion within military states. For example, regimes of this nature tend to be rife with factionalism. Some of this has to do with the distinct difference between combat or military related affairs and civilian governance. While small units of military officials may remain united on the battlefront, when they begin to govern ideological disputes can led to fractionalization and decreased cooperation. In the midst of a crisis, the element of polarization discussed by Linz and Stepan (1986) reduces the ability of the regime to resist calls for liberalization.

Finally, a third causal mechanism is that military leaders tend to be more amenable to political liberalization because the costs of such an action are relatively low. Individuals who specialize in the legitimate use of force know that they will have some place in the new state structure, regardless of the regime type (democracy or autocracy). Whether they remain in the military, or are incorporated into the police force, their status as "specialists of violence" provides them with a level of expertise, which ensures that there will be some demand for them in the post-transition environment.

Based on the above-mentioned characteristics of military states, I formulate the following hypothesis:

H_2: ***In the aftermath of an economic crisis, military regimes are more likely to have higher levels of political liberalization.***

No-Party Regimes

In a similar fashion as monarchical regimes, a "no-party structure" would have relatively weak formal institutions. I argue, utilizing the same logic for monarchical regimes, that this regime type would become increasingly plagued by fractionalization in the aftermath of economic crises. Here, the ruling coalition is small, which creates tension between those who control the state apparatus and those who are excluded. The lack of strong formal institutions to facilitate cooperation or to assist leaders in making credible commitments to potential opponents increases the likelihood that these regimes will realize some

form of liberalization whether the regime decides to do it as part of a strategy of survival or the changes are forced by violent pressure from "below."

I propose the following hypothesis:

H_2: ***In the aftermath of an economic crisis, no-party regimes are more likely to have higher levels of political liberalization.***

One-Party Regimes

Among the more quantitative-based studies of autocratic regime transitions, one finding seems to be fairly consistent: one-party regimes tend to have higher survival rates than military or multi-party autocracies[14]. The primary explanation provided by scholars focuses on the enhanced level of regime institutionalization within one-party states. For example, Geddes (1999) argues that one-party states are able to penetrate deep into society and form linkages with various portions of the population. By creating a controlled environment for political participation (through party organizations such as youth leagues or women's organizations), regime leaders are able to monitor the "pulse" of the polity. Thus, the nature of control in terms of state-society relations tends to be more extreme in this form of autocracy than other forms.

Through the incentive structures that they establish, parties are able to constrain the behavior of political agents, who may be tempted to challenge the ruling authority in the aftermath of an economic crisis. Smith (2006) argues that membership in the parties is based on members remaining faithful to the organization's by-laws and policy preferences. The possibility of upward mobility within party structures gives actors an incentive to remain loyal even during a time of political or economic instability. Thus, compliance with the ruling party is not only a function of an actor's goals for material gain, but can be

[14] Geddes, Barbara. 1999. "What do We Know About Democratization." *Annual. Review of Political Science. 2:115-44* and Hadenius, Axel and Jan Teorell. 2006. "Authoritarian Regimes: Stability, Change, and Pathways to Democracy, 1972-2003." Working Paper #331 (cite more recent version that appears in *Journal of Democracy*).

considered part of an agent's professional concerns as well. In other words, people remain faithful to the party both for ideological, material, and professional reasons[15].

A final causal mechanism of importance is the use of co-optation by the ruling party. For example, in her analysis of Mexico's Institutional Revolutionary Party (IRP), Magaloni (2006) argues that the reason that the party was able to dominate the political arena for nearly half a decade was due to its institutional strength.[16]. For example, the PRI strategically maximized its ability to create clear rules for what constituted cooperation and defection (in the case of Mexico, cooperation entailed voting for the party) and regularly resorted to coercion when necessary. The iterative interactions between party members and constituents helped to make the PRI's commitment to co-optation and coercion credible, thus reducing the likelihood of defection from inside or outside of the party. Similarly, Egypt's National Development Party (NDP) engaged in large scale co-optation in the early 1990s when it expanded its membership base and modified its platform so to absorb a viable political opponent, the Future Party (FP)[17].

