

6. Events are Practically Random

To study the spells of constant regimes empirically requires long time series, so it is done in Chapter 7, which shows that the average spell is about 15 years, and much longer at the ends of the P -range. Even in the middle of the transition, most regimes are constant for more than 10 years. Thus, political regimes have a great deal of stability.

Chapter 6 argues that the stability is due to the efforts of regimes to consolidate, which means that regimes develop status quo equilibria (s1). To break such equilibria requires a *triggering event*. It is shown in two ways that such events happen (almost) randomly: (i) It is demonstrated that economic development variables, income and growth, cannot explain the events, and neither can the tension variable, Θ^P (s2). System changes do not happen when Θ^P reaches a certain size. Thus, the explanation of when it happens is different from the explanation of what happens (s3). The rest of the chapter (s4-9) tries to identify the triggers by a search in the historical archive of *the Economist*. It shows what well-informed contemporary observers thought were the triggering events for all 262 larger jumps. The triggering events are found to be very diverse and most are unconnected to development.

6.1 Regime consolidation: making a status quo equilibrium

Any political regime wants to survive, so as soon as it is established, a regime starts a consolidation process. The regime uses three main methods:

(i) As much as possible, it reorganizes the administration by discharging staff loyal to the old regime and appointing new staff of loyalists. This is particularly important as regards the control apparatus including police and security personnel.¹ It is made clear to the public that it is dangerous to join an opposition movement.

(ii) It strives to establish legitimacy – often by some kind of election, by a new constitution, by obtaining the blessing of the Church, or by propaganda stressing the national-historical roots of the regime, etc. The regime may also undertake conspicuous public works.

(iii) It creates a class of loyal clients by mechanisms distributing rents. It is important that the recipients of the rents understand that the rents are ‘unreasonable’, so that they are

¹ Less democratic regimes often create an especially dangerous security force that is under the control of the leader of the regime only.

likely to be abolished by the next regime.

These methods require that the ruler has adequate funds, but the population will surely resent taxes spent for regime building. Thus, the methods are much easier to apply in oil countries, where the ruler has no need to tax, as mentioned in section 4.7.

6.2 Does development and the tension explain events?

Table 1 explains events by the same variables as in Table 4.1: initial income, $y_{(-)}$; initial tension, $\theta^P_{(-)}$; the annual growth rate, g ; and the average growth rate over the preceding five years, $g5$. In addition, fixed effects for countries and years are included in some of the regressions. The table reports OLS regression results. The corresponding probit regressions give similar results. With $N = 6,211$, ‘everything’ is normally statistically significant. This is also the case in Table 1, but the key finding is that the regressions explain a small fraction of the variation only. The country- and year dummies provide about 85% of the explanatory power – such as it is.

The most important observation from Table 1 is that the tension variable, which played a key role in the Jumps Model of Chapter 5, turns out to explain none of the variation in the events. Hence, the probability of an event does not depend on the distance of the *Polity*-score from its equilibrium value on the transition curve.

Table 1. OLS regressions explaining the 675 events, E

$N = 6,211$	(1)	(2)	(3)	(4)	(5)
Initial tension, $\theta^P_{(-)}$	0.000 (-0.1)	0.000 (0.1)	0.002 (2.1)		0.000 (0.4)
Initial income, $y_{(-)}$	-0.032 (-9.2)	-0.025 (-2.3)	-0.081 (-5.3)	-0.032 (-9.3)	
Growth, g	-0.002 (-3.5)	-0.003 (-3.7)	-0.003 (-3.7)	-0.002 (-3.5)	
Growth 5 years, $g5$	-0.004 (-3.7)	-0.004 (-3.6)	-0.003 (-2.1)	-0.004 (-3.7)	
Constant	0.371 (13.3)	0.206 (1.1)	0.544 (1.5)	0.370 (13.4)	0.099 (26.2)
FE for countries	No	Yes	Yes	No	No
FE for years	No	No	Yes	No	No
R ² net of FE	0.024	0.006	0.009	0.024	0.000
R ² of FE		0.060	0.073		
N	6,211	6,208	6,208	6,211	6,211

See Table 5.1. The difference between the R² of 0.024 in columns (1) and (4) and the R²'s in columns (2) and (3) is a measure of the collinearity of the 4 variables, $T_{(-)}$, $y_{(-)}$, g and $g5$ and the dummies. Stata deletes some degrees of freedom when all the dummies are included.

