6 Tatu Vanhanen thesis and the prospects of democracy in Latin America

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No serious student of democracy has been able to conduct work on the empirical theory of democracy since Tatu Vanhanen first began publishing his compilations of data without making reference to that work. The material contained in this collection of monographs, books and papers provides the raw data upon which so many of us rely for our work. Moreover, the collection of historical material, taking us back to the middle of the last century in a number of cases, is a unique resource, found nowhere else.

In the material covered in this book, Vanhanen has attempted to make sense of his own data, proposing a refinement of both theory and method that takes us beyond his previous works and updates the series to provide us with data for the 1990s. Those of us who have been asked to write region-specific chapters to accompany the Vanhanen world-wide analysis have a dual task. We must determine the extent to which the overall theory helps in the prediction of democracy for our region and we must determine the extent to which the data base provides an accurate reflection of the conditions in that region. In this paper I attempt to respond to both challenges. At the outset, however, it should be noted that I am very sympathetic to the enterprise that Vanhanen has undertaken and therefore my critique should be viewed as one that is coming from an analyst who applauds the method but disagrees with some of its specific points and applications.

A substantial number of Vanhanen's 172 cases are located in Latin America; in this analysis a total of twenty-nine cases. Critiquing the analysis becomes a major challenge when one is limited to these cases for a variety of reasons. First, as shown on Vanhanen's Table 3.7, not a single case of these twenty-nine deviates so much from the theory that they violate it. All but five cases are located above the democracy threshold of above 6.3 in the IPR index, and all of them were democracies based upon his democracy index (ID). Second, most of the five cases that range in the transition zone (an IPR of from 3.3 to 6.3) are clearly the least democratic countries by the ID standard. Thus, not a single case (at least at first analysis) in the Latin America region seems to violate the theory Vanhanen has proposed. Third, deviations from the arithmetic means of regression residuals are quite low for the Latin American region as a whole. As shown on Vanhanen's Table
A second omission is the absence of income distribution data. In some way, this is a problem similar to the one just mentioned, but one that is not nearly as complex. Labour force surveys exist for many nations, and income inequality data can be constructed from those surveys. The World Bank reports on many cases, and Edward Mulder and I (1987) have attempted to expand the list with additional information. To Vanhanen’s credit, he has included a surrogate measure, the concentration of non-agricultural resources, but this measure is focused on private versus state ownership rather than distribution of income or wealth within the population. There is a great debate in the journals regarding the role of inequality in generating (or being a product of) regime type. The absence of this information in the Vanhanen data set makes it impossible for him to test the contribution of income distribution to democracy.

The absence of income distribution data is particularly significant for the Latin American cases. As a group, they are the countries in the world with the highest level of inequality in the distribution of income. Yet, within the region, there are countries like Costa Rica that have reduced their income inequality to reasonably low levels, yet right next door there is Honduras with perhaps the world’s highest inequality in distribution. As a result, there is a lot that distinguishes these cases in terms of distribution. If we accept, as some have suggested, that income distribution is not merely a function of development as a strict interpretation of Kuznets’ inverted U-curve would suggest, but is instead largely a product of policy decisions, then this variable becomes all the more important in Latin America.

One should hasten to add that these two omissions, while important, do not deprive the interested researcher from pursuing an inquiry with these variables added to the data set. One of the great virtues of Vanhanen’s work is that it provides the raw data (and the sources) for each of his indicators. One could take his data, add the ‘missing links’, and do a reanalysis. The same point can be made for those critics who have challenged the statistical analysis itself. As Vanhanen points out in his text, some have called the statistical analysis naive. Indeed, I will critique him on some points in that regard in a moment. Yet, with the availability of his raw data in each of his publications, interested scholars can reanalyse his data with their technique of choice.

Errors of omission, both in terms of variables and analysis of data are flaws from which Vanhanen (or his followers) could recover. Of greater concern are errors of commission. These errors, too, could be remedied through inclusion of different data or recalculation of the methods utilized to produce indexes. But they presently lead Vanhanen to some potentially erroneous conclusions. It is important to focus on those.

Vanhanen claims that, ‘the region of Latin America is geographically compact but culturally and ethnically heterogeneous’. While it is of course true that within the region there are countries that were colonies of Britain, France and the Netherlands, the overwhelming territorial area and
population consists of former colonies of Iberia (Spain and Portugal). The
overwhelming majority of the population of Latin America speaks Spanish
or Portuguese, is Catholic in religion and shares a common experience of
dependence and subordination to the Western hemisphere's global power.
This homogeneity within this region on the democracy variable, a factor that
Vanhanen does not emphasize. On the other hand, he perfectly correctly
minorities, especially the indigenous population and descendants of the
former African slaves.
Vanhanen notes that in the 1970s he predicted the emergence of democ-
early in Latin America. As he states, 'The surprising victory of democracy in
Latin America in the 1980s was not unexpected from the perspective of
democracy in nearly all countries.' Although that statement is true, it suggests that
to others, using other approaches, it was not. Vanhanen is quite correct that
many Latin American experts were committed to the Bureaucratic-Author-
itarian thesis proposed by O'Donnell, in which it was expected that these
out of increasing levels of economic development. Yet, those who examined
from the perspective of Lipset's classic thesis connecting economic and
social development to democracy, would have concluded that democracy
thesis, found that with very few exceptions (Bolivia and Venezuela) the
Latin American nations had established the necessary prerequisites for the
existence of democratic rule (1987). These findings were based only upon two
variables, GNP and IPR index. This raises the question of overdetermination in the Vanhan-
monous