

# ***Correlates of Levels of Democracy in Latin America During the 1990s***

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## ABSTRACT

Does the conventional wisdom about the relationships between economic, cultural, and political party variables and democracy stand up in the Latin American experience of the 1990s? This study, utilizing new data sets for the region, finds that some traditional hypotheses are upheld better than others. It sustains the conventional wisdom that economic development, economic growth, democratic values, and (with a two-year lead) education correlate positively with the level of democracy. Surprisingly, however, neither social trust nor the number of political parties is significantly correlated with the level of democracy. The study suggests various possible explanations for the weak or nonexistent relationships for social trust and number of parties, in the hope that these surprising results will stimulate further research.

Among the longest-running endeavors in comparative politics is the establishment of the economic, cultural, and political party correlates of democracy. Leading scholars have argued that democratization is enhanced by higher levels of economic development and by economic growth; by democratic values, social trust, and education; and by political party institutionalization. This article explores the question, are these hypotheses upheld in quantitative analysis of democracy in Latin America during the 1990s?

Heretofore, empirical tests of the correlates of democracy in Latin America have been limited to economic variables or to partial sets of country cases. Consistently formatted regionwide quantitative data for cultural and political party correlates of democracy were not available. This article takes advantage of new cross-national data for the Latin American region. These newly available data for key cultural variables are public opinion data from Latinobarometer (a survey produced in Chile and modeled after the Eurobarometer), which has conducted annual surveys in 17 mainland Latin American nations since 1996. Also, in *Democracies in Development: Politics and Reform in Latin America*, Payne et al. (2002) provide lower-chamber legislative election results from throughout the 1980s and 1990s for all Latin American nations. These electoral data—previously inconsistently reported for many of the region's smaller nations—greatly facilitate the calculation of the number

of political parties, which is made on the basis of votes or seats in the lower chamber of the legislature.

This study focuses on the 1990s primarily because the Latinobarometer data begin only as of 1996. However, it is important to point out that, as of the 1990s, authoritarian regimes were—happily—scarce in Latin America, and accordingly the pertinent question for this study is not the correlates of democracy versus authoritarianism but the level of democracy. Before the 1980s with many authoritarian regimes around the globe, the dependent variable in most tests of the impact of economic, cultural, and political party variables on democracy was dichotomous: either democratic or authoritarian. Now, however—happily—authoritarian regimes are scarce in Latin America.<sup>1</sup> Although we hope it will remain necessary to focus on levels of democracy, it should be noted that assessing only levels of democracy rather than levels of democracy and authoritarianism reduces the variance in the dependent variable and makes the achievement of significant correlation coefficients for the economic, cultural, and political party variables more difficult.

The main indicator for level of democracy used in this study is the Freedom House scores for political rights and civil liberties. This indicator has not gone without criticism in the literature. The key economic variables are economic development and economic growth; the key cultural variables are social trust, democratic values, and education; and the key political party variable is number of political parties. These were subject to bivariate and multivariate analyses. While the results at least partly sustain the conventional wisdom about the correlation between economic development, economic growth, democratic values, and education, the conventional wisdom about social trust and about the number of political parties is not sustained. Using country-by-country raw data, this article explores various interpretations of these results.

## **MEASURING THE LEVEL OF DEMOCRACY: THE FREEDOM HOUSE SCORES**

*Level of democracy* is the term that is currently most frequently used to conceptualize quantitative measures of democracy. Although the term is cumbersome, it clearly means measures of democracy and does not require discussion of conceptual issues (Mainwaring and Pérez-Liñán 2003; Seligson 2002). (All the countries in this study were rated either “partly free” or “free” by Freedom House throughout the 1990s; neither Cuba nor Haiti is included, so the study does not discuss the “level of democracy” of countries that were not considered at least partly democratic.) By contrast, the more felicitous term *democratic quality* has sparked intense scholarly debates about its meaning (Altman and Pérez-Liñán 2001, 3–4; Munck 2001, 129–30; Foweraker and Krznicar 2002;

Montero 1998). For most scholars, the concept of democratic quality encompasses not just elections and access to power—traditionally most salient in quantitative measures of democracy—but also actual participation, representation, accountability, and overall performance of regimes. Although this article eschews controversies about the meaning of democratic quality or democracy, these controversies are of course important.

Among scholars of comparative politics, Freedom House scores are the most common indicators of the level of democracy. Recent articles using the Freedom House scores as an indicator of democratization include Brownlee (2002) and Seligson (2002) in *Comparative Politics*; Mainwaring and Pérez-Liñán (2003) in *Comparative Political Studies*; Inglehart (2003) in *PS: Political Science and Politics*; and Diamond (2002) in *Journal of Democracy*. One of the first articles to use the scores for this purpose was Burkhart and Lewis-Beck (1994) in the *American Political Science Review*. Indeed, Foweraker and Krznaric (2002, 52) consider Freedom House scores one of “the [two] standard aggregate indices of democracy that both place country cases on a single, ordinal scale.”

The second of the two indices mentioned by Foweraker and Krznaric is the Polity measure (Jagers and Gurr 1995). In recent years, however, comparativists have used the Freedom House data more often than the Polity data. In our view (Lebovic and McClintock 2003), comparativists prefer the Freedom House measure to Polity because they prefer the Freedom House conceptualization. Whereas the Polity measure focuses on competitive elections and participation in political institutions, Freedom House puts considerable emphasis on individual rights and civil liberties. Perhaps partly because of this greater emphasis, in the 1990s Freedom House has been more critical of many emerging democracies, whereas Polity has largely been laudatory. Concomitantly, the variance in Polity scores for these democracies is considerably more limited than the variance in Freedom House scores; the more the variance is trimmed, the more unlikely that correlation coefficients will emerge as significant.<sup>2</sup>

Freedom House’s rating for both political rights and civil liberties is a seven-point scale in which 1 represents the most free and 7 the least free. Freedom House’s methodology during the 1990s is described by Karatnycky (1997). In its measurement of political rights, Freedom House uses a multi-item checklist that focuses on the freedom and fairness of elections; the capacity for competition by the political opposition; freedom from domination by the military, foreign powers, or other powerful groups; and minority rights and participation. In its measurement of civil liberties, Freedom House uses a multi-item checklist that focuses on media freedom, the freedom of expression and belief, the freedom of association and organization, the rule of law and human

rights, and personal social and economic rights (such as choice of marriage partners and right to establish private businesses). Throughout this study, following conventional practice, the Freedom House scores for political rights and civil liberties are added together to produce a single score for a country.

Freedom House's procedures have been criticized on numerous grounds by Munck and Verkuilen (2002), Mainwaring et al. (2001), and Bollen and Paxton (2000), among other scholars. The most rigorous and comprehensive critique is by Munck and Verkuilen (2002, 28), who describe "problems in all three areas of conceptualization, measurement, and aggregation." With respect to conceptualization, Munck and Verkuilen persuasively argue that Freedom House's definition of democracy is not valid; they consider it "maximalist"—including too many attributes that are not strictly relevant to the concept. Munck and Verkuilen cite in particular the inclusion of socioeconomic rights and property rights in the index. The inclusion of these rights has probably been one reason for Freedom House's tendency, especially during the 1970s and 1980s, to grade leftist governments more negatively than rightist ones (Mainwaring et al. 2001, 53–54).