The coefficients on both growth variables are negative and statistically significant, but they are tiny. Consider the averaged estimated coefficient of growth g of 0.0025 in the

regressions (1) to (4). Imagine a boom where the economy grows by 3 percentage points faster than it usually does. Such a boom would reduce the chance of a political regime change by no more than $3 \times 0.0025\% \approx 0.0075$ (percentage points). For the averaged 5-year growth rate g_5 , the estimated effect is a bit larger, but still small.

Governments and regimes that are successful in generating high economic growth may become popular and hence more stable, so that the coefficients on growth should be negative, but Chapter 5.2 showed that the effect is small. In addition, high economic growth is disruptive for old political structures; see Chapter 13. Thus, it is not surprising that the negative effect of growth is close to zero.

6.3 *The big difference between the explanation of the events and the jumps*

Table 2 compares Table 1, explaining events, to the parallel Table 4.1, explaining jumps, and Table 4.3, explaining the larger jumps. The explanations are strikingly different. Column (3) compares the fit, and columns (4) to (7) compare the marginal R^2 of the four explanatory variables. The key difference is column (4) for the θ^P -variable: It gives no contribution in Table 1, but it is the key variable in Tables 5.1 and 5.3. Thus, the comparison demonstrates that events happen randomly, while the tensions explain the size of the jumps.

The reader may think that this comparison is ‘unfair’, as Table 2 is calculated for all 6,211 observations, while Table 4.1 uses data for the 515 jumps only. However, Table 4.1 has also been recalculated using all 6,211 observations, including jumps of size zero, as shown in the last row of the table. This reduces the difference between the results, but there is still a large difference in the explanatory power of the tension.

Table 2. A comparison of the fit of estimates in Tables 2, 5.1 and 5.3

Columns	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Explaining	Table	N	R^2	Marginal R^2 from Model (3)			
			Model (1)	Tension, θ^P	Income, y	Growth, g	Growth, g_5
Events, E	1	6,211	0.024	0.001	0.004	0.003	0.006
All jumps	5.1	514	0.297	0.363	0.012	0.000	0.000
Larger jumps	5.3	199	0.785	0.304	0.011	0.000	0.002
Jumps, incl. $J = 0$	Not included	6,211	0.026	0.068	0.011	0.000	0.000

The marginal R^2 is calculated in each column from model (3) in the tables by comparing the full estimate with the estimate when the variable in the column is deleted. Both the tension and the income are the initial values. Column (3) reports the R^2 -values net of fixed effects. The regression 5.1 has 137 fixed effects.

Table 3. The number of jumps in six equally large intervals of the data sorted by income

Interval of 1/6	Counts		Frequency of jumps	Binominal tests of fall ^{a)}			Income interval	
	<i>N</i>	Jumps		1-step	2-step	3-step	from	to
First (lowest)	1035	120	0.116	n.a.	n.a.	n.a.	5.319	6.748
Second	1035	112	0.108	23.3	n.a.	n.a.	6.749	7.261
Third	1035	102	0.098	15.1	3.3	n.a.	7.261	7.952
Fourth	1035	98	0.095	38.5	9	1.6	7.952	8.517
Fifth	1035	71	0.069	0.3	0	0	8.517	9.215
Last (highest)	1036	12	0.012	0	0	0	9.217	10.363
All	6211	515						

MAIN sample. (a) The test is the probability that n or less of 1035 draws with the frequency of the preceding 1, 2 or 3 cells occurs by chance. The tests show a significant downward trend as in Figures 4.7 and 4.8.

