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DOES POLITICAL INEQUALITY LEAD TO POLITICAL INSTABILITY? Case study of Selected Developing Countries¹

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Abstract

The paper aims to find what effect the extent of political inequality within the people has on the political stability of the country. The paper addresses these points by specifying in detail the salient sub-components of various conceptualizations of political inequality. Through a comparative analysis of 68 countries over the period 2006-2012, we explore whether political inequalities lead counties to political instability. Our main interest is to see how well the political dimension of inequalities is able to explain instability levels in developing countries and to check if its transmission channels in Africa are different from the other regions.

JEL classifications : N3, N4, O1

Keywords: Instability, political inequality, politics, democracy, conflict, political violence

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VERY PRELIMINARY VERSION. Comments welcome

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1. Introduction

The politics of inequality has become a major topic among social scientists, particularly about the relationship between socio-economic inequality, political instability and economic outcomes (Stewart 2000, 2005, 2008; Acemoglu et al 2007). They suggest that socio-economic inequality has a detrimental effect on economic growth, especially by breeding political instability (Alesina and Perotti, 1996). Several studies have investigated the implications of political inequality as well as those of economic inequality.³

Few authors empirically analysed political inequality (Bartels 2010, Winters and Page 2009, Dubrow 2010). Most of them examine the possibility of political disparities (Bohman 1999, Verba 2006, Dahl 2006) or its impact on global inequalities (Anderson and Beramendi 2008). All agree that long-run comparative development studies should investigate the implications of political inequality as well as those of economic inequality (Acemoglu et al 2007). In 2013, Stiglitz made the important point that economic inequality is the result of political decisions, not inescapable global conditions⁴. According to him, "rising inequality reinforces itself by corroding our political system and our democratic governance". Dubrow (2010) points the fact that the principal limitation of existing empirical discussions on political inequality is about neither their methodological implications of the measures nor how they can be applied cross-nationally.

How are political instability and its sub-components linked with the outbreak of violence? Before responding to this question, several issues should be addressed namely: How do we define and measure political inequality within nations? How politically unequal are African democracies? What are the consequences of political inequality for individuals, societies and social structures?

The main objective of this paper is to find what effect the extent of political inequality within the people has on the political stability of the country. The paper addresses these points by specifying in detail the salient sub-components of various conceptualizations of political inequality. Neither theoretical nor empirical studies on political inequality's effects have sufficiently taken into account political inequality's multi-dimensionality, and previous studies have mostly relied on problematic aggregate measures. The paper focuses on the

³ Acemoglu et al (2007) argue that there are political factors behind the presence of high economic inequalities.

⁴ Reported by Adam Lioz (2013)

conceptualization and measurement of political inequality and its sub-components, and on its effects on conflict and political stability.

This paper explores whether political inequalities lead counties to more political instability, through a comparative analysis of Africa, Asia and Latin America. Using a sample of 68 countries over the period 2006-2012, we employ data on political inequalities drawn from the Economist Intelligence Unit's (EIU) Democracy Index 2012; and data on political instability gathered from the Major Episodes of Political Violence (MEPV) and Conflict Regions 1946-2012 database⁵ and the Coup d'état Events 1946-2013 database⁶. Both databases are computed by the Center for Systemic Peace.

Our contribution is to provide a systematic explanation of the political consequences of inequalities, as well as the causes of political instability, in developing countries. Our main interest is to see how well the political dimension of inequalities is able to explain instability levels in developing countries and to check if its transmission channels in Africa are different from the other regions.

The paper is organized as follows: section 2 reviews on the conceptualization and measurement of political inequality, section 3 reviews some studies linking political inequality and political instability, section 4 describes dataset, section 5 presents the empirical methodology, section 6 discusses the empirical results, and section 7 concludes the paper.

2. Conceptualizations and measurement of political inequalities

This section compiles existing indicators of political inequality and review how indicators theoretically relate to various conceptualizations of political inequality.

2.1. Conceptualization of political inequality

Defining political inequality is not an easy task since it bridges sociology, political sociology, political sociology, political sociology, political science and social stratification. Some authors associate political inequality with the absence of democracy, while others argue that political inequality is a matter of who influences the decisions of decision-making bodies (Dubrow, 2010).