Based on this causal logic, I propose the following hypothesis:

H_4: In the aftermath of an economic crisis, one-party regimes are more likely to initiate have higher levels of political liberalization.

Multi-Party Regime

According to Hadenius and Toeller (2006), this form of authoritarianism is quickly becoming the most prevalent. In their analysis of phases of transition from one sub-type to the next, this structure is consistently identified as the one more likely to immediately precede a full democratic transition.

[15] Smith, Benjamin. 2005. "Life of the Party: The Origins of Regime Breakdown and Persistence Under Single-Party rule. *World Politics* 57, 3 421-451.

[16] Beatriz Magaloni. 2006. *Voting for Autocracy: Hegemonic Party Survival and Its Demise in Mexico.* (New York, Cambridge University Press).

[17] See ft. 15.

However, these authors do not provide a compelling reason for why this is the case. Comparatively, multi-party regimes are able to enjoy all of the benefits that formalized and effective political institutions offer. The main difference between this type and that of the one-party is that of space. Here a more extensive space for contestation is available both for members of the regime and for the population at large. These regime types seem to walk a fine line between autocracy and democracy. However, I argue that once this space has been made available, it is difficult to eradicate it. Therefore, one would expect higher levels of post-crisis liberalization here.

I propose the following hypothesis:

H_5: In the aftermath of an economic crisis, multi-party regimes are more likely to initiate have higher levels of political liberalization.

Research Design

To test the empirical validity of the aforementioned hypotheses, I utilize a dataset compiled by Hadenius and Teorell (2007), which examines regime transitions in 193 countries from 1972-2005. The main variables included in this dataset are those pertaining autocratic institutions: polity scores, degrees of political freedom, and regime duration. I expand the dataset to include figures for ethno-linguistic fractionalization, temporal control for the Cold War, economic development, and the whether or not the state is an oil exporter. Below is a brief description of the dependent, independent and control variables that form the basis of the quantitative analysis.

Dependent Variable: The dependent variable—political liberalization—is operationalized using the data from the Polity IV database. Here, total autocracies are coded "0" and total democracies are coded "10." The ambiguous category of hybrid regimes is coded "5." Polity scores proxy for level of contestation and participation in executive level elections in a state during a given year. Additional components of the measure include the level of competitiveness in legislative elections and basic civil rights. I opt to use a continuous variable here as opposed to setting a "liberalization" threshold, because I am not interested in

regime change. One of the most interesting aspects of autocratic regimes is the dynamic internal changes—liberalization—that they undergo short of regime transition. Setting a threshold would mean that some of these changes would be overlooked (***variable name: revpol2***)[18].

Independent Variables:

Central Explanatory Variable—Economic Shock: I define economic shock by measuring annual inflation tied to the consumer price index. This figure is reported as an annual percentage of GDP and is lagged at one and three years. The purpose of this lag is to avoid endogeneity by forcing the causal arrow to move in one direction only. I do not make the lag any longer because as the time span between the shock and liberalization increases, the ability to attribute the relationship to one of causality as opposed to spuriousness diminishes. Here, I do not assign a "crisis" threshold because the level of inflation at which citizens view themselves as officially "in a crisis" changes from state to state. To avoid the arbitrary assignment of a number in this respect, I just observe the impact of high rates of inflation. This approach as been utilized by other scholars examining the relationship between crisis and regime transition[19]. These data were obtained from the World Bank Development Indicator online database (variable name: laginflationcp and laginflationcp3[20].

Central Explanatory Variable: Autocratic Regime Types

In this analysis, an autocratic regime is defined as one that has a polity score that is less than 7.5. This threshold is consistent with other scholarly works examining autocratic regime transitions. Of the regime types that fall below this threshold, the following sub-categories are applicable.

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[18] Hadenius and Teorell, Codebook, pg. 9.

[19] For example: Gasiorowski, Mark J. "Economic Crisis and Political Regime Change: An Event History Analysis" *The American Political Science Review*, Vol. 89, No. 4(Dec., 1995), pp. 882-897 and Gleditsch, Kristian Skrede and Jinhee Lee Choung. "Autocratic Transitions and Democratization". International Studies Association Conference, 2004.

