

*William & Kathy Hybl
International Fellow
on Democracy Studies*



Measuring Democracy:
Approaches and Challenges Associated
With Developing Democratic Indices

*by
Yury V. Bosin
University of New Mexico*



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1101 15th Street, NW
Ste. 300
Washington, D.C. 22201
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The wave of democratization around the world in recent decades brought about a rising need for a means to assess, to compare and to explain democratic progress cross country, cross region and over time. A number of composite indices were developed to measure democracy. Coupled with the advancement of statistical methods, democratic indices became powerful tools of social science research and an important factor of political decision-making. The purpose of this essay is to provide a critical overview of existing approaches to measuring democratic performance. I focus on two widely used projects – Polity IV and Freedom House. I compare their conceptual frameworks, methodologies, measurements as well as limitations. Finally, I discuss ways to improve democratic indices by applying “low-inference” indicators to specific elements of the democratic process.

Why we need to measure democracy

Initially, the idea of democratic indices came from the academic community. Social scientists were interested in using cross-national data for testing causal relationships between democracy and various political and economic outcomes. To prove statistically that these relationships were universal, scholars built their models to include as many observations as possible. As autocracy and democracy were considered to be on the same continuum scholars needed a universal tool to measure and to rate both types of regimes. Various democratic indices were designed to fulfill this task.

The use of democratic indices has spurred several productive lines of research such as determinants of democracy (Lipset 1959, Dahl 1971), liberal inter-state peace (Ray 1955, Russett and Oneal 2001), domestic civil peace (Hegre et al. 2001), economic development and democracy (Cutright 1963; Coppedge 1997), democracy and economic development (Barro 1998) and democratic transitions (Przeworski 1986, Karl 1990). These studies laid the foundations for dynamic research agendas that have dominated political science for over 50 years.

The practical impact of democratic indices

The importance of democratic indices and datasets goes far beyond the field of academic research. In fact, democratic ratings have made an increasingly significant impact on politics. Politicians, foreign relations strategists and development specialists to a larger or lesser extent absorb academic ideas and theories and implant them in their calculations. The connection between democratic studies and political decision-making has become stronger than ever in the recent decade. For example, the influence of the liberal peace theory on U.S. foreign policy has been essential and evident. Numerous studies using democratic indices have statistically confirmed that democracies are less likely to fight each other (e.g. Ray 1955, Russett and Oneal 2001). As Levy put it, "... absence of war between democracies" has "come as close as anything we have to an empirical law in international relations" (1988: 662). According to this logic, the spread of democracy makes the world safer. This rationale has clearly become one of the reasons behind the American decision to invade Afghanistan and Iraq as well as to invest billions of dollars in democracy promotion worldwide. As president George W. Bush said, "As in Europe, as in Asia, as in every region of the world, the advance of freedom leads to peace." (2003)

Another illustration of how democratic theories inspire practical decisions may be found in the domain of international assistance and development. Numerous quantitative studies have found a positive correlation between democracy and economic development. In his 1959 path-breaking article Seymour Lipset wrote:

“...it seems clear that the factors of industrialization, urbanization, wealth, and education, are so closely interrelated as to form one common factor. And the factors subsumed under economic development carry with it the political correlate of democracy” (Lipset 1959:80)

As a reflection of this view there is a growing trend that the goals of development assistance and promotion of democracy should come together in one package. For instance, The Millennium Challenge Corporation embraces this belief by declaring:

“...we recognize the link between democracy and economic growth,” and the “Millennium Challenge Corporation is proud to be pursuing the mission of poverty reduction through economic growth in a way that encourages democratic institutions over the long run” (MCC and the Long Term Goal of Deepening Democracy 2007)

Democratic theories not only drive long-term development strategy but in many cases become an indispensable element of short-term operational decisions. As Jennifer Windsor, Freedom House’s executive director noted:

“In recent years, we have seen increased attention to the ratings process for Freedom in the World, particularly as a result of the U.S. government’s decision to use the publication’s ratings as part of the allocation process for the Millennium Challenge Account.”

Because they facilitate the testing of research hypotheses, the application of democratic indices has had a direct bearing on policy-making that affects the lives of millions of people throughout the world.

