The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Crunching the Numbers to Find Out if a Crisis Will Give Russia a Democracy

By Sergey Guriyev

September 04, 2012

What do the coming years hold for Russia's political system? Recent cross-country studies suggest that economic growth alone will not miraculously transform Russia into a democracy or protect it from becoming a dictatorship. Moreover, it appears that the economic crisis is a significant threat to the ruling regime.

The debate in Russia over how economic growth and crisis influence the path to democracy or dictatorship has been going on for years. Analysts have split into four groups. The first holds that Russia's economic growth will continue, making the transition to democracy inevitable. The second group believes that continued economic growth is likely, but because the government is the primary beneficiary, Russia will not embrace democracy. A third group predicts that Russia is headed for an economic crisis — caused perhaps by problems in the global economy and a slump in oil prices — and that the resulting domestic crisis will cause the government to go bankrupt and lose power. The fourth group also claims that an economic crisis will come, but believes it will only prompt the authorities to tighten their grip on power, turning the country into an autocracy or full-fledged dictatorship.

So who is right?

The first and fourth groups base their arguments on the famous Lipset hypothesis of modernization, named after renowned U.S. political scientist Seymour Lipset, who traces its origins back to Aristotle. This hypothesis holds that an increase in per capita gross domestic product causes a country to become more democratic. More affluent voters look beyond their immediate needs and take a greater interest in rights and a system of checks and balances — all of which are needed to guarantee property rights. These groups explain that the more affluent segments of the population have primarily driven the protest movement and the call for democracy in Russia.

It would seem that cross-country research data supports this theory. A vast majority of wealthy countries today are democracies. The few exceptions — Singapore and Middle Eastern monarchies — can be counted on one hand. Intercountry research pioneer Robert Barro, in his classic study of the relationship between economic growth and democracy, "Determinants of Democracy," writes that "increases in various measures of the standard of living forecast a gradual rise in democracy."

However, no direct cause and effect relationship has been established between the level of income and the level of democracy in a country. This precludes making predictions that democracy will inevitably emerge with higher income levels. For example, higher levels of income and democracy might be explained by other factors such as the peculiarities of a given country's history and development. In an article titled "Income and Democracy" published in the American Economic Review in 2008, the authors compare Columbia and the United States and argue that, although the United States is wealthier and more democratic, the greater wealth did not necessarily lead to greater democracy. Columbia and the United States are very different countries with regard to their history, geography and many other features. Therefore, the fact that the United States is currently wealthier and more democratic than Columbia does not necessarily mean that Columbia will become equally democratic when it attains the same level of wealth. More controls must be in place to establish such a cause and effect relationship, and this requires studying each country separately and at different stages of its development. The authors did exactly this, studying the change in per capita GDP and the level of democracy from the late 19th century onward for every country for which statistics are available. The result: After accounting for country-specific factors, no direct relationship was found between a country's per capita GDP and its level of democracy.

These findings and the country-specific method of analysis run contrary to research done by U.S. political scientist Adam Przeworski and his co-authors — and often quoted in the Russian press — that higher incomes do tend to lead to democracy rather than dictatorship.

If there is no guarantee that economic growth leads to democratization, could an economic crisis prompt such change? It would be inappropriate to apply lessons learned from comparative studies of long-term patterns to short-term economic crises and their effects on political regimes. Just the same, the authors of the "Income and Democracy" article made additional calculations concerning the effect of short-term economic crises on the change of political regimes. For each five-year period from 1965 to 2000, they defined "crisis years" as those in which the level of economic growth fell by by 3 percent to 5 percent compared to the average rate of growth for the previous five-year period. It turns out that each such crisis period significantly increased the likelihood of a transition to democracy during the following five-year period. A crisis marked by a 5 percent drop in economic growth produced a 10 percent increase in its democracy level index.

Another recent article, "Rain and the Democratic Window of Opportunity," published in the Econometrica journal in 2011, examines the impact of drought and the resultant economic crisis in agriculture-dependent African states on the probability of democratization. It turns out that after an economic crisis marked by a 5 percent decline in growth, the probability of a country making the transition to democracy increases by 10 percent, and by an average of 3.5 percent annually. Of course, the data concerning crises in African states cannot be applied directly to Russia, and global averages can only provide a rough estimate of what might happen in a country. However, both studies indicate that an economic crisis with a 5 percent decline in growth can have a significant impact on a country's political system. It would be wrong to dismiss that possibility in Russia. If we consider that the baseline forecast for economic growth in Russia through 2013 is 3 percent to 4 percent annually and that the Economic Development Ministry's crisis scenario foresees a 2.7 percent decline in growth, the anticipated crisis could exceed the 5 percent figure.

What conclusions for Russia can be drawn from these studies? Economic growth does not inevitably lead to democracy, and it is not a panacea against the emergence of a dictatorship. At the same time, a crisis of the magnitude already predicted by government experts could push Russia toward a democratic government or toward a significant improvement in its democratic institutions. Of course, even the latest studies cannot provide any guarantees, and the accuracy of such research models is extremely low. It would therefore be unwise to hope that a strong economy will save Russia or the opposite, that an economic crisis will necessarily bring regime change. Russians will have to rely on their own efforts if they want democracy to flourish.

Sergei Guriev is rector of the New Economic School in Moscow; Oleg Tsyvinski is a professor at Yale University and the New Economic School. This comment appeared in Vedomosti.

Related articles:

- Civil Society Is the Kremlin's Worst Nightmare
- Putin's Law of Repression May Force His Demise
- For Some, Pussy Riot Trial Is Just a Game

Original url:
https://www.themoscowtimes.com/2012/09/04/crunching-the-numbers-to-find-out-if-a-crisis-will-give-russia-a-democracy-a17524