Table 3 studies the effect of income in another way. It considers *triggering* events that actually lead to a regime change: The 675 events discussed in Chapter 4 gave only 515 jumps. The table finds that the number of jumps falls with a rising income level. In the beginning, the fall is small, but then it becomes substantial, as expected from Chapter 4. At high income levels, the countries are already democracies and the populations want no further changes in the regime. The expected stability (absence of events) of the political regimes at low income levels is not confirmed, but then there are only few, if any, countries left in the traditional steady state where modern development has not (yet) started. The result in Table 3 reflects that many LDCs have political regimes built around a single person. When an event triggers a change of that person, there is often a regime jump. This is not the case in developed countries, where widely respected institutions secure that rulers can change without a system change.

6.4 *The triggering event in the historical archive of the Economist*

The second way to study whether events are random is to find out what close contemporary observers thought were the triggering events for all the 262 larger jumps. One or more articles in *the Economist* cover each jump. The triggering events for the jumps are all classified in two dimensions. One is domestic/external (D/X), and the other is political/economic (P/E). Thus, in Table 6 at the end, all triggering events are put in four cells: (DP), (DE), (XP) and (XE).

This section gives a few well-known examples that fit into the four cells of the (2x2) table. The short stories given in Sections 4 to 6 are parts of the systematic analysis in Section 5. The articles in the *Economist* may be one-paragraph notes or articles of up to two pages. The latter describes some of the process leading to change. If more than one month elapses between the trigger and the eventual change, as is often the case, the story may be quite complex, which makes it difficult to pinpoint the crucial event starting the process, and I frequently have coded

more than one event. That is particularly true when there is a lull in the process.

A strong impression that emerges when reading approximately 270 articles is that they deal mostly with *domestic politics*. This may be in order to tell newsworthy stories. Even when the magazine is called *The Economist*, it is obvious that the (anonymous) journalists writing the articles are concentrating on the stories, rarely discussing whether the economy mattered. Maybe it did not, as suggested by the negative finding reported at the end of Section 2.3, but it could also be a reporting bias. Therefore, all cases in which the economy or external events are mentioned have been coded.²

The journalists normally try to identify the triggering event. For reasons of space, the process leading to the change is merely sketched, but one to two important events in the process are often stated. The process is conditional on background factors such as the strength of the regime, but such factors are not included systematically. In some cases, several similar events that did not lead to a jump occurred well before the triggering event. That a particular event became the trigger may be because something went wrong in the process, or background events weakened the incumbent regime.

A well-organized political regime can absorb even large popular demonstrations and riots. In France, *P* stayed constant during the large wave of demonstrations and strikes of 1968,³ and French voters reelected President de Gaulle after the demonstrations were over. One year later, however, he lost a constitutional reform referendum and resigned. In the same way, the military dictatorship of Chilean President Pinochet absorbed the large wave of popular unrest in connection with the breakdown of the fixed exchange rate policy in 1982-1983.⁴ He resigned peacefully in 1988, after narrowly losing a plebiscite on the extension of his rule.

Some of the crises that caused a system jump have a complex history of economic and political interaction – here the choice of the triggering event is difficult.

In the two decades from 1965 to 1985, Argentina experienced four large regime changes.⁵ The country has a long history of unrealistic economic policies fueled by populism. In the two decades mentioned, the country experienced the return and subsequent death of Juan Peron, the so-called Dirty (civil) War, repeated waves of high inflation, several military coups,

² I have made a check of the coding of the countries, using Wikipedia, which devotes one to two pages to the modern history of each country. A few coding errors were found. However, I am glad to say that the sources agree surprisingly well, both with respect to the timing of larger changes and as to their explanations.

³ The events of 1968 in France are examples of large-scale demonstrations/riots that were caused by a wave of utopian beliefs that came and went away for no concrete reason; see Chapter 3.