How to define democracy

The development of democratic indices depends on how key terms are conceptualized. Democracy is a complex social and political phenomenon. The concept of democracy has been developing for centuries, embracing new elements and dimensions. During the last century our understanding of democracy has been tremendously enriched but the definitional clarity has been hard to maintain.

Abraham Lincoln said, “Democracy is a government of the people, by the people, and for the people.” The question is how to operationalize this concept. The U.S. State Department emphasizes the electoral element of democratic regimes:

“Democracy is government by the people in which the supreme power is vested in the people and exercised directly by them or by their elected agents under a free electoral system.”

However, elections *per se* do not tell much about the quality of democracy and democratic institutions. Therefore the definition of democracy needs to be broadened in order to capture how democratic regimes function between the elections. For instance, Schmitter and Karl (1991:76) argue:

“Democracy is a system of governance in which rulers are held accountable for their actions in the public realm by citizens, acting indirectly through the competition and cooperation of their elected representatives.”

But elections, competitiveness and accountability do not make democracy complete. It is impossible to imagine modern democracy without such vital elements as political pluralism, human rights, civil liberties, a vigorous civil society and a political culture of tolerance, cooperation, and compromise. The problem is in operationalizing and measuring these elements. An assessment of civil society alone might require dozens of variables and introduce a problem of multicollinearity. Therefore, the risk of finding spurious relationships between various democratic indicators and the index would be high. The existing democratic indices such as Polity IV and Freedom in the World tend to use truncated definitions of democracy and focus on few variables which they believe are more important than others.

Polity IV

The early version of the Polity project started in the 1970s to measure regime institutionalization. Polity IV index ranges from -10 for an extreme autocracy to +10 for the most democratic states. Democracy is measured by competitiveness of political participation, competitiveness of executive recruitment, openness of executive recruitment and constraints on the chief executive. The measurements of autocracy are the exact opposite: the lack of political competitiveness, lack of competitiveness of executive recruitment, regulation of political participation, lack of openness of executive recruitment and the lack of constraints on the chief executive.

The Polity IV dataset covers the period from 1800 to present and encompasses 36 variables and almost 15,000 cases. Countries with a population less than 500,000, as well as those in transitions, interregnums and interruption (foreign occupation) are not measured.

Polity IV is based on the republican definition of democracy which emphasizes institutional characteristics. As a result, for instance, Polity IV does not differentiate between a monarchy and a single-party regime. According to this definition, Afghanistan in 1887 had a slightly higher level of democratic development (score of -6) than the USSR a century later (score of -7 in 1987). This comparison seems to lack face validity; Afghanistan in the 1880s was not even a state in the modern sense—it had no common territory, borders or central authority. The question is: if two cases share no common political features then how can one compare their level of democratic development?

Discounting liberal characteristics of democracy leads Polity IV to paradoxical findings. For instance, USA has had a perfect democratic score of 10 since 1871 although the 19th amendment gave women the right to vote only in 1920 while African-Americans were excluded from voting franchise in some Southern states till the 1960s. Switzerland has been a model democracy (score of 10) for more than 150 years since 1848, despite the fact that women only won the right to vote in 1971.

Another consequence of the single-minded focus on executive constraint is that Polity IV does not recognize the momentum of a country's social and political development. Polity IV merely reflects institutional change and pays little attention to the social context in which it occurs. It means that democracy can be shut down or brought to life by a state law or a presidential decree. It is reasonable to ask, though, if a democracy can instantaneously decline as happened ostensibly in Iran in 2004 when its democratic score dropped from 3 to -6? Conversely, does one election cause a regime to shift dramatically towards democracy, as happened in Mongolia in 1990 when the Polity IV score jumped from -7 to 2?

Freedom in the world rating by Freedom House

The Washington DC based NGO, Freedom House, has been publishing its democratic rating since 1972. It includes 191 countries and almost 6,500 cases. Democracy is measured in two dimensions in terms of political rights and civil liberties. Each index ranges from 1 to 7. Countries with a score from 1.0 to 2.5 are considered free, a score from 3.0 to 5.0 are partly free and a score from 5.5 to 7.0 are not free.