[20] "World Development Indicators" online. http://ddp-ext.worldbank.org. Date Accessed 4/25/2009.

Monarchical Autocracy: Regimes defined by "hereditary succession, or lineage, corresponding to democracies." These are regimes in which "a person of royal descent has inherited the position of head of state in accordance with accepted practice and/or the constitution.[21]" The coding is as follows: code "1" for monarchy and code "0" otherwise ***(variable name: mon).***

Military Autocracy: Regimes defined by structures in which "the armed forces may exercise political power either directly or indirectly (i.e. by controlling civilian leaders "behind the scenes"). This variable is coded "1" for military rule and "0" for civilian rule (***variable name: mil***).

No Party Autocracy: Regimes in which "elections are held but all political parties (or at least any candidate representing a party) are prohibited." Any form of "competition" in these regimes is not genuine and typically results in the re-consolidation of power of the incumbent leader. This variable is coded "1" for no-party and "0" otherwise ***(variable name: nop).***

One-Party Autocracy: Regime structure in which all but one political party is prohibited from participating in the electoral process. This variable is coded "1" for one part autocracy and "0" otherwise (variable: onep).

Multi-Party Autocracy: "Regimes that hold parliamentary or presidential elections in which (at least some) candidates are able to participate who are independent of the ruling regime. This classification holds even when opposition parties refrain voluntarily from taking part in elections."[22] (***variable name: mul***).

[21] Hadenius and Teorell, Codebook, pg. 9.
[22] Ibid, pg. 9.

The causal story proposed in this analysis is one of the interaction effects of economic crisis and regime type on post-crisis liberalization. To account for this, each of the autocratic regime type variables is lagged at one and three years so that they can coincide with the occurrence of a financial shock[23].

Control Variables:

Economic Development: Higher levels of economic development are expected to be positively correlated with political liberalization. This variable is operationalized using GDP per capita growth as an annual percent of GDP. Data were obtained the World Bank Development Indicator database (***variable name: gdpgrowthcap***)[24].

Societal Factors: I measure ethno-linguistic fractionalization by using the figure calculated by Roeder (2001). This measure is based on assessments of the probability that two people within the same country will speak a different language (ELF). Much of the literature argues that this variable is negatively correlated with political liberalization due to the difficulty of finding creating unity in a diverse environment[25].

Domestic Resource Base: Here, I test the classic rentier state argument, by including a variable which measures the percentage of merchandise exports devoted to fuel. Countries that export higher levels of fuel are argued to have lower levels of political liberalization[26] (***variable name: fuel***).

Cold War: Democratic transitions have become more prevalent in the post-Cold War era. To account for this possible effect, I have included a temporal control. This variable is coded "0" for years 1972-1989 and coded "1" for 1990-2005 (***variable name: Cold***).

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[23] Lagged Variables: Monarchy (lagmon, lagmon1); Military (lagmil, lagmil3); No-Party (lagnop, lagnop3); One-Party (lagonep, lagonep3); Multi-Party (lagmul, lagmul3).
[24] This figure is locked to local currency.
[25] Philip G. Roeder. 2001. "Ethnolinguistic Fractionalization (ELF) Indices, 1961 and 1985." February 16. <http//:weber.ucsd.edu\~proeder\elf.htm>. (4/25/2009).
[26] Source: World Bank staff estimates from the Comtrade database maintained by the United Nations Statistics Division. Note: Components may not sum to 100 percent because of unclassified trade.

Population: This figure is included to control for varying population sizes across states. It was obtained from the World Bank Development Indicator database. I calculate the log of this figure to account for large disparities across countries (***variable name: logpop***).

A summary of my proposed hypotheses, for each of the independent variables is listed in Table 1 below:

Table One: Testable Hypotheses

Variable	Direction of Relationship
Economic Crisis	+
Monarchy/No-Party Autocracy	+
Military Autocracy	+
One-Party Autocracy	-
Multi-Party Autocracy	+
GDP per capita	+
Ethno-linguistic Fractionalization	-
Fuel	-
Cold War	+
Population	-

Statistical Model:

To test the empirical validity of the aforementioned hypotheses, I test two sets of models. The first involves examining the independent effect of lagged autocratic regime type on political liberalization. Each regime type (monarchy, military, no-party, one-party, and multi-party) is lagged at one and three years. This effect is examined in conjunction with a lagged inflation variable and the other independent variables. This model seeks to answer the following question: Over short periods of time, are some autocratic regimes more or less likely than other types to experience political liberalization?