⁵ Marshall M.G. (2013) *Major Episodes of Political Violence (MEPV) and Conflict Regions, 1946-2012.* Center for Systemic Peace. <<u>www.systemicpeace.org</u>>

⁶ Marshall M.G. and Marshall D.R. (2014) *Coup d'Etat Events, 1946-2013.* Center for Systemic Peace. <<u>www.systemicpeace.org</u>>

Most definitions regarding political inequality are drawn to the distinction made between equality of opportunities and equality of outcomes (Dubrow 2014; Kerbo 2003). Equality of opportunities refers to the access to political decisions — one group has greater or lesser access to or acquisition of political resources than another group — while equality of outcomes refers to the law, symbols, policy or other output that is the result of the political process — that assumes equality of political opportunities between groups (Dubrow 2014). Equality of opportunities brings up the distributional approach; equality of outcomes raises the interdependency approach.

Defining inequality according to inequality of opportunities can be done by pointing what is expected to be equal or unequal among people or groups. Agne (2006) assumes that democracy requires that the people affected by a decision should be able to participate in making it. Thus, political inequality is when all citizens' preferences are inequally weighted in political decisions (Verba 2003; Agne 2006; Baynes 2008). In other words, political inequality is unequal weight in influence over political decisions and groups have unequal political input into the decisions that affect them (Dubrow 2014). This definition suggests a hierarchical structure of authority linked to the magnitude of political inequality, the more layers of authority between the citizen and the decision, the greater the political inequality.

According to the inequality of outcomes approach, political equality is when outcomes are equal, *vice versa* (Griffin and Newman 2008). That means that political inequality is the extent of structured differences in the outcomes of government decisions (Dubrow 2014). Piven and Cloward (2005) introduce the interdependency approach according to which political inequality is *the extent to which groups within society differ in their influence over government decisions*. In this point of view, political inequality is a distinct dimension of social stratification and a form of power inequality whose domain is all things related to political processes. Thus, political inequality is linked to manifestation of power, as inequality of citizen voice in the form of political participation (Dubrow 2010).

In a politically equal society, Dahl (2006) claims that all citizens must have equal opportunities to participate, to vote in fair and free elections, to understand the political system, and to control the political agenda; and all these opportunities must be safeguarded by institutional means. By participating in the democratic process, citizens influence the governmental agenda (Dahl 2006), decide on collective goals, and debate the best way to achieve those goals (Dubrow 2008). Any disparities in political participation thus represent

inequalities in the ability to influence government and the direction of public policy, as a component of political power, and therefore constitute an important part of political inequality.⁷

Political inequality as a dimension of democracy

One important question raised by researchers is: does democracy guarantee political equality? While it is assumed that political equality is a fundamental premise of democracy (Dahl 2006), some argue that democracy leads to political inequality (Bohman 1999; Reuschemeyer 2004; Verba 2003, 2006; Wall 2007). Actually, democratic governance is not a sufficient assurance for equality among people or groups. Democratic institutions set the rules of political process and guarantee formal rights of political participation to a wide variety of citizens, but not to all of them. For that reason, Dubrow (2014) conclude that political equality is an ideal, and that a constant in democratic life is inequality. Perfect political equality is probably an unattainable ideal in complex societies, but some political institutions display a greater degree of equality than others.

Political inequality as a dimension of stratification

Political inequality is assumed to be a dimension of stratification as it interacts with the other forms of inequality. Stewart (2000, 2005, and 2008) argues that inequality should be considered horizontally as they may be economic, social, political or cultural at the same time.⁸ Horizontal inequalities are thus inequalities between economically, socially, politically and culturally defined groups. It is typically asserted that economic inequality and political inequality go hand in hand (Griffin and Newman 2008; Bartels 2010). Economic inequality may be associated with political inequality, in the sense that collective choices reflect the wishes and interests of a small subsection of the society (Acemoglu et al. 2007). In addition the role of gender inequality in political inequality has been mentioned by Paxton et al (2007).

⁷ The most extreme forms of political inequality are of course found in dictatorial regimes, where citizens have no formal influence over their rulers. In contrast, modern democracies are characterized by formal political equality: all adult citizens have equal voice in selecting the officials who govern them (Dubrow 2008).