A heavy emphasis on human rights leads to biases against young, transitional and post-conflict democracies. In such democracies, the establishment of liberal values dramatically lags behind the establishment of electoral system. The pressures of authoritarian legacies make the transition to full-fledged representative democracy slow and rough. (O'Donnell 1994: 56, 57-58). Not surprisingly, young democracies have lower freedom ratings than full-fledged democracies. Considering that it took Western states several centuries to recognize

and to implement civil liberties as a fundamental pillar of democracy, it is unrealistic to expect new democracies to do so within months.

As changes in civil liberties and human rights usually occur more gradually than institutional reforms, the Freedom House's rating, unlike Polity IV, has a very slow dynamic with rare spike and dips. In some cases, this leads to a significant discrepancy between the Polity IV and Freedom House indices. For instance, in 1987 the Polity IV index for Taiwan went up from -7 to -1. But the Freedom House rating for Taiwan almost did not change (5 for political rights and 4 for civil liberties compared to 5 and 5 in 1986). Bolivia in 2004 got a nearly perfect democratic score of 8 on the Polity IV scale while Freedom House still placed it in the partly free category. When in 2002 Nepal in Polity IV plummeted from 6 down to -6 Freedom House barely noticed this change (4 in political rights against 3 for the previous year.¹

Another problem with the Freedom House rating is that some of its criteria are ambiguous and, therefore, not replicable. For example, in its evaluation of electoral process Freedom House asks the following question: "Are election commissions or other election authorities independent and free from government or other pressure and interference?" Electoral commission may be independent on paper but totally controlled by the government. On the other hand, an electoral management body can be a government agency, as for instance in Sweden and New Zealand, but act impartially and independently. In young democracies with a highly-polarized political arena, mud slinging in campaigning and elections are common. Disgruntled opposition accuses the government of rigging elections. Winners fight back by blaming radical opposition for intentional spoiling of electoral process. In such unconstrained political environments, judging which side is right can be very difficult and depends on information sources that are not necessarily trustworthy. The chance of a subjective assessment increases dramatically. It is believed that in the large-n data set accidental bias in one case is counterbalanced by other cases. In other words, possible measurement errors are normally distributed through the variance and do not skew regression results. It is certainly true for models which use the democratic index as a dependent or independent variable. But for a particular country which gets a lower rating due to experts misjudging or unverified information such a mistake may be crucial.

¹ The correlation between Polity IV and Freedom House is high -- 0.91 -- but not perfect (Burkhart 2000: 242). The existing discrepancy is still enough to pose a legitimate question which index has greater face validity. This discussion is not covered in this paper.

Conclusion

Although measuring democracy and creating democratic indices have been one of the most prolific themes in political science, scholars are far from agreement on how to do it right. The cost of erroneous measurement, bias, inaccuracy and misinterpretation of data is extremely high. For instance, liberal peace theory argues democratic states are less likely to go to war. The authors use the Polity IV score of 6 as a cutoff point for consolidated democracies. However, different inferences may be drawn if the cutoff point is lowered to 5 or 4, thereby encompassing younger democracies. In fact, the inclusion of younger democracies increases the number of wars in the democratic dyads and questions liberal peace assumptions (Schwartz and Skinner 2002).

Another example is the widely accepted proposition of a positive correlation between economic development and democracy. Historical record shows that the relationship does not hold in Latin America. Not only were Latin American democracies established in unfavorable economic conditions but have surprisingly survived through severe economic dislocations and crises. Moreover, in the three countries with the largest economies (Brazil, Argentina, and Mexico), democracy had a harder time finding roots than in less industrialized and urbanized nations (Mainwaring and Perez-Linan 2003). The explanation of that fact can be that the dependent variable—level of democracy—is not truly homogeneous in the cross-national context. In other words, the measurement of democracy misses or overlooks some important characteristics that are essential for Latin American democracies and differentiate them from the rest of the world.

None of the existing democratic indices are perfect. Problems are associated with different concepts of democracy. Other problems stem from methodology, measurement, validity and quality of sources. While assessing such a multifaceted and constantly evolving phenomenon such as democracy, a formidable challenge presents itself. More specific indices focusing on different elements of democratic process such as elections or civil society or horizontal accountability can be a viable alternative. In terms of methodology, subjective criteria have to be avoided and replaced by low-inference indicators. Low-inference indicators are those that do not allow wide variation; Boolean or numerical values are less sensitive to information sources and are fully replicable and open for review and critique.²

² Low-inference indicators are not discussed in depths in this paper. They will be a subject of separate publication.

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