The second model examines the interactive effect of the lagged crisis variable and the lagged autocratic regime type on political liberalization. Both of these variables are lagged at one and three years. Special interactive terms were generated for inflation and each autocratic sub-type at one and three years. Again the effect of these variables is examined in conjunction with the other independent variables.

The statistical method that I employ is Ordinary Least Squares (OLS) regression analysis[27].

Results

The empirical results of liberalization (without the inflation, regime interaction variable) suggest that one-party regimes remain the most resistant to political liberalization over time and multi-party autocracies are the most amenable to political liberalization.

<TABLE 2>

It is important to note that each of the regime types report minimal increases in political liberalization over time. However, the magnitude of these changes is different across regime types. The regime with the lowest difference value (regardless of the sign of the values) from one to three years after the regime enters the dataset is considered to be the most resistant to political liberalization[28]. This indicates that multi-party regimes are among the most resistant. At (t+1), the coefficient was -7.2566 and at (t+3) the coefficient was .29631, which indicates a difference of .0429. This result seems counter-intuitive, but actually makes quite a bit of sense. Much of the empirical data indicate that there is a convergence taking place in autocratic regime transitions whereby one-party, no-party, monarchies, and one-party states are transitioning to multi-party systems. Once they achieve this status, regimes are more likely to remain "stuck here" for quite some time and not to transition to a full democracy. According to the data, the next regime most resistant to liberalization is no-party regimes (difference =0.51884), followed monarchies

[27] I communicated to STATA that the dataset was panel-data to increase the explanatory power and accuracy of the model.

[28] Recall that autocratic regime is lagged at t-1 and t-3 so liberalization scores are for t+1 and t+3. In other words, a military regime in 1970 would have liberalization scores for 1971 and 1973. I then examine the relative change from 1971 to 1973.

(1.0339), and military regimes (1.5566) and one-party regimes (1.701). This hierarchy is reflective of the theories proposed in the literature regarding the relative resilience of no-party and one-party states. When the regime variable and "economic crisis" proxy are combined as interaction terms, there appears to be very little difference in the level of political liberalization at (t-1) and (t-3).

Within the larger context of the regression model, many of the results are contrary to my proposed hypotheses. One result was consistent. For example, monarchies reported a statistically significant increase in polity scores across both periods, although this difference was not substantive ($p>.01$). Military regimes were reported to de-liberalize between one and three years ($p > .01$), while no party regimes had no statistically or substantively significant results. One party regimes were reported to liberalize after one year and do remain constant after three years. Lastly, multi-party regimes were reported to remain constant at one year and to de-liberalize at three years.

<<Tables 4-7 Here)

In terms of the control variables, the temporal "cold War" variable was consistently positively and significantly related to political liberalization. The variables for fuel never attained a level of statistical significance and the "fuel" variable was dropped from the analysis by the statistical program. Population was regularly statistically significant indicating a relationship between country size and liberalization.

Discussion

The results of this analysis indicate that, to a certain extent, there is an interesting interaction between the "crisis variable" and the structure of autocratic regimes. However, the minimal changes in the size of the coefficient indicate that any emphasis on the statistical significance of many of the variables must be considered cautiously. The statistical results for the monarchical regimes were consistent with my originally stated hypotheses. However, it is impossible to say if it is because of the causal mechanisms that I initially proposed (weak family ties and increased fractionalization).

The military autocracies behaved in a manner contrary to my initially stated hypotheses and the theoretical expectations of various scholarly works. It is possible that the de-liberalization may be reflective of the fact that regimes of this sort use their monopoly on the use of force to increase their power in light of a "crisis of legitimacy." Again, it is difficult to tell.

The response of the one-party regimes is particularly interesting. Recall, that they were likely to liberalize after one year and remain constant after three years. This could be reflective of a strategy of political survival on the part of regime leaders. In the aftermath of a crisis, leaders may be subject to increased criticism by party elites and members of the populace. Responding to this pressure, they may liberalize only to follow these liberalizations with a period of time during which no new reforms are passed.