Munck and Verkuilen (2002, 14) also highlight the problem of "conflation" in the Freedom House conceptualization. In other words, "a large number of distinct or at best vaguely related aspects of democracy are lumped together" in a mere "checklist." Furthermore, Munck and Verkuilen do not foreclose the possibility that the Freedom House conceptualization omits relevant attributes. In our view, citizens' own assessments of democratic quality—which are now in the Latinobarometer surveys—could be included. Also, we believe that the attribute of civilian control over the military is insufficiently emphasized in the Freedom House conceptualization; for example, in the case of Venezuela in 1992, despite two military coup attempts, its political rights score was a respectable 3.

The Freedom House index is flawed by other problems as well. Freedom House has not indicated its coding rules; accordingly, scholars do not know what leads to a score of, say, 3 versus 4. Nor has Freedom House provided scholarly access to its disaggregated data. Although Freedom House's aggregation rules are clear—simple addition of the scores for each component on the checklists—this procedure is questionable given the large number of items of varying significance on the checklists.

Given the limitations of the Freedom House scores, should scholars use them? This question is important; indeed, to the extent that the results of this study are negative, one interpretation is that the Freedom House scores are not adequately measuring levels of democracy. However, at this time, for the reasons suggested here, most scholars of comparative politics consider the Freedom House index to be the best measure available. If knowledge is to be cumulated, we must carry out

Table 1. Spearman Rank Correlations Among Three Democracy Indicators

	1991			1995			2000		
	1	2	3	1	2	3	1	2	3
1. Freedom House	1.00			1.00			1.00		
2. Polity	.65**	1.00		.77***	1.00		.72***	1.00	
3. Fitzgibbon-Johnson	.72**	.57**	1.00	.64**	.55*	1.00	.63**	.63**	1.00

Freedom House and Polity scores are normalized.

\* = Significant to the .05 level

\*\* = Significant to the .01 level

\*\*\* = Significant to the .001 level

Sources: Freedom House; Polity IV Project; Kelly 2002.

empirical tests, and obviously these tests must be with the available data. As Munck and Verkuilen (2002, 31) conclude: "having a data set on democracy, even if it is partially flawed, is better than not having any data set at all and . . . scholars should use what they have at their disposal." Also, as many scholars have pointed out, the Freedom House and other indices of democratization correlate strongly with each other, indicating reliability.<sup>3</sup> As this study will make evident, Freedom House scores do indeed correlate positively with some of the key variables, suggesting validity and showing that there is sufficient variance for such correlations to emerge.

Table 1 shows Spearman rank correlations among the Freedom House, Polity, and the Russell H. Fitzgibbon–Kenneth Johnson indices reported by the Latin American Studies Association (LASA) for the three years for which data are available for all three indices (1991, 1995, and 2000). For our analysis, Freedom House values were reversed, so that higher values indicated greater democracy, as in the Polity scores. In contrast to the Freedom House and Polity scores, which are absolute values, the Fitzgibbon-Johnson survey scores are the countries' ranks relative to each other. The criteria for democracy in the Fitzgibbon-Johnson index are much broader and actually include what are assessed here as correlates of democracy (Kelly 2002). Still, all of the correlations between the Freedom House and Polity indices and the Fitzgibbon-Johnson rankings are statistically significant. The correlations between Freedom House and Polity for 1995 and 2000 are significant at the .001 level; the correlation between Polity and Fitzgibbon-Johnson for 1995 is significant at the .05 level; all other correlations are significant at the .01 level.

Table 2 provides the raw Freedom House scores along with the rankings of the 17 nations by Freedom House and Fitzgibbon-Johnson.

Table 2. Freedom House and Fitzgibbon-Johnson Scores (Ranks)

	1991			1995			2000		
	FH		F-J	FH		F-J	FH		F-J
	FH	Rank		FH	Rank		FH	Rank	
Argentina	83	3-5	5	75	4-6	4	92	2-4	4
Bolivia	75	6-9	11	67	7-11	11	83	5-6	12
Brazil	75	6-9	6	67	7-11	5	67	9-13	5
Chile	83	3-5	4	83	2-3	3	83	5-6	3
Colombia	67	10-13	8	50	13-15	7	50	16-17	11
Costa Rica	100	1	1	92	1	1	92	2-4	1
Ecuador	75	6-9	9	75	4-6	9	67	9-13	12
El Salvador	58	14	17	67	7-11	15	75	7-8	9
Guatemala	50	15-17	16	42	16-17	17	58	14-15	17
Honduras	75	6-9	15	67	7-11	15	67	9-13	14
Mexico	50	15-17	7	50	13-15	8	75	7-8	6
Nicaragua	67	10-13	10	50	13-15	11	67	9-13	10
Panama	67	10-13	13	75	4-6	10	92	2-4	8
Paraguay	67	10-13	14	58	12	14	58	14-15	15
Peru	50	15-17	11	42	16-17	12	67	9-13	16
Uruguay	92	2	3	83	2-3	2	100	1	2
Venezuela	83	3-5	2	67	7-11	5	50	16-17	7

Note: Freedom House (FH) scores are normalized so that higher scores are more democratic, whereas Fitzgibbon-Johnson (F-J) scores are rank orders among the countries, so the most democratic is number 1 and the least is number 17. The range in FH scores is due to ties.

Sources: See table 1.

(The rankings for Freedom House are calculated from the raw scores.) Although rankings are problematical—they can imply a large difference separating the values for two countries when actually they are similar, and vice versa—the table enables readers to consider country-by-country differences in the two indices. In most or all years, Freedom House evaluated Bolivia, El Salvador, Honduras, and Panama much more positively than Fitzgibbon-Johnson, but Brazil, Colombia, Mexico, Peru, and Venezuela much more negatively. There are other variations as well, but they are less pronounced or consistent over the three years.

## ECONOMIC, CULTURAL, AND POLITICAL PARTY VARIABLES

This section describes the economic, cultural, and political party variables in the study and scholars' arguments about their relationships to democracy. It also describes the indicators used for these variables.

## The Economic Variables

The economic variables widely considered most important to democracy are economic development level and economic growth. Cross-national data for economic variables became readily available for a large number of countries some years ago, and relationships have been tested both globally and for the Latin American region. The indicators for economic development level and economic growth in this study are conventional: gross domestic product per capita and annual percentage change in GDP per capita, as measured by the World Bank.

The relationship between economic development level and democracy has long been of intense interest. During the 1950s and 1960s, considering relatively small numbers of cases, social scientists found a positive relationship between economic development level and democracy. First highlighted by Seymour Martin Lipset (1959), the relationship was the foundation for "modernization theory," which, of course, argued that as nations became modern and prosperous they were also likely to become democratic. In the 1970s, "modernization theory" was refuted by Guillermo O'Donnell (1973) in particular, who pointed to the military coups in relatively prosperous Argentina and Brazil and argued that the economic development process in many Third World nations was at odds with democracy. Although Latin America was an area explored in considerable depth by both Lipset and O'Donnell, no more than ten of its nations were considered, and the emphasis of both scholars was on the Southern Cone.