⁴ The fixing of the peso to the US dollar tried to eradicate the residual inflation left after high inflation 1972-1975, which was stopped by standard monetary means. The fixed-peso policy had large costs, but inflation did decline.

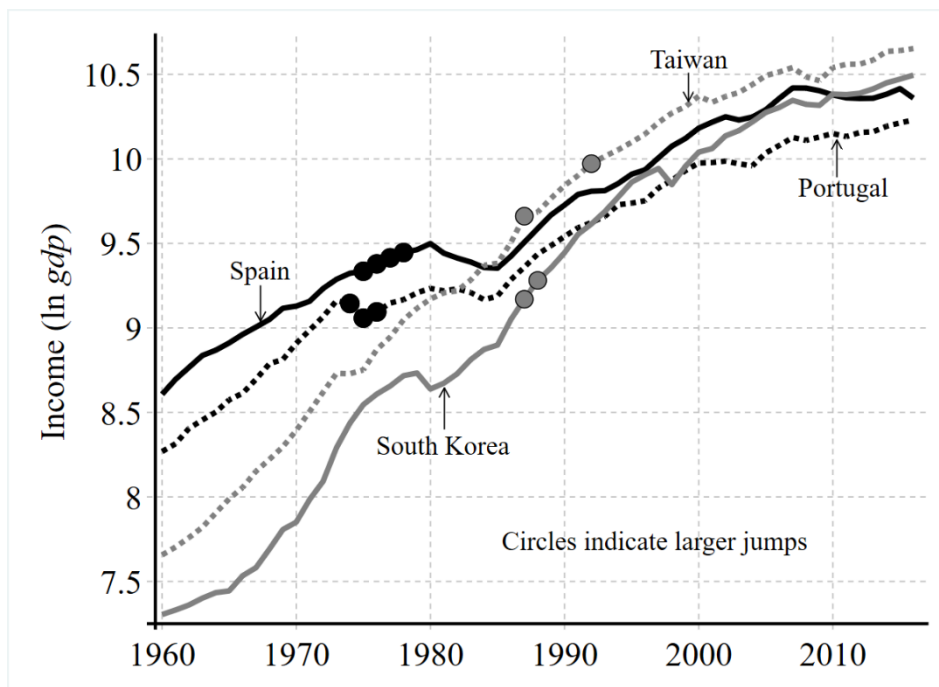
⁵ As usual, the large jumps were of a cyclical nature: -8 (1966), +15 (1973), -15 (1976) and +16 (1983).

and it started and lost the Falklands War to the United Kingdom. It later defaulted on the national debt; see Tanzi (2018) for a fine survey. Those events did follow from one another, but it is impossible to claim that everything was endogenous, so that the tragic path of events was inevitable given the country's state in 1965. *The Economist* does identify triggering events for all four jumps – it is actually quite easy in three of the four cases.

6.5 The (DP) domestic political cell: Four cases of countries joining the West

Portugal, Spain, Taiwan and South Korea are countries that first witnessed strong economic development and then experienced a system jump after the death of the old dictator. Figure 1 shows where the triggering events happened relative to economic development. The deaths of leaders caused a process to start, during which popular pressures emerged. In those four cases, the jump seems to be unconnected to short-run economic performance. Therefore, the triggering events are classified as domestic and political.

Figure 1. Four cases of countries that have joined the group of wealthy countries



The increases in P -points are: (i) 1974-76 in Portugal (18 points); (ii) 1975-78 in Spain (16 points); (iii) 1987-88 in South Korea (11 points); and (iv) 1987 and 1992 in Taiwan (14 points), which is treated as two jumps.

When the jumps occurred, the countries had reached an income level of $y \approx 9.5 \pm 0.5$. The four countries all had large positive tensions, with P -scores well below the transition curve. Thus, the jumps reduced the tension. In Portugal and Spain, the jump overshoot the curve, which

made the countries *too* democratic for a while until income caught up.⁶

6.6 The (XP) external political cell: The post-socialist wave from Chapter 3

The dataset includes ten old socialist countries that left Soviet socialism to become 28 countries.