The multi-party regimes reported a scenario exactly opposite to that of the one-party regimes. These states reported no real change in polity after one year, but showed de-liberalization after three. It is difficult to ascertain why this is the case.

The explanatory power of these results should be taken with caution as the changes in polity score across regime types were minimal. Additional testing with other types of "crises" variables may provide a more comprehensive picture about the possible relationship between exogenous shocks, autocratic regime structure and post-crisis liberalization. Also, complementary qualitative analyses are necessary as well to allow for process tracing. It seems that the real validity of the proposed hypotheses and the causal logic underpinning them cannot be substantiated without this form of analysis.

Conclusion:

During the past several decades, the minimal impact of the "Third Wave" of democratization has called for a re-evaluation of the manner in which we theorize about regime emergence, stability, and breakdown. In this paper, I have proposed a dual analysis in which the strategic interests of actors are tied to the currently existing institutional structure. The results of the analysis demonstrate that more research

should be devoted to understanding better the nature of multi-party regimes as these were reported to be the most resistant to political liberalization. This finding is consistent with the tendency of autocratic regimes to liberalize to a certain point (multi-party autocracy) and then remain "stuck," most of them never transitioning to a full democratic system. Additional research into the impact of other forms of economic crises will be needed before broad-based conclusions regarding the significance of the results can be formulated. However, the analysis has demonstrated the value of pursuing an interactive theoretical approach to the study of political liberalization within authoritarian structures.

Table Two: Relative Changes in Political Liberalization across Regime Types

Autocratic Regime Type	(t+1)	(t+3)	Difference
Monarchy	-1.756	.7221	-1.0339
Military	-3.1377	-1.5811	-1.5566
No-Party	-1.0156	.49676	-0.51884
One-Party	-1.7137	.01269	-1.701
Multi-Party	-.72566	.29631	-0.42935

Table Three: Relative Changes in Political Liberalization after Economic Crisis

Autocratic Regime Type	(t+1)	(t+3)	Difference
Monarchy	.06513	.05256	.01257
Military	-.00667	-.00701	.00034
No-Party	-.01552	-.01231	-0.00321
One-Party	.08459	.02169	0.0629
Multi-Party	-.00009	.00061	0.00052

Table Four: OLS Regression Analysis of Political Liberalization on the Interaction of High Inflation and Monarchical Autocracy

Variable	Coefficient (t+1)	Coefficient (t+3)
Lagged Inflation * Lagged Monarchy	*****.06513 (.0235)**	***** .0525686 (.022446)**
Lagged Inflation	**.00028 (.0001)**	**-.00003 (.00010)**
Lagged Monarchy	**** -1.7561 (.5044)**	****-.722195 (.356617)**
GDP per capita	**.00227 (.0068)**	**-.00784 (.007996)**
Fuel	**-.00408 (.00377)**	**-.00179 (.00382)**
Cold War	***** .86211 (.10577)**	*****.837572 (.10575)**
Population (log)	*****2.9699 (.2670)**	*****3.09899 (.260952)**
_cons	**-42.1138**	
Number of Observations:	**2708**	**2662**
Prob > F:	**0.0000**	**0.0000**
R-squared:	**0.2252**	**.2320**

Note: Regression run in STATA 10.1—Data set to panel series with fixed-effects
Standard Errors appear in parenthesis
* p >.1 **p > .05 *** p> .01

Table Five: OLS Regression Analysis of Political Liberalization on the Interaction of High Inflation and Military Autocracy

Variable	Coefficient (t+1)	Coefficient (t+3)
Lagged Inflation * Lagged Military	***-.00667 (.00164)	***-.00701 (.00179)
Lagged Inflation	* .00019 (.00009)	***.00022 (.00011)
Lagged Military	*** -3.1377 (.1376962)	***-1.5811 (.14318)
GDP per capita	.00245 (.00605)	-.001968 (.00773)
Fuel	-.00026 (.00335)	-.00059 (.00369)
Cold War	***.52286 (.09472)	***.61796 (.10371)
Population (log)	***2.4590 (.23392)	***2.891 (.25417)
_cons	**-33.1782 (3.7682)	***-40.5834 (4.10515)
Number of Observations:	2708	2635
Prob > F:	0.0000	0.0000
R-squared:	0.3868	0.2725