Recently, in studies for periods of two to four decades with a much larger number of nations, scholars have found significant positive relationships between economic development level and democracy. In a rigorous study that was one of the first to use Freedom House scores as an indicator of level of democracy, Burkhart and Lewis-Beck (1994) argue that economic development level not only correlated but caused democracy for the period 1972–89 among 131 nations.

For the period 1950–90 among even more nations ( $n = 141$ ), Adam Przeworski and his colleagues (2000) also found a strong relationship between economic development level and democracy (measured as democratic versus authoritarian regime type). With a very large data set, Przeworski et al. were able to explore quantitatively the dynamics of that relationship. Whereas modernization theorists had suggested that the robust relationship was in good part a reflection of the demands of a better-educated and wealthier society for democracy, Przeworski and his colleagues disagreed. They argued that economic development level was not strongly correlated with the demise of authoritarian regimes; instead, economic development level was correlated with the greater likelihood that, once initiated, democratic regimes would survive. It was

found, too, that Argentina and Uruguay were exceptional cases, among the wealthiest nations ever to have succumbed to military coups.

Most recently, Scott Mainwaring and Aníbal Pérez-Liñán (2003) explored the relationship between economic development level and democracy in Latin America. For 19 countries of the hemisphere between 1945 and 1996, they found relationships between per capita income and Freedom House and other democracy indices that were statistically significant at the .001 level. Mainwaring and Pérez-Liñán caution, however, that the relationship between economic development level and democracy in Latin America was only modest—and, in particular, modest in comparison to other parts of the world.

The relationship between economic growth and democracy has also been of great scholarly interest. Traditionally, key scholars, including Lipset (1981) and Samuel P. Huntington (1968), worried that rapid growth would increase popular expectations and disrupt traditional social fabrics, thereby imperiling democracy. In the work of Przeworski et al. (2000), however, this concern appeared unfounded. In their study of 141 countries during the period 1950–90, democracies where economic growth exceeded 5 percent per year were the least likely to break down, whereas those where per capita income was declining were the most likely to break down.

### **The Cultural Variables**

Democratic values and social trust are the two cultural variables that have been considered most important to democracy among the largest number of scholars for the longest period of time. However, for many years, cross-national data for these attitudes were available only for a small number of nations outside the United States and Europe. Although the World Values Survey explores these attitudes globally, unfortunately it includes only a small number of Latin American nations—five in the 1999–2001 wave, for example. Beginning in 1996, however, Latinobarometer has carried out annual public opinion surveys in the 17 mainland nations (Mexico and all the nations of Central America and South America except Belize, Suriname, and Guyana).<sup>4</sup> It is because of the availability of Latinobarometer data that these 17 nations are used in this study. Data were secured for these two cultural variables for the period 1996–99; unfortunately, due to the lack of data for other years, the period for which the relationship between cultural variables and democracy can be assessed is relatively short.<sup>5</sup>

The Latinobarometer is not unflawed.<sup>6</sup> However, its survey data increasingly are reported in analyses of democracy and other phenomena in Latin America. Latinobarometer data are featured in studies by Mitchell Seligson (2002), Scott Mainwaring (1999), Kurt Weyland (1999),

Juan Linz and Alfred Stepan (1996), Eduardo Lora and Ugo Panizza (2003), and numerous chapters of the volume *Citizen Views of Democracy in Latin America*, edited by Roderic Ai Camp (2001). Poll results are reported regularly in *The Economist* (2001, 2002, 2003, 2004).

Democratic values have widely been considered key to regime democratization. During the 1960s and 1970s, scholars' emphasis was primarily on the reverse of the argument: authoritarian values were a primary explanation for the prevalence of authoritarian regimes in developing nations. In the classic *Political Culture and Political Development* for the series "Studies in Political Development" sponsored by the Social Science Research Council, Lucian W. Pye writes:

The third general theme [of the authors in the volume] is that of liberty and its converse coercion. Most of our authors tend to place the value of liberty near the center of their interpretations of the democratic political culture. Faith in the power of liberty to build strong nations appears to be extremely low in all except the oldest democracies. (1965, 22)

For the Latin American region, Howard Wiarda (1973) highlights "absolutist, elitist, hierarchical, corporatist, and authoritarian" political values as the most important reason for Latin America's democratic failures.

Subsequently, as many nations democratized in the 1980s, scholars such as Huntington (1991, 46–58) and Linz and Stepan (1996, 442–43) emphasized that political values in developing regions were changing, and authoritarian regimes were losing legitimacy. Scholars found the change pronounced in Latin America; Larry Diamond et al. (1999, 41–43) and many others spoke of the "revalorization of democracy" in the region.

Only very recently, however, has there been any cross-national quantitative test of the relationship between democratic values and regime type. Ronald Inglehart (2003) has found correlations statistically significant at the .01 level between attitudes favoring democratic principles (using several items from the World Values/European Values survey) and democracy (using Freedom House scores for 1981–2000). The study includes more than 70 nations, of which at least half are non-European, among them 10 Latin American nations.

In the present study, democratic values are measured by the percentages of citizens who chose the response "Democracy is preferable to any other kind of government" when asked by Latinobarometer "Which of the following statements do you agree with most? 'Democracy is preferable to any other kind of government'; 'In certain situations, an authoritarian government can be preferable to a democratic one'; or 'It doesn't matter to people like me whether we have a democratic government or a nondemocratic government.'" In general, demo-

cratic values were common in Latin America; Lagos (2000) reports that between 1996 and 2000, approximately 60 percent of Latin Americans held democratic values (a percentage still markedly less than the 80 percent of European or 87 percent of U.S. respondents).

Social trust is a second dimension of political culture that is emphasized as pivotal to democratic development. In the classic *The Civic Culture*, Gabriel Almond and Sidney Verba (1965, 213–31) find that “social trust”—measured by respondents’ agreement with statements about trust in others—was much more prevalent in the stable democracies Great Britain and the United States than in Germany, Italy, or Mexico. They argue that in stable democracies, social trust is important to cooperation in groups, and that this cooperation is important to the formation of groups that seek to influence the government. “The tendency to engage in cooperative activity within the political influence process appears, therefore, to be rooted at least partially in a set of social values that stress cooperative behavior among individuals” (Almond and Verba 1965, 227). Echoes Pye:

Political cultures are built either upon the fundamental faith that it is possible to trust and work with fellowmen or upon the expectation that most people are to be distrusted. . . . The presence of diffuse distrust seems to impede seriously the creation of the kinds of public organizations essential for national development. (1965, 22)

Very similar arguments have been made more recently. Inglehart (2003, 54) advances interpersonal trust as playing “a crucial role in democracy.” In *Making Democracy Work*, Robert Putnam (1993) proposes that “civil society” and “social capital” are integral to democratic performance. Putnam (1993, 167) defines social capital to include trust; social capital “refers to features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions.” Indeed, as consistently formatted cross-national data on civil society organizations are not readily available, social trust has been used as a proxy (see, for example, World Bank 2002).

Here, social trust is measured by citizens’ responses to the Latino-barometer question, “Generally speaking, would you say that you can trust most people, or that you can never be too careful when dealing with others?” Respondents choosing the first alternative are considered to have social trust. Overall in Latin America, the level of social trust is low, averaging approximately 20 percent. Lagos (2000, 3–6) calculates that Europeans are three times as likely as Latin Americans to “trust most people” and U.S. residents more than twice as likely.