Table 4 shows a condensed version of the process for their regime jump.

Table 4. The jumps 1988-1992 in the 28/29 post-socialist countries

Country	Jump/sequence	Country	Jump/sequence	Country	Jump/sequence
USSR, 1989, $P = -4$		Kazakhstan	1, stable	Countries created (long) before 1988	
Lithuania	14, stable	Kirgizstan	1, fairly stable	Hungary	17, stable
Latvia	12, stable	Tajikistan	2, unstable	Mongolia	16, stable
Armenia	11, unstable	Turkmenistan	-4, stable	Bulgaria	15, stable
Belarus	11, unstable	Uzbekistan	-5, stable	Poland	15, fairly stable
Estonia	10, fairly stable	Yugoslavia, 1988, $P = -5$		Czechoslovakia	15, stable
Ukraine	10, fairly unstable	Slovenia	15, stable	Czech Republic	Stable since 1993
Moldova	9, fairly stable	Macedonia	11, fairly stable	Slovak Republic	Stable since 1993
Russia	9, unstable	Croatia	2, unstable	Albania	14, fairly stable
Georgia	8, fairly stable	Serbia	0, unstable	Romania	13, fairly stable
Azerbaijan	1, unstable and back	Montenegro	Stable since 2006		

See Table 2.1. In 1993, Czechoslovakia broke into two countries. The two big countries of Ex-Yugoslavia, Croatia and Serbia, had their democratizations in 1999-2000 after the wars between Serbia and Croatia and in Bosnia and Kosovo were finally over. Montenegro broke with Serbia in 2006. Armenia exhibits a major zigzag in 1995-1998. Azerbaijan has gradually turned more authoritarian. $P = 0$ in 1990 for USSR as that was a rather chaotic year. Finally, the DDR (East Germany) joined West Germany.

A great many articles in *The Economist* cover the collapse of socialism, and it is also covered by a large literature (e.g., Paldam 2002b). The key event was that the Communist Party of the USSR ‘imploded’ during 1988-1989 owing to domestic political events. With a large reduction in central power, a process started that spread throughout the socialist world, both in the countries under Soviet patronage as well as in Yugoslavia and Albania that were outside the Soviet sphere. The transitions involved large popular demonstrations in most countries, and a few years later they caused serious economic setbacks.

The initial triggering event for all the large jumps listed in Table 4 thus is a political shock that originated in the center and spread throughout the socialist world. Only a few East Asian Communist countries and Cuba managed to protect their regimes against the political wave. All European (or near-European) countries saw large jumps toward democracy, and only

⁶ The changes in South Korea and Taiwan happened in overlapping years, and so did the changes in Portugal and Spain. This suggests a common background factor. Andersen and Jensen (2017) provide evidence that the change of Catholic doctrine as regards democracy is such a factor. *The Economist* does not mention this factor.

a few jumped back later on, while the five poor central Asian countries and Azerbaijan, listed at the end of the new Ex-USSR group, remained authoritarian. The events are classified as external political shocks, except in Russia, where the jump was a domestic political shock.

It is reasonably clear what happened in the cases covered by Table 4, but it is less clear what went on in the countries that were distant from the USSR. Two such cases are Nicaragua and Congo Br, mentioned in the last paragraph of Chapter 3. *The Economist's* article describes the new parties in Congo (Br) and the peacefulness of the process from the regime change to the election, but it does not mention the collapse of the socialist world.⁷ Even more puzzling is the article about Nicaragua, where the Sandinista government allowed a free election in 1990. The article mentions the economic chaos (with hyperinflation and a debt burden of 10 times GDP), it stresses US pressures, but makes only a brief remark about the collapse of the USSR in the last paragraph of the article.