⁸ Economic inequalities include inequalities in access to and ownership of assets—financial, human, natural resource-based and social; and inequalities in income levels and employment opportunities. Social inequalities include inequalities in access to a range of services, such as education, health care and housing, as well as in educational and health status. Political inequalities include inequalities in the distribution of political opportunities and power among groups, including control over the presidency, the cabinet, parliamentary assemblies, the bureaucracy, local and regional governments, the army and the police. Political inequalities also encompass inequalities in people's capabilities to participate politically and to express their needs. Finally, Cultural inequalities include disparities in the recognition and standing of different groups' languages, customs, norms and practices.

Finally, political equality means equal opportunities and equal outcomes. It is a multidimensional concept which can be applied across nations and across time and across all types of political decision-making systems.

2.2. Measure of political inequality

The measure of political inequality is linked to its definition. However, according to Dubrow (2014) political inequality, as a multidimensional phenomenon, may not be captured by a single empirical measure. The best of its measurements that has thus far been achieved are measures of its sub-dimensions. The author highlights three key problems in measuring political inequality. Firstly, it is difficult to measure influence, as it is an interaction process that is more inferred from the interaction rather than directly observed. Secondly, the array of possible political resources is both close to endless and heavily context dependent. In cross-national perspective, this is further complicated by needing a measure that is functionally equivalent across nations.⁹ Thirdly, is political equality an empirically visible variable or is it an ideal? Then does a theoretical endpoint belong in an empirical measure?

As far as the third point is concerned, Dubrow (2014) argues that if political inequality is conceived the same way economic inequality is, then political inequality must be understood as the distance between two groups. Income inequality is often measured by the distance between those with more income and those with less. In contrast, political inequality is the distance between those with a lot of potential influence and those with less.

'Unlike income, we do not actually see what is measured, and we can only infer it from its outcome. We have never seen perfect political equality. A cross-national measure of political inequality seems as much a fantasy as a society that is completely equal politically'.

Nevertheless, there are some empirical attempts to measure political inequality in various studies. Generally, political inequality is captured by its sub-dimensions.

Griffin and Keane (2006), then Acemoglu et al (2007), measure political inequality as the level of concentration of power and descriptive representation, i.e. the extent to which the

⁹ Dahl (2006) supports this point of view. As for him, a cross-national measure of political inequality does not, and may never, exist: "...to estimate gains and losses in political equality we lack cardinal measures that would allow us to say, for example, that "political equality is twice as great in country X as in country Y." At best we must rely on ordinal measures based on judgments about "more," "less," "about the same," and the like"

parliament resembles the demographic and experiential diversity of the citizenry¹⁰. In this conceptualization, social concentrations in occupying strategic political positions reflect the degree of political inequality, since some groups are on the winning side of political competitions more often than others. However, political concentration cannot be the only measure of political inequality as it underestimates the degree of influence ordinary citizens has in political interactions (Piven and Cloward 2005).

Another group measures political inequality in terms of efforts individuals and groups make to achieve political decisions favorable to them. This includes psychological engagement with politics (Solt 2008) and voter turnout (Anderson and Beramendi 2008). However, Dubrow (2010) shows the limitation of this measure by highlighting the fact that psychological engagement, such as knowledge and attitudes toward politics, are preconditions for political action; but attitudinal measures are not substitutes for measures of citizen behavior. In addition, voter turnout is an important aspect, but cannot be used *per se* as a measure of political inequality¹¹.

An alternative attempt in measuring political inequality is an accounting of which groups tend to have more political decisions that are favorable to them. In this regard, Bartels (2008) suggests that government is more responsive to higher level income groups. The problem with this measure is the complexity in policy outcomes can be hard to handle; who the winning group are in policy decisions is often not clear, forcing some contestable decisions on the part of the researcher (Dubrow 2010).

In 2004 the American Political Science Association (APSA) Task Force on Inequality and American Democracy identified three forms of political inequality: citizen voice, government responsiveness, and patterns of public policy making. The upshot is that the disadvantaged are lesser represented and lesser involved in political participation, government officials are less inclined to be responsive to the preferences of the disadvantaged, and public policy often fails to address the needs of the disadvantaged.

¹⁰ According to Acemoglu et al (2007) political inequality will also tend to be associated with the absence of political competition and accountability, two factors which help to guarantee that political systems generate desirable outcomes.