Education has been widely posited to be an important factor in democratization. First, Lipset (1959) suggested that education would enhance the tolerance and egalitarianism that are necessary for democ-

ratization and would also build citizenship skills. In recent years, educational enhancement has become a virtual mantra of the international financial community. Nancy Birdsall and Augusto de la Torre (2001, 30), for example, declare: "Just, fair, and democratic societies can be constructed only with good quality education for all."<sup>7</sup> At issue is not primary school enrollment and literacy in Latin America; these were virtually universal in the region by the late 1990s. Instead, the focus is on the importance of secondary education. Accordingly, just as for Mainwaring and Pérez-Liñán (2003), this study's indicator for education is the total enrollment ratio for secondary schools during 1996–99, as reported by the World Bank. This ratio is for enrollment, regardless of age, relative to the population of the age group that officially corresponds to the secondary level of education.

### **The Political Party Variables**

The scholarly conventional wisdom asserts the importance of political institutions to democratization. In his classic study *Political Order in Changing Societies*, for example, Huntington provides the following explanation for political instability in much of the Third World during the twentieth century:

Social forces were strong, political institutions weak. Legislatures and executives, public authorities and political parties remained fragile and disorganized. The development of the state lagged behind the evolution of society. (1968, 11)

Among the institutions that scholars have examined, primary emphasis has been placed on political parties. Scholars believe that institutionalized political parties are pivotal to democracy. A variety of attributes are advanced to characterize institutionalized political parties. In his longstanding formulation, Huntington (1968, 12) defines institutionalization as "the process by which organizations and procedures acquire value and stability. The level of institutionalization of any political system can be defined by the adaptability, complexity, autonomy, and coherence of its organizations and procedures." More recently, Mainwaring (1999, 25–60) has defined "institutionalized" political parties as those that are stable; that have strong roots in society; that are accorded legitimacy by major political actors; and that have actual party organization.

Unfortunately, these conceptualizations of institutionalization are complex; such concepts as legitimacy are difficult to quantify, and parties' roots and organization have not been thoroughly researched throughout Latin America. Accordingly, to date, indicators of political party institutionalization are not ideal. However, two indicators are

amenable to quantitative tests: electoral volatility and the number of political parties.

As Mainwaring and Scully (1995, 7–9) describe it, Pedersen's index of electoral volatility "measures the net change in the seat (or vote) shares of all parties from one election to the next." Among our 17 nations, electoral volatility ranged markedly; from 20 percent or below for all lower-chamber elections in Chile, Colombia, Costa Rica, Honduras, Mexico, Paraguay, Uruguay, and most lower-chamber elections in Argentina to above 50 percent for all lower-chamber elections in Bolivia and for at least one lower-chamber election in Guatemala, Nicaragua, Panama, and Peru. The correlation coefficient between electoral volatility and level of democracy is .24 for Freedom House scores for the same year, .25 for scores led by one year, and .29 for scores led by two years—coefficients that are larger than many in table 3 below, but not significant.<sup>8</sup>

Electoral volatility, however, was not included as a key political party variable in this study. Although electoral volatility is a measure of the stability or instability of voters' support for the political parties of a country; it does not—to return to Huntington's definition of insitutionalization—tell about the "process" by which parties "acquire [or lose] value." For example, the index tells that Peru's APRA was repudiated by Peruvian voters in 1990, but it does not tell why. Was APRA repudiated because the party itself had changed in some way? Or was it repudiated because voters had changed their assessment of the party? That would show a change in voters' preferences rather than in the nature of the political party. The latter explanation seems correct. Because electoral volatility is actually a measure of voters' expression of dissatisfaction with a country's political parties, it is only logical that it would correlate with the country's democracy level.

The second quantifiable indicator related to political party institutionalization is the number of political parties in a nation. The number of political parties that is most likely to enhance democratization is a longstanding scholarly question. Scholars have traditionally argued that a small number of parties is positively correlated with democracy, whereas a large number of parties is negatively correlated with democracy.

In the 1960s, leading scholars favored a number of parties as small as one and disapproved of a number of parties any larger than two. Posited Huntington (1968, 422): "At lower levels of modernization, one-party systems may be either strong or weak. Multiparty systems, however, are invariably weak....Clearly a one-party system is no guarantee against a military coup; but multiparty systems are almost sure to produce a coup." It is clear in Huntington's work that a "multiparty system" is defined as a system with more than two parties. Huntington's views are shared by Myron Weiner and Joseph LaPalombara.

[I]n most of the developing areas today . . . systems without parties and those with a multiplicity of parties have been among the least successful in establishing a sense of legitimacy. Thus far one-party regimes have been more durable than competitive party systems. . . . Multiparty systems have also experienced a substantial number of coups. . . . One-party dominant systems . . . or competitive two-party systems . . . have thus far proved somewhat more durable. (1966, 408)

In recent years, one-party systems have rarely been considered democratic, and three parties have rarely been considered a number large enough to be problematical. However, scholars such as Diamond (1996, 80–81), Mainwaring and Scully (1995, 32–33), Bielasiak (2002), and Dix (1992) have continued to favor systems with a smaller number of parties—now stipulated as two to three—and to disfavor those with a larger number—now stipulated as four or more. In a detailed analysis based on Latin American cases, Michael Coppedge (2001, 181) puts the threshold number at 4.57.

These scholars have argued that political party systems in which the number of parties is large are vulnerable to two problems in particular. One problem is fragmentation or fractionalization: when there is a large number of small parties, it is more difficult for the executive to build a governing coalition and to govern effectively. A second problem is polarization: when there is a large number of small parties, ideological extremes are more likely to be represented. Diamond highlights both problems.

A key variable is the sheer number of parties. Fragmented party systems give rise to bidding wars, trade union militancy, ideological polarization, and weak and unstable coalition governments held together mainly by “extensive, and costly, sidepayments.” . . . By contrast, aggregative party systems, in which one or two broadly based and centrist parties can consistently obtain electoral majorities or near majorities, are better positioned to resist “class or narrow sectoral interests,” maintain policy continuity across administrations, and diminish the influence of political extremes. (1996, 80–81)

In recent years, some scholars also have highlighted certain concerns about two-party systems. In particular, assessing the Venezuelan experience, Coppedge argues that during the 1970s and 1980s, Venezuela’s two political parties were excessively dominant: at that time, Acción Democrática and COPEI were found to “monopolize the electoral process, dominate the legislative process, and penetrate politically relevant organizations to a degree that violates the spirit of democracy” (Coppedge 1994, 2). Similarly, analyzing the Colombian experience, Diamond et al. (1999, 26–27) criticize its two-party system as “rigid” and as seeking to “dampen conflict by *not* expressing social

cleavages or political demands, but rather by constraining participation, by relying on and even seeking to foster a persistently weak civil society" (italics in the original). Concerns about "stultified," "unrepresentative," and "overinstitutionalized" party systems are expressed by Mainwaring (1998, 69) and Montero (1998, 125), among other scholars.