6.7 *The (DE) domestic economic cell: Reactions to economic mismanagement*

The coup in Chile in 1973 produced a jump in the Polity index of -13 points. Much has been written about the coup, and since it had a strong Left-Right dimension, rather different explanations have been given involving various conspiracies. Salvador Allende's 'Unidad Popular' government had created both high hopes and a severe crisis because of its utopian economic policies:⁸ Real GDP was falling, and the inflation rate was fast approaching hyperinflation, producing major waves of demonstrations and counter-demonstrations organized by the parties of the ruling bloc.

The coup-makers were the heads of the army, navy and air force, and its stated purpose was to save the nation from economic chaos. There is no reason to believe that the coup-makers did not mean what they said, so the triggering event was the economic mismanagement by the democratically elected government, well in accordance with the coverage in *The Economist*. Thus, it is classified as a domestic economic trigger.⁹

From our reading of the case articles, it appears that external economic events have caused no regime changes, so the (XE) cell has remained empty. This corresponds to the observation from Figures 4.11 and 4.12, showing the distribution over time of the triggering events and the jumps.

⁷ Here, I could not resist deviating from the source and make the jump external political.

⁸ Chile is home to many fine economists, but none of them were associated with the Allende government, which disliked economic theory in general and what it called 'neoclassical theory' in particular.

⁹ When Chile reverted to democracy in 1988-1989 in a two-year sequence of two upward jumps of +5 and +9 polity-points, the change was caused by domestic political events.

6.8 *The 262 triggering events*

Table 5 shows the coding of the events reported to be ‘causal’ for the 262 jumps. On average, 2.5 such events are listed for each jump. They are amazingly diverse.

Table 5. Types of events mentioned as important for the 262 jumps

	Countries	113
	Jumps	262
	Of which sequences	83
Domestic political	Demonstrations/riots	69
	Fight within government	16
	Ruler takes steps toward democracy	93
	Ruler takes steps toward autocracy	46
	New constitution	41
	Collapse of policy	17
	Election unfree	51
	Election free	108
	Coup non violent	63
	Coup violent	19
	Natural death of ruler	11
	Murder of ruler	8
	Civil war won	10
	Civil war lost	3
Peace accord ending civil war	8	
Domestic economic	Negative growth	10
	High inflation	9
	Other	4
External political	Collapse of USSR and Yugoslavia	24
	Pressure incl. military from abroad	28
	War won	1
	War lost	7
External economic	International economic crisis	
	Changes in commodity prices	0
Number of events	Average per jump 2.5	646

The format of *The Economist* demands that the articles are of moderate size. The journalists always look for two types of events which they think (i) will start and (ii) are important for the story. I interpret the journalists’ missions as attempts to identify events with an element of exogeneity, but, of course, the journalists do not try to say how salient such elements are.

Some of the events are (almost) fully exogenous in the context of specific countries, such as the wave of post-communist transitions beyond the borders of the Russian Soviet Republic. Almost 100 large changes happened during 1989-1992 in connection with the collapse of the USSR. In some of those cases, the USSR (or Yugoslavia) was the protector of

the government that collapsed when protection was withdrawn. In other cases, the USSR was a distant supporter, but the government of the country decided that it had to adopt to the new world order. Thus, the 1988-1992 period saw a widespread diffusion of ideas and beliefs: socialism went out of fashion.

Other such waves have happened, like in the revolutionary year of 1848,¹⁰ the youth revolution of 1968, and the (failed) Arab Spring of 2010. They are difficult to handle in a systematic way, as the mysterious concept of *zeitgeist* is an important part of the story. Other demonstrations/riots might have more limited elements of exogeneity.

Sometimes a government decides to take a (major) step towards or away from democracy. Some reasons must underlie such transitions, but the inside stories typically are not well known, so in our perspective they are exogenous.

The sample contains seven cases of successful foreign military interventions for the explicit purpose of changing a country's political system without modifying its borders. In those cases, the intervention was caused by domestic circumstances, notably human rights' violations, but once again, in none of the cases the system change came immediately after a sudden deterioration in the human rights.¹¹ Vietnam's invasion of Cambodia did oust the regime of the Khmer Rouge that had killed over 20% of the population, but the Vietnamese 'excuse' for the invasion was border incidents.