¹¹ Dubrow (2010) finds four reasons to voter turnout limits. First, influence of voting on government decisions depends on the choices offered in the political market: If voters are faced with parties and candidates who do not share their interests, then voting itself will not make change. Second, voter turnout assumes that all people vote. In reality, the advantaged tend to vote more than the disadvantaged. Third, those who cannot vote, i.e. the disenfranchised, are not accounted for. Fourth, voting is often over-reported in surveys, making them unreliable guides for the extent of citizen engagement and over-estimating the degree of political equality in citizen voice.

Extrapolating from APSA (2004) study, Dubrow (2008) identifies political inequality as a distinct dimension of social stratification and a form of power inequality which are related to political processes. In 2010, the author explores political inequality of a particular type, that being citizen voice in terms of conventional political participation. Conventional political participation refers to the lawful activities citizens do to influence government decisions in legislation and policy. He evaluates cross-national measures of political inequality which he limits to the measures of inequality of citizen voice in the form of political participation. However, a simple percentage of political participation does not meet the basic requirements of measures of inequality, i.e. the measurable distance between groups, and thus is not an empirical focus.¹²

The easiest way is to measure political inequality in terms of the level of democratization. This assumes the introduction of political rights and civil liberties leads directly to reduction of inequalities. But, Verba et al (1978)¹³ point out the fact that rights and liberties alone are not enough to make democracy reduce inequality. It is more important that citizens involve in political participation. The choice of democracy as a measure of political inequality is thus insufficient. It is not democracy alone that matters, but what citizens do with the rights and liberties allowed by democracy (APSA 2004).

3. Political inequalities and political instability

Like other forms of inequality – particularly economic – political inequality has been studied in a variety of disciplines and from different theoretical and empirical perspectives. Actually, studies consider specific aspects of political inequality, because of the definition and measure issues mentioned above, and there are few overviews of the concept as a whole.

Stewart (2000, 2005) argues that any type of horizontal inequality, i.e. systematic inequalities between ethnic, religious or geographical groups, can provide an incentive for political mobilisation, but political inequalities —that is political exclusion — are most likely to motivate group leaders to instigate a rebellion. By contrast, economic and social inequalities, as well as inequalities in cultural status, are more likely to motivate the mass of the

¹² The Achilles Heel of political participation-based studies is that substantive conclusions depend in large part on the political participation items the researcher selects (Dubrow 2010). Choosing cross-national measures of political participation is usually based on (1) a construct of political participation that is country invariant (using variations of data reduction techniques such as factor-analysis), (2) country-specific political participation types, and (3) all available types.

¹³ Cited by Dubrow (2008)

population. She considers that in cases where political, economic and social horizontal inequalities are severe and consistent, both the leadership and the mass of the population in the deprived groups have a motive to mobilise. The leadership is motivated by political exclusion — that is, political inequality — and the population by economic and social inequalities — leaders can use these inequalities to mobilise people.

Considering precisely studies on the effects of political inequality on political instability, several studies indicate that countries with high degrees of political exclusion are more likely to experience violent upheaval (Wimmer et al. 2009). However, Østby (2008) provides econometric support for the importance of consistency among economic, social and political inequalities if they are to provoke conflict. She reports that while political exclusion on its own does not affect the likelihood of conflict, statistically it has a strong interactive with inter-regional asset inequality. That is, asset inequality has a stronger effect in increasing the probability of conflict in the presence of political inequality.

In this regard, another group of studies demonstrate that inclusive government, that is political power sharing, tends to reduce the likelihood of conflict, especially when it takes the form of proportional representation (Binningsbø 2005; Reynal-Querol 2002) even at the local and regional levels (Bakke and Wibbels 2006).

Stewart (2008) concludes that political inclusion does appear to play an important part in preventing violence. Actually, political cooption of the leadership of disadvantaged minorities by the dominant group is often sufficient to prevent conflict without introducing policies to improve the socioeconomic position of these groups in the short run.¹⁴

Therefore, as political inequality is analytically distinct from other forms of inequality; it deserves its own theoretical treatment as well as empirical analysis. In fact, we need to be clear as to the type of political inequality that we consider in this study. It will allow us to better establish how political inequality impacts political violence and will lead us to an appropriate and available measure of political inequality.