Overall, however, leading scholars have concluded that the problems of underinstitutionalization are more severe than those of overinstitutionalization. For Diamond et al. (1999, 26–27), whatever the problems of overinstitutionalized party systems, "the costs to democracy of weak, poorly institutionalized, incoherent political parties have almost certainly been higher." In a similar vein, Mainwaring and Scully (1995) contrast, generally favorably, the "institutionalized party systems" of Venezuela, Costa Rica, Chile, Uruguay, Colombia, and Argentina to the "inchoate" systems of Peru, Brazil, Bolivia, and Ecuador.

Traditionally, this hypothesis about political party institutionalization has been tested using evidence from subsets of no more than a dozen Latin American or postcommunist nations. The smaller or less important nations for which knowledge of political parties was scant and data on electoral results unavailable or inconsistently formatted were omitted. For example, in *Building Democratic Institutions: Party Systems in Latin America*, Mainwaring and Scully (1995) included ten South American nations plus Mexico and Costa Rica; in his chapter on Latin America for the volume *Political Parties and Democracy*, Coppedge (2001) examined nine South American nations (excluding Paraguay) plus Mexico and Costa Rica.

The indicator for the number of political parties in this study is the Laakso-Taagepera index for the "effective number of parties," which is now almost universally used by scholars. In this calculation (Laakso-Taagepera 1979; Mainwaring 1999, 128, 345), each party's share of the seats (or the votes) in the lower chamber of the legislature is squared, these squares are summed, and then the number 1 is divided by that sum. This study incorporates the effective number of political parties for the election year and uses this number for subsequent years until the next election.

## AN OVERVIEW OF THE RESULTS

Table 3 presents the results of the bivariate analysis. The table provides the correlations between the economic, cultural, and political party variables and the Freedom House scores for the same years (1990–99). Also, given the possibility that these variables might affect Freedom House scores only over time, the table provides the correlations between the variables and the Freedom House scores led by one year (1991–2000) and two years (1992–2001).

Table 3. Correlations Among Level of Democracy and Cultural and Economic Variables

	1	2	3	4	5	6	7	8	9
1. Freedom House, 1990-99	1.00								
2. Freedom House, 1991-2000	.79***	1.00							
3. Freedom House, 1992-2001	.71***	.70***	1.00						
4. Democratic Values, 1996-99 <sup>a</sup>	.58***	.42***	.45***	1.00					
5. Social Trust, 1996-99 <sup>a</sup>	.15	.21	.17	.20	1.00				
6. Education, 1996-99	.10	.15	.26*	.36**	.16	1.00			
7. Change in GDP, 1990-99	.15*	.14	.15*	.12	.28*	.18	1.00		
8. GDP per Capita, 1990-99	.33***	.31***	.30***	.38***	.20	.60***	.20**	1.00	
9. Effective Number of Parties, 1990-99 <sup>b</sup>	-.13	-.00	-.03	-.24	-.38	-.10	-.23	-.08	1.00

Freedom House = normalized scores

\* = Significant to the .05 level

\*\* = Significant to the .01 level

\*\*\* = Significant to the .001 level

<sup>a</sup> Some data missing

<sup>b</sup> Country-years in which legislative elections occurred

Correlating significantly with Freedom House scores are two variables: democratic values and GDP per capita. The correlation coefficient between democratic values and Freedom House scores is .58 for the same year, .42 led by one year, and .45 led by two years—all significant at the .001 level and the strongest relationship in this bivariate analysis. The correlation between GDP per capita and Freedom House scores is .33 for the same year, .31 led by one year, and .30 led by two years, also all significant at the .001 level. The table also shows a .15 correlation, significant at the .05 level, between Freedom House scores and economic growth (positive change in GDP) for the same year and led by two years. The coefficient for a one-year lead is not significant. Although the education variable is not correlated with Freedom House

Table 4. Regression of Freedom House Scores on the Full Set of Variables

	Without Current Freedom House				With Current Freedom House			
	1-year lead		2-year lead		1-year lead		2-year lead	
	Coefficient	Standard Error	Coefficient	Standard Error	Coefficient	Standard Error	Coefficient	Standard Error
Constant	29.18	12.35	27.47**	12.61	19.98	11.68	16.83	11.66
Democratic Values	.49	.16	.49***	.16	.07	.19	.06	.18
Social Trust	.28	.20	.21	.21	.18	.19	.12	.19
Education	-.06	.12	.10	.12	.08	.12	.23*	.12
Change in GDP	.38	.56	-.03	.55	.36	.51	-.25	.50
GDP per capita <sup>a</sup>	.37	1.04	-.25	1.07	-.50	1.00	-.93	.97
Eff. No. of Parties	1.86	1.20	1.28	1.23	.32	1.19	-.14	1.17
Freedom House <sub>t-n</sub>					.54***	.16	.57***	.15
R <sup>2</sup>	.22		.20		.35		.37	
N	67		67		67		67	
F	2.81		2.56		4.53		4.89	
Constant					24.59***	7.72	21.83***	7.86
Democratic Values					.14	.14	.18	.14
Freedom House <sub>t-n</sub>					.54***	.12	.54***	.12
R <sup>2</sup>					.36		.38	
N					75		75	
F					20.00		21.67	

Table 4. continued

	Without Current Freedom House			With Current Freedom House		
	1-year lead		2-year lead	1-year lead		2-year lead
	Coefficient	Standard Error	Coefficient	Standard Error	Coefficient	Standard Error
Constant			24.71***	8.64	22.70***	8.41
Education			.09	.09	.17**	.09
Freedom House <sub>t-n</sub>			.58***	.11	.56***	.11
R <sup>2</sup>			.33		.35	
N			67		67	
F			15.52		17.07	
Constant			14.49***	3.37	19.61***	3.79
GDP per capita <sup>a</sup>			.34	.39	.57#	.44
Freedom House <sub>t-n</sub>			.77***	.05	.69***	.06
R <sup>2</sup>			.62		.52	
N			169		169	
F			134.72		88.22	

Notes: Freedom House (FH) = normalized scores  
 For GDP per capita model: 1-year lead, FH scores are for 1991-2000; 2-year lead, FH scores are for 1992-2001  
 Other models: 1-year lead, FH scores are for 1997-2000; 2-year lead, FH scores are for 1998-2001  
<sup>a</sup> Coefficient and standard error = X 1000

Significance:

- # .10 level (one-tailed test),
- \* .05 level (one-tailed test),
- \*\* .05 level (two-tailed test),
- \*\*\* .01 level (two-tailed test)

scores for the same year or led by one year (.10 and .15 respectively), the .26 correlation coefficient for the Freedom House scores led by two years is significant at the .05 level. Throughout, social trust correlates weakly with Freedom House scores; neither the .15 correlation coefficient for the same year nor the coefficients led by one and two years is significant. The number of political parties (Effective Number of Parties" in Table 3) correlates negatively (-.13) but insignificantly during the same year; it is approximately zero for a one- and two-year lead.

Ordinary Least Squares regression equations were also tested to predict a country's Freedom House scores (see table 4). In an equation that includes the six variables—democratic values, social trust, education, GDP per capita, change in GDP, and effective number of political parties—to predict democracy scores led by one year and by two years, only the variable of democratic values is significant. It is significant at the .01 level.