Most coup-makers issue a proclamation after they have occupied the national broadcasting center. Such proclamations may reflect what the coup-makers think, but normally they are a great deal loftier than the actual goals of the new men seizing power. No one ever admits that the coup-makers have exploited an opportunity to hijack the gravy train. The articles in *The Economist* often report the coup's announced motives and speculate about the true intentions when a gap seems obvious. The most common declared motive is to stop the wheeling and dealing of corrupt politicians. It is part of the military ethos that officers are upright and honest. Such declarations are domestic/political in nature. However, if the motive is declared to be an economic crisis and the country does have a crisis, the jump has an economic trigger.

¹⁰ A large literature discusses the revolutionary wave of 1848. It proposes various explanations. Berger and Spoerer (2014) survey the literature and claim that the wave was due to a sudden international economic crisis, contrary to our findings for the period after 1960. Aidt and Jensen (2014) propose that democratizations in 1948 were due to an international wave of revolutionary zeal, which is a nice example of an external political trigger.

¹¹ France (2), Tanzania (1), the United States (3) and Vietnam (1) led the foreign military interventions. In addition, some foreign interference took place in three to four cases when it is unclear that the intervention was crucial. Finally, foreign mercenaries were involved in another three to four cases. The mercenaries may have worked for or with a state agency in their country of origin (see https://en.wikipedia.org/wiki/Bob_Denard).

Often, *The Economist* mentions that the triggering events happened because of an unsatisfactory economic development, but by then things typically had been bad for a long time. Many observers have argued that the gradual slowing down of the USSR's growth may have had a causal relation to the big collapse of the late 1980s and early 1990s, but the country's poor economic performance had been going on for 20 years or more; the implosion of the regimes took only a couple of years.

None of the stories claim that external economic events are important for precipitating jumps. They are rarely mentioned, neither in 1973-1980 when commodity prices exhibited dramatic swings, nor in 2009-2014 during the international banking/debt crisis. The copper-price drop after the Vietnam War did affect the economic developments in Zambia and Chile, but it appears to have had no influence on the two countries' regimes.

The key observation from Table 5 is the diversity of the triggering events found. It is easy to further subdivide the list – triggering events are very diverse.

6.9 *The summary table*

Table 6 reports the final counts in the four cells (DP), (DE), (XP) and (XE) of our 2 x 2 matrix. If the chain of events going from the triggering event to the jump is within the political sphere, as is often the case, there is no doubt that the triggering event is domestic (cell DP).

Table 6. The 262 triggering events

	Political	Economic
Domestic	215	11
External	40	0

As mentioned, I started my quest from the theory of the democratic transition, notably from the Jumps Model, and looked for economic factors in the political transition. The model claimed that triggering events are (almost) random. Tables 4 and 6 provide strong additional evidence of the unpredictability of such events. The vast majority of the events are political, and though they may have some long-run relation to the economy, the connection is certainly not strong and direct.

This chapter has looked at 262 major political system changes in 170 countries between 1960 and 2015. The two sources – the Polity index and *The Economist* – agree on the timings of the changes. I then attempted to identify – within broad classes – the source of the triggering

event in the 262 cases, using the relevant articles in *The Economist* in the identification. That, admittedly, is a narrow source, but it is available throughout the sample period (1960-2015) in a fairly consistent way, and the format of the journal forces the journalists to concentrate on the important events.

The triggering events vary quite a lot, and they often enter into a complex process with other events. The sources are thin on some regime changes. In a few small countries, such as Burundi, military coups are (relatively) common, and they are barely mentioned. Other countries, such as Chile, have seen only one coup, which is covered by a handful of articles.

Still, one strong conclusion can be drawn: Seen from the perspective of development, triggering events are largely random. Previous work has demonstrated that once a triggering event occurs, the path of the democratic transition is an attractor for the resulting jump. That is why the transition curve is so apparent in the long-run data.