Note: Regression run in STATA 10.1—Data set to panel series with fixed-effects
Standard Errors appear in parenthesis
ELF 85—Dropped from dataset
* p >.1 **p > .05 *** p> .01

Table Six: OLS Regression Analysis of Political Liberalization on the Interaction of High Inflation and No-Party Autocracy

Variable	Coefficient (t+1)	Coefficient (t+3)
Lagged Inflation * Lagged No-Party	**-.01152 (.06449)**	**-.01231 (.03089)**
Lagged Inflation	***** .00028 (.00011)**	***-.00002 (.00001)**
Lagged No-Party	*** -1.0156 (.44791)**	**-.49676 (.34487)**
GDP per capita	**.00319 (.00681)**	**-.00559 (.00797)**
Fuel	**-.00193 (.00381)**	**-.00129 (.00382)**
Cold War	**** .88995 (.10545)**	*****.84872 (.10572)**
Population (log)	*****2.81714 (.26289)**	***** 2.9973 (.25893)**
_cons	**-39.7423 (4.2460)**	*****-42.6597 (4.1802)**
Number of Observations:	**2708**	**2662**
Prob > F:	**0.0000**	**0.000**
R-squared:	**0.2237**	**0.2308**

Note: Regression run in STATA 10.1—Data set to panel series with fixed-effects
ELF 85—Dropped from dataset
Standard Errors appear in parenthesis
* p >.1 **p > .05 *** p> .01

Table Seven: OLS Regression Analysis of Political Liberalization on the Interaction of High Inflation and One-Party Autocracy

Variable	Coefficient (t+1)	Coefficient (t+3)
Lagged Inflation * Lagged One-Party	** .018459 (.00927)	.01269 (.01070)
Lagged Inflation	***.00028 (.00011)	-.00002 (.00010)
Lagged One-Party	***-1.7137 (.21612)	.01269 (.01070)
GDP per capita	.00046 (.00673)	-.00848 (.0079635)
Fuel	*-.00568 (.00374)	
Cold War	***.83044 (.10453)	***.818754 (.1055958)
Population (log)	***2.6053 (.261449)	***2.9573 (.25843)
_cons	***-36.1035 (4.2263)	***-41.9312 (4.1736)
Number of Observations:	2708	2662
Prob > F:	0.0000	0.0000
R-squared:	0.2450	0.2363

Note: Regression run in STATA 10.1—Data set to panel series with fixed-effects
ELF 85—Dropped from dataset
Standard Errors appear in parenthesis
* p >.1 **p > .05 *** p> .01

Table Eight: OLS Regression Analysis of Political Liberalization on the Interaction of High Inflation and Multi-Party Autocracy

Variable	Coefficient (t+1)	Coefficient (t+3)
Lagged Inflation * Lagged Multi-Party	**-.00009**	***-.00061**
	(.00024)	**(.00020)**
Lagged Inflation	*** .00032**	***.00021**
	(.00012)	**(.00013)**
Lagged Multi-Party	***-.72566**	*** -.29631**
	(.10882)	**(.10612)**
GDP per capita	**.004827**	**-.00629**
	(.00676)	**(.007954)**
Fuel	**-.002163**	**-.00154**
	(.003751)	**(.00381)**
Cold War	***.85862**	***.83291**
	(.104854)	**(.10576)**
Population (log)	***3.2505**	***3.1852**
	(.26675)	**(.26481)**
_cons	***-46.6128**	*** -45.6399**
	(4.3035)	**(4.2697)**
Number of Observations:	**2708**	**2662**
Prob > F:	**0.0000**	**0.0000**
R-squared:	**0.2341**	**0.2353**

Note: Regression run in STATA 10.1—Data set to panel series with fixed-effects
ELF 85—Dropped from dataset
Standard Errors appear in parenthesis
* p >.1 **p > .05 *** p> .01

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