When countries' current Freedom House scores are included in the equation, however, the predictive power of the variables changes. First, equations were tested including all six variables plus countries' current Freedom House scores. In these equations, the democratic values variable is not a significant predictor for democracy scores led by one year or by two years. Instead, the only variable that is significant is education. It is significant to the .05 level (in a one-tailed test) for Freedom House scores led by two years. (It is not significant, however, for Freedom House scores led by one year.)

Second, equations predicting Freedom House scores were tested, including only two other variables: countries' current scores plus democratic values, per capita GDP, or education. In this analysis, the democratic values variable is insignificant for Freedom House scores led by one year or by two years. Education and per capita GDP are insignificant for democracy scores led by one year, but education is significant to the .05 level and GDP per capita is significant to the .10 level in a one-tailed test for scores led by two years.

One question that might be raised about this analysis is, does it matter that Cuba and Haiti—the only nations in Latin America not rated "free" or "partly free" by Freedom House—are omitted? By including only "free" or "partly free" nations, this study explores levels of democracy rather than levels of both democracy and authoritarianism, and accordingly the variance in the scores of the dependent variable is reduced. Indeed, if the necessary economic, cultural, and political party data had been available for Cuba and Haiti, it seems likely that they would have bolstered the study results. With respect to the economic variables, GDP per capita and change in GDP were at or near the hemisphere's nadir in Haiti. Haiti's poor scores on these variables would have strengthened the correlation coefficients and would not have been offset by Cuba's better but still below-average scores.<sup>9</sup>

With respect to democratic values, we expect that they would be scant in Haiti, and probably in Cuba also; we expect that most Cubans would associate a democratic regime with a U.S.-style regime and would express preferences for a socialist regime. With respect to education, it is likely that Haiti's very low secondary school enrollment ratio would have been offset by Cuba's very high ratio. Also, social trust in Haiti is likely to be scant but, as a result of the emphasis on socialist ideology, considerable in Cuba. With respect to political party variables, the inclusion of Cuba is inappropriate, given that participation is limited to the Communist Party. However, if this study had included Cuba, a one-party system, and Haiti, where until recently Jean-Bertrand Aristide's political party was dominant, the hypothesized relationship between a smaller number of parties and democracy would have been even more emphatically rejected.

### **Economic Variables and Level of Democracy**

The results of this study uphold the conventional wisdom about the relationship between economic development level and democracy and also, to a lesser degree, the conventional wisdom about economic growth. To explore these results further, table 5 provides raw data country by country. Although the statistical analysis uses figures for each year, the figures in the table are averages for the ten years 1990-99.

Table 5 shows that GDP per capita often predicts Freedom House scores. Supporting the expected relationship are Argentina, Uruguay, Chile, Costa Rica, Panama, and Venezuela—where GDP per capita was higher and Freedom House scores superior—and also Colombia, Guatemala, Nicaragua, Paraguay, and Peru—where GDP per capita was lower and Freedom House scores inferior. For some nations, however, Freedom House scores are not as positive as economic development levels would have predicted: Mexico and Brazil in particular. And some nations have Freedom House scores that are better than economic development levels would have predicted: Bolivia, Honduras, and Ecuador. On the basis both of recent trends in these latter countries and of the discrepancy between Freedom House scores and the Fitzgibbon-Johnson rankings noted in table 2, it seems possible that Freedom House evaluations for Mexico and Brazil were too critical and those for Ecuador and perhaps Bolivia too laudatory. In this case, the relationship between GDP per capita and democracy would have been yet stronger.

Table 5 also shows the countries where more economic growth (GDP change) predicts Freedom House scores and those where it does not. Supporting the expected relationship are Chile, Panama, Argentina, Uruguay, and Costa Rica—where growth averaged at least 2.3 percent and Freedom House scores were superior—and, at the other end of the

Table 5. Average Level of Democracy and Economic Variables, 1990–1999

	FH	GDP per Capita <sup>a</sup> (\$)	Change in GDP (%)
Argentina	76	7,230	3.0
Bolivia	77	942	1.6
Brazil	66	3,287	.2
Chile	83	4,108	4.8
Colombia	58	1,993	.9
Costa Rica	94	3,589	2.3
Ecuador	74	1,329	–.1
El Salvador	68	1,900	2.7
Guatemala	51	1,573	1.3
Honduras	71	912	–.2
Mexico	54	5,215	1.6
Nicaragua	60	716	0.3
Panama	73	3,528	3.1
Paraguay	61	1,543	–.6
Peru	43	1,859	2.1
Uruguay	89	5,637	2.5
Venezuela	71	5,087	0.5

Freedom House (FH) = normalized scores

<sup>a</sup>These figures in constant (2000) dollars are from World Bank (2005) and available through subscribing universities at <<http://devdata.worldbank.org/dataonline>>.

spectrum, Paraguay and Colombia, where growth was less than 1 percent and Freedom House scores were inferior. The sharpest exception to the pattern was Peru, where growth was relatively strong but level of democracy low. Again, considering current trends—Peru's and Chile's rising scores, Venezuela's declining scores, and recent political instability in Ecuador—it seems possible that GDP change would correlate more robustly with democracy scores led by more than two years.

### Cultural Variables and Level of Democracy

The conventional wisdom about democratic values is also largely upheld in this study, but the conventional wisdom about social trust is not. The results for education were mixed. These results are further explored though the raw country-by-country data in Table 6.

In the first column of the table are the average 1996–99 Freedom House scores for the 17 Latin American nations, and in the second

Table 6. Average Level of Democracy and Cultural Variables, 1996-1999

	FH (scores)	Democratic Values	Social Trust	Education
Argentina	73	72.5	19.0	72.5
Bolivia	81	61.8	17.5	35.5
Brazil	60	46.8	6.3	53.5
Chile	81	56.3	16.3	72.0
Colombia	52	58.5	27.0	67.0
Costa Rica	92	78.8	22.0	49.3
Ecuador	71	51.0	18.8	50.0
El Salvador	73	66.0	22.5	34.5
Guatemala	58	49.5	25.0	25.5
Honduras	71	56.5	19.5	32.0
Mexico	58	50.3	34.5	61.0
Nicaragua	69	65.8	19.3	51.0
Panama	79	69.8	19.5	68.5
Paraguay	58	50.5	11.0	42.5
Peru	46	62.5	12.5	71.5
Uruguay	92	82.5	32.5	83.5
Venezuela	69	61.8	13.8	37.5

Notes: Freedom House (FH) = normalized scores. Rates for men and women are averaged.

Education = Gross enrollment for secondary-school education. The figures are averages for the years 1995 and 1999.

Sources: Democratic values: *Economist* 2001; social trust: Lagos 2000, 8 (for exceptions see note 10). Education: data for 1995 from World Bank 1998; data for 1999 from World Bank 1999.

column the average percentage of respondents who agreed that "democracy is preferable to any other kind of government." In the table, Uruguay and Costa Rica stand out as the two nations scored most democratic by Freedom House and as the two nations where democratic values are most widespread (among as much as 80 percent of respondents). At the other end of the spectrum, both Freedom House scores are inferior and democratic values less prevalent in Brazil, Guatemala, Mexico, and Paraguay. Yet the table also indicates several anomalies: Freedom House scores are inferior relative to the percentage favoring democracy in Peru but high relative to those favoring democracy in Chile.