¹⁴ According to Stewart (2008), this is because ethnic leaders who do not deliver development to their constituency are likely to be challenged in the long term by new leadership contenders more willing to press their group's developmental claims.

4. Data

This section discusses the two major variables of our study: political inequality and political instability.

4.1. Data on political inequality

Currently, there is no database on worldwide political inequalities which can allow crossnational comparative studies. The reasons are linked with the difficulty of definition and measure of political inequality, as mentioned earlier. Nevertheless, democracy can be used as a measure of political inequality since it can be applied across nations and across time.

The Economist Intelligence Unit (EIU) Index of Democracy is a popular measure of political inequality. EIU index is the average of five categories: electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture. On a 0 to 10 scale, the EIU's Democracy Index is based on the ratings for 60 indicators grouped in the above-mentioned five categories. The overall index is the simple average of this five category indexes, which are based on the sum of the indicator scores in the category, converted to a 0 to 10 scale, where the higher the score, the greater the political situation. Countries are placed within one of four types of regimes¹⁵: "full democracies" (scores of 8 to 10); "flawed democracies"—scores of 6 to 7.9; "hybrid regimes"—scores of 4 to 5.9; "authoritarian regimes"—scores below 4. The index was first produced in 2006, with updates in 2008, 2010, 2011 and 2012.

¹⁵ According to EIU (2013)'s methodology:

[•] Full democracies are countries in which not only basic political freedoms and civil liberties are respected, but these will also tend to be underpinned by a political culture conducive to the flourishing of democracy. In addition, the functioning of government is satisfactory; media are independent and diverse; there is an effective system of checks and balances; and the judiciary is independent and judicial decisions are enforced.

[•] Flawed democracies countries also have free and fair elections and even if there are problems (such as infringements on media freedom), basic civil liberties will be respected. However, there are significant weaknesses in other aspects of democracy, including problems in governance, an underdeveloped political culture and low levels of political participation.

[•] In hybrid regimes, elections have substantial irregularities that often prevent them from being both free and fair. Government pressure on opposition parties and candidates may be common. Serious weaknesses are more prevalent than in flawed democracies--in political culture, functioning of government and political participation. Corruption tends to be widespread and the rule of law is weak. Civil society is weak. Typically there is harassment of and pressure on journalists and the judiciary is not independent.

[•] Finally, in authoritarian regimes state political pluralism is absent or heavily circumscribed. Many countries in this category are outright dictatorships. Some formal institutions of democracy may exist, but these have little substance. Elections, if they do occur, are not free and fair. There is disregard for abuses and infringements of civil liberties. Media are typically state-owned or controlled by groups connected to the ruling regime. There is repression of criticism of the government and pervasive censorship. There is no independent judiciary.

4.1.1.1.Data on political instability

As for the measurement of political instability, we have many methods used in the literature. Changes in government have been used in several studies. For instance, Alesina et al (1996) assigned a numerical value for each country by averaging the probabilities of a change in government for that country over several years. In a similar way, De Haan and Siermann (1996) used a dummy variable that takes the value 0 if the number of government transfers exceeds seven and 1 otherwise. Aisen and Veiga (2011) evaluated political instability as *Cabinet Changes*, that is, the number of times in a year in which a new prime minister is appointed and/or 50 percent or more of the cabinet posts are occupied by new ministers. In another way, Zureiqat (2005) measured political instability by a country's Polity2 democratization score. Coup d'état, that are involuntary changes in government, are also usually used as a measure of political instability (Alesina et al. 1996; Ghura and Mercereau 2004; Fosu 2001). Finally, Fosu (2002) used a composite index to capture political instability, including the frequency of *successful coups*, which result in involuntary executive transfers of power, *abortive coups*, which are represented by potential changes in government, and *officially reported coup plots*.

In this paper, we use two main measures of political instability. The first one is the total summed magnitude of all societal major episodes of political violence. This variable is a combination of civil violence, civil warfare, ethnic violence and ethnic warfare. The magnitude scores for multiple episodes of violence go from 1 (lowest) to 10 (highest), the value zero denoting no episode. The data used come from the Major Episodes of Political Violence (MEPV) and Conflict Regions 1946-2012 database¹⁶. Our second measure of political instability is the number of coup d'état events that occurred in the year of the record. A coup d'état is defined as a forceful seizure of executive authority and office by a dissident/opposition faction within the country's ruling or political elites that results in a substantial change in the executive leadership and the policies of the prior regime. We use two types of coups events: successful coups and attempted (failed coups) from the Coup d'état Events 1946-2013 database¹⁷. Two other types of coups events exist in this database: coup plots and alleged coup plots. But they are more likely to be subject of measurement error. Both databases are computed by the Center for Systemic Peace.

¹⁶ Marshall M.G. (2013) *Major Episodes of Political Violence (MEPV) and Conflict Regions, 1946-2012.* Center for Systemic Peace. <<u>www.systemicpeace.org</u>>

¹⁷ Marshall M.G. and Marshall D.R. (2014) *Coup d'Etat Events, 1946-2013.* Center for Systemic Peace. <<u>www.systemicpeace.org</u>>

5. Summary of results

5.1. Graphical evidences

We begin the analysis by showing visible graphical evidence on the level of political inequality and political instability in developing countries.

Figures 1 and 2 portray the distribution of political instability variables across developing regions over the two last decades. The first chart displays the magnitude of episodes of political violence. It suggests that political violence is more prevalent in sub-Saharan Africa (SSA) followed by South and Central Asia (SCA) and Latin America and Caribbean (LCA). The region which seems to be less affected by the political violence is the Middle East and North Africa (MENA). The results from may be due to the low number of countries in the region compared to others regions.



Figure 1: Political instability in developing countries - Civil conflicts by region, 1962-2012

Source: Author's calculation

Figure 2 reports the average number of successful and attempted (failed) coup d'état across selected developing regions. The data shows that on average, the highest number of successful coups d'état is observed in Sub-Saharan African countries, followed by LAC's countries and SCA. Finally, the Sub-Saharan region has been the most unstable region in the developing world over decades.



Figure 2: Political instability in developing countries – Coups d'état by region, 1962-2012

Source: Author's calculation

Table 1 shows the repartition of political inequality across selected developing regions. The table summarises global trends in democratisation from 2006 to 2012. Middle East and North Africa (MENA) remains the most repressive region in the world over the years. In 2012, the region counted 12 out of 20 countries categorised as authoritarian regimes.¹⁸ This situation may probably be a result of deception in democratisation expectations after the popular unrests in the Arab World in 2010. In Latin America, democracy is highly fragile with the majority of countries in the region being classed as "flawed democracies" or "hybrid regimes", according to EIU terminology.

Rank	Region	Democracy index				
	-	2006	2008	2010	2011	2012
1-	North America	8.64	8.64	8.63	8.59	8.59
2-	Western Europe	8.60	8.61	8.45	8.40	8.44
3-	Latin America and the	6.37	6.43	6.37	6.35	6.36
	Caribbean					
4-	Asia	5.44	5.58	5.53	5.51	5.56
5-	Central and Eastern	5.76	5.67	5.55	5.50	5.51
	Europe					
6-	Sub-Saharan Africa	4.24	4.28	4.23	4.32	4.33
7-	Middle East and North	3.54	3.48	3.52	3.62	3.73
	Africa (MENA)					
	World	5.52	5.55	5.46	5.49	5.52

Table 1: Democracy index by region, 2006-201	Table 1 : Democrac	y index by regior	i, 2006-2012
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Notes: Full democracies: 8 to 10; Flawed democracies: 6 to 7.9; Hybrid regimes: 4 to 5.9; Authoritarian regimes: 0 to 3.9

Source: Economist Intelligence Unit. Democracy Index. (Various years). http://www.eiu.com/

¹⁸ For instance Tunisia, Libya, Egypt and Yemen experienced significant progress in democratisation during 2012, while in Syria, in Bahrain and in Lebanon there has even been regression in reaction to popular protests.

According to the latest EIU's Democracy Index in 2012, presented in Figure 3, only 11% of the world's population reside in a full democracy and less than one-half live in a democracy of some sort. In fact, the number of countries which can be considered as "full democracies" is low — only 25 countries — mostly developed countries, although there are two Latin American countries (Uruguay and Costa Rica). Mauritius is the only African country in the group. 54 countries in EIU's index are rated as "flawed democracies"; 51 are authoritarian regimes and 37 are considered to be "hybrid regimes".