This finding is important. It suggests that democratic values are tapped by survey questions such as Latinobarometer's, and that there is a correlation between opinion poll data and levels of democracy. At the

same time, as critics of cultural variables have repeatedly pointed out, it is not clear that citizens' responses to survey items are "entrenched values" that cause regime trajectories; instead, regime trajectories may shape political attitudes. In the regression equation predicting current Freedom House scores discussed earlier (see table 4), democratic values are consistently significant—but only if the current year's democracy scores are not included as an independent variable. This suggests that democratic "values" do not have an independent effect on a country's level of democracy; rather, they are partly assessments of citizens' satisfaction with their country's democratic performance.

In the third column of table 6 are the average 1996–99 percentages of respondents in each country who said that they could "trust most people."<sup>10</sup> The table indicates numerous country anomalies. Social trust is more prevalent in Mexico than in any other Latin American nation, but Freedom House scores for Mexico are considerably below average. Social trust is also relatively widespread in Colombia, another nation where Freedom House scores are inferior. By contrast, social trust is at a nadir in Brazil, but its Freedom House scores are not. Although social trust is relatively widespread in one of the most democratic nations, Uruguay, it is not in another democratic star, Costa Rica. In all the other nations where Freedom House scores are superior (Argentina, Bolivia, Chile, and Panama), social trust did not rise above average levels.

In two other recent quantitative studies of the relationship between survey measures of social trust and Freedom House scores, the relationship also proved weak. Using an identical survey item from the 1999–2001 wave of the World Values survey for 77 nations around the globe, Inglehart (2003, 54) found an insignificant relationship between social trust and 1995 Freedom House scores; the relationship became significant only when social trust was correlated with Freedom House indices for a much longer period (1981–2000). The 77-nation sample included numerous highly industrialized nations in northern Europe and North America; when Seligson (2002, 277–79) excluded these nations from the sample, he found an astounding negative relationship between social trust and 1996 Freedom House ratings. Using individual-level attitudinal data from Latinobarometer, Seligson (2002, 283–84) also found that among two-thirds of the Latin American nations, social trust was not significantly correlated with democratic values.

Why is the conventional wisdom about social trust not borne out in the analysis here or in other recent tests? As Seligson (2002) suggests, there are various possible reasons. First, the conventional wisdom may be wrong; social trust may have little relevance to democratization. A second possibility is that there is too little variance for the item. Whereas the percentage of respondents with democratic values ranges from 82.5 percent to 46.8 percent—36 percentage points—the percentage of

respondents with social trust ranges only from 34.5 percent to 6.3 percent—28 percentage points. The percentage for the majority of nations hovers at roughly 20 percent. Third, social trust may not be correctly tapped through the Latinobarometer/World Values survey item. Consider that responses to the social trust item are not very consistent from one year to the next in the Latin American nations—much less consistent than responses about democratic values. Lagos (2000) reports year-to-year variations in social trust of 10 to 15 percentage points in Argentina and Panama; more than 15 percentage points in Guatemala, Honduras, and El Salvador; and 20 percentage points or more in Mexico, Costa Rica, and Nicaragua. Year-to-year responses are consistent only in the Andean nations, Chile, and Brazil. Respondents' answers to the survey item may be related to immediate events, such as corruption revelations or national scandals. Unfortunately, raw Latinobarometer survey data are expensive and difficult to secure; of course, these questions about the social trust item could be more readily explored if the raw data were more accessible.

The predictive power of education was weak for Freedom House scores for the same year and led by one year, but considerable for scores led by two years. We can find clues about the reasons for this result from the fourth column of table 6, which shows the country-by-country percentage of the relevant age group enrolled in secondary school. The table indicates that secondary school enrollment is markedly lower than the regional average in Venezuela, markedly higher in Peru, and slightly higher in Mexico. These are also countries where Freedom House scores changed considerably over the time periods in question (1996–99, 1997–2000, 1998–2001): Venezuela's scores declined, Peru's jumped, and Mexico's rose. These changes brought the three countries' Freedom House scores much closer to what their education levels predict.

The strong predictive power of education for level of democracy led by two years is a very interesting result. The ability of education to predict changes in democracy levels over two years is greater than any other variable in this study. If the trends in Freedom House scores for Venezuela, Peru, Mexico, and other countries continue, it will appear that the advantages of secondary school enrollment for democracy are as marked as analysts have argued.

### **Number of Political Parties and Level of Democracy**

Perhaps the most surprising result of this study is the nonexistent relationship between the number of political parties and levels of democracy in Latin America during the 1990s. The country-by-country patterns in table 7 reveal numerous nations in which the relationship between

Table 7. Effective Number of Political Parties Based on Lower-Chamber Seats, Election Years 1990–1999

	Election					FH
	1st	2nd	3rd	4th	5th	
Argentina ('91, '93, '95, '97, '99)	3.15	2.86	2.86	2.49	2.56	76
Bolivia ('93, '97)	3.71	5.36				77
Brazil ('90, '94, '98)	8.69	8.16	7.13			66
Chile ('93, '97)	4.86	5.02				83
Colombia ('90, '91, '94, '98)	2.17	3.00	2.75	3.17		58
Costa Rica ('90, '94, '98)	2.21	2.29	2.56			94
Ecuador ('90, '92, '94, '96, '98)	6.97	6.61	5.90	5.11	5.73	74
El Salvador ('91, '94, '97)	3.01	3.06	4.13			68
Guatemala ('90, '94, '95, '99)	4.44	3.47	2.73	2.35		51
Honduras ('93, '97)	2.03	2.18				71
Mexico ('91, '94, '97)	2.21	2.29	2.86			54
Nicaragua ('90, '96)	2.05	2.79				60
Panama ('94, '99)	4.33	3.26				73
Paraguay ('93, '98)	2.45	2.27				61
Peru ('90, '95)	5.83	2.91				43
Uruguay ('94, '99)	3.30	3.07				89
Venezuela ('93, '98)	4.65	6.05				71

Freedom House (FH) = normalized scores

Note: See p. 42 for the formula for the effective number of political parties.

Source: Payne et al. 2002, appendix 3 (CD-ROM).

the number of parties and level of democracy is not in the expected direction. The average "effective number of parties" for the various elections is small, below 3.0, in 6 of the 17 nations in the table: 2 nations (Argentina and Costa Rica) where democratic levels are superior, but 4 nations (Colombia, Honduras, Nicaragua, and Paraguay) where democratic levels are inferior. At the other end of the spectrum, the average "effective number of parties" is the largest by a considerable margin (above 8.0) in Brazil—but its democratic level is not markedly inferior. The nations where the average number is relatively large—more than the 4.5 figure stipulated by Coppedge—include Chile, where democratic levels are superior, and Ecuador and Venezuela, where levels are in the average range.

It is possible, but unlikely, that the conventional wisdom is not borne out because the number of parties variable is not effectively tapped by the Laakso-Taagepera indicator. The Laakso-Taagepera indicator for the number of political parties is based not on opinion polls but on consistently formatted electoral data. When a somewhat different indicator was experimentally used, based on the number of parties

winning more than 5 percent of the presidential vote, the correlation coefficients were also very small. Data for somewhat different time periods were also used, with similar results.

Still, skeptics could raise some quibbles. First, party coalitions are not considered. If coalitions were considered, the "effective number of parties" would be considerably smaller in Chile, and the Chilean case would not be an anomaly to the conventional wisdom. Second, the indicator is only for the election period. Neither party switching after the election nor party continuity from one election to the next is tapped. Although for the reasons indicated above, "electoral volatility" is an imperfect indicator, it is also true that the "effective number of parties" indicator tends to imply that the parties in one election year are similar to those in the next, which may not be the case. Was the 2.91 figure for "effective number of parties" in Peru in 1995 valid, when the parties in question were quite different from those of both the 1990 and 2000 elections?

Overall, however, this study considers the Laakso-Taagepera indicator to be sound, so the results here raise the serious question of whether a smaller number of parties is better and a larger number worse for democracy. (As table 7 indicates, there are no "one-party systems" among these Latin American countries during this period, so the implications of this number of parties are not at issue.) The country-by-country patterns in table 7 suggest that "overinstitutionalization" may be a problem not only in the well-known case of Colombia but also in Honduras, Paraguay, and Nicaragua—small countries that previously were often omitted from political party analyses. In these countries, and in the past in Venezuela, two-party systems have been manipulated by powerful elites who blocked democratic participation by alternative groups. Although the challenges posed to governance by larger numbers of parties are real, scholars may have underestimated the advantages of a multiplicity of parties for democratic representation.

## CONCLUSIONS

This study has explored, for 17 Latin American nations in the 1990s, the relationships between the economic, cultural, and political party variables that scholars have traditionally highlighted as important to democracy, and Freedom House democracy scores. Various key traditional hypotheses were upheld, but others were not.

The conventional wisdom about the positive relationship between economic development and level of democracy was, for the most part, sustained. The correlation between GDP per capita and level of democracy was consistently the second-largest in the study; in the regression equation including current Freedom House scores and omitting other variables, GDP per capita was significant. In recent years, moreover,

although not in the 1960s and 1970s, most scholars have argued that economic growth promotes democratization. In the analysis here, the relationship between economic growth and level of democracy was weaker than between economic development and level of democracy, but the correlation coefficient was significant for the same year and with a two-year lead. The relationships would have been stronger if the study could have included Latin American countries considered "not free" for all or some years—namely, Cuba and Haiti. In general, this study offered no major surprises about the relationships between economic variables and levels of democracy.

Democratic values also correlated strongly with level of democracy. The correlation coefficients were by far the strongest of all those in the study. This result confirms the conventional wisdom that democratic values are positively related to democratization. It also confirms a premise of the study: relationships between opinion poll data such as the Latinobarometer and democracy scores such as those elaborated by Freedom House can be positive. However, democratic values did not appear to cause democratic regimes; in the regression equation predicting democracy levels, democratic values are not significant when the current year's democracy level is included.

In the light of the positive relationship between democratic values and level of democracy, the absence of a relationship between social trust and level of democracy is more noteworthy. Arguably, in the United States, social trust has been advanced more than any other variable as a correlate of democratization. The lack of a significant relationship between social trust and level of democracy—especially when joined with the similarly negative finding by Seligson (2002) and the cautionary finding by Inglehart (2003)—calls for further scholarly research. It appears likely that social trust is related to democratization either in more complex ways than previously posited, or is not related at all. It also appears likely that social trust is not measured by opinion poll items as well as had been hoped.

Especially recently, education has been posited to be advantageous for democratization. In this study, secondary school enrollment is not significantly correlated with the current democracy level or with the level led by one year, but it is significantly correlated with the democracy level led by two years. Also, the relationship between secondary school enrollment and democracy level led by two years is the only significant variable in a regression equation that includes all six independent variables of the study plus a country's current democracy level.

Given the longstanding scholarly consensus favoring a smaller over a larger number of political parties, the lack of relationship between the "effective number of parties" and level of democracy is the most surprising finding. Although the "effective number of parties" indicator is

not flawed, the data strongly suggest that the problem of "overinstitutionalization" in two-party systems is more widespread than heretofore acknowledged and that the advantages of democratic representation in multiparty systems are more important than heretofore acknowledged.

We hope that these findings about social trust, education, and number of parties will galvanize further research on their relationships with democratization. Scholars should reconsider the measurement of social trust and its relationship to democratization. Especially given that these data for education span a relatively short time, it is important to continue the study of this relationship. Scholars should develop more effective indicators for the measurement of the institutionalization of political parties and should acknowledge that the problem of "overinstitutionalization" of parties is common and severe.

## NOTES

We wish to thank Charles D. Kenney, Marc F. Plattner, Lee Sigelman, and four anonymous reviewers for their thoughtful comments on drafts of this article.

1. Given the lack of Latinobarometer and other data for Cuba and Haiti, the only two Latin American nations conventionally rated authoritarian for all or some years of the 1990s, these nations are not included in this study.

2. It could be argued that even the variance in the Freedom House scores is insufficient, making the achievement of significant correlation coefficients too difficult. On a normalized scale, however, Freedom House scores range from approximately 50 to 100 (versus rarely lower than 85 to 100 for Polity). In most years, Freedom House has scored 2 of the 17 nations in this study at 90 or above and more than half the 17 nations at 75 or below.

3. Although Munck and Verkuilen (2002, 29) argue that high levels of correlation indicate only the reliability of the measures, not their validity, high correlations do help validate a data series (Lebovic and McClintock 2003).

4. A common questionnaire and a common approach are used in all countries; the number of interviews in each nation is approximately one thousand. Latinobarometer (or Latinobarómetro) is a nonprofit organization based in Santiago and directed by Marta Lagos. The European Community was the first major donor; funding comes now from multiple sources, including international financial community organizations. Unfortunately, the data sets are not released to the public until at least four years after their collection. Most of the Latinobarometer data analyzed here were originally presented in other sources.

5. The four surveys are dated 1996, 1997, 1998, and either 1999 or 2000. The survey for the fourth year was implemented in 1999 but results were not distributed until 2000. Here, the year is referred to as 1999.

6. The major flaws are sample designs that vary slightly from country to country; different polling organizations are contracted for the survey in each country. In most nations, urban areas are oversampled (due to the costs and difficulties of sampling in remote rural areas).

7. Nancy Birdsall was senior associate for the Carnegie Endowment for International Peace, and Augusto de la Torre was regional financial sector adviser for Latin America and the Caribbean Region at the World Bank. During the 1990s, Birdsall held positions at both the World Bank and the Inter-American Development Bank.

8. In comparison to other relationships in this study, the number of cases is smaller for electoral volatility because the number of elections is relatively small.

9. According to ECLAC (2000, 86), per capita GDP change from 1991 to 2000 was -2.8 in Haiti, the worst in the region, versus -1.9 in Cuba, the second-worst. GDP per capita data are virtually invariably reported as the lowest in the region in Haiti, but are not available for Cuba in ECLAC or World Bank sources and rarely reported elsewhere.

10. Social trust data are from Lagos 2000, except for Colombia, Paraguay, and Uruguay. For these three nations, data for 1997 were available in PromPerú 1997. Also, data for Paraguay and Uruguay for the year 1998 were purchased from Latinobarómetro. Data were not secured for Paraguay or Uruguay for 1996 or 1999 or for Colombia for any year except 1997.

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