Figure 3: The Economist Intelligence Unit's (EIU) Democracy Index map, 2012

Notes: Greener colours represent more democratic countries.

Full democracies: 9.00-9.99 8.00-8.99

Flawed democracies: 7.00-7.99 6.00-6.99
 Hybrid
 Authoritarian

 regimes:
 regimes:

 5.00-5.99
 3.00-3.99

 4.00-4.99
 2.00-2.99

 1.00-1.99

Insufficient Information, not rated

Source:

http://en.wikipedia.org/wiki/Democracy_Index#mediaviewer/File:Democracy_Index_2012_green_and_red.svg

Are countries with high political inequality most unstable? The next section presents the econometric analysis.

5.2. Regression based empirical analysis

In this paper, we examine the relationship between political inequality and political instability with the following estimating equation:

$$polstab_{it} = c + \alpha_1 poleq_{it} + X'_{it}\beta + u_i + e_{it}$$

$$\tag{1}$$

Where $polstab_{it}$ is the measure of political instability for country *i* at time *t*, $poleq_{it}$ is the measure of political inequality for country i at time t, X is the vector of control variable including the GDP per capita¹⁹ (natural logarithm), inflation rate²⁰, urban population $(\text{percentage of the total population})^{21}$ and population density $(\text{natural logarithm})^{22}$.

The sample subjected to analysis constitutes of 68 developing countries from 2006 to 2012 (list of countries in Appendix). The choice of countries and years is to a large extend determined by data availability, especially data on political inequality. All developing regions are covered. Unless the very short period of analysis, our panel is strongly balanced (see the descriptive statistics in Appendix). Our regression method is a logit model applied to panel data. In order to deal with possibly significant effect of omitted variables, we apply Fixed Effects Model.

6. Analytical results

[To be completed]

Robustness check

To test whether the results are robust, we use alternative measures of both political inequality and political instability. In the new model, political inequality is measured as Polity IV index and instability as the occurrence of coup d'état (succeed or failed coups).

[To be completed]

7. Conclusions

[To be completed]

¹⁹ It is assumed that level of economic development affects national political stability positively (Alesina et al. ¹⁹⁹⁶; Fosu 1992; Aisen and Veiga 2006, 2011).
 ²⁰ The level of inflation is supposed to impact political stability negatively (Aisen and Veiga 2011).

²¹ Alesina and Perotti (1996) argue that more urbanised societies should be more politically unstable because political participation and social unrest are more likely to be higher in cities.

Giskemo (2012) suggests that when people are crammed more densely together, they become more aware of their situation relative to that of others.

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Appendix: Tables

Country					
Algeria	Ethiopia	Nigeria			
Angola	Gabon	Niger			
Argentina	Gambia	Pakistan			
Benin	Ghana	Panama			
Burkina Faso	Guinea Bissau	Paraguay			
Bolivia	Guatemala	Peru			
Botswana	Guinea	Philippines			
Brazil	Haiti	Rwanda			
Burundi	Honduras	South Africa			
Cambodia	Indonesia	Senegal			
Cameroon	Iraq	Sierra Leone			
Cape Verde	Cote d'Ivoire	Tanzania			
Central African Repub	Jamaica	Thailand			
Chad	Kenya	Тодо			
Chile	Liberia	Uganda			
Colombia	Lebanon	Uruguay			
Comoros	Lesotho	Venezuela			
Congo Brazzaville	Libya	Congo Kinshasa			
Costa Rica	Mauritania	Zambia			
Djibouti	Madagascar	Zimbabwe			
Ecuador	Mexico				
Egypt	Mali				
Equatorial Guinea	Morocco				
Eritrea	Mozambique				

Table 2 : List of countries in the sample

Table 3 : Descriptive statistics

Variable	Obs.	Mean	Std. Dev.	Min	Max
Democracy Index (Overall score)	340	5.012794	3.832639	1.43	67.33
electoral process and pluralism	340	5.285118	3.189259	0	10
civil liberties	340	5.624324	2.282023	1.18	10
functioning of government	340	4.179588	2.340865	0	8.93
political participation	340	4.042794	1.602859	0	7.22
political culture	340	5.033853	1.156215	1.88	7.5
Political instability	340	.1705882	.3767031	0	1
Coup d'état	340	.0470588	.2120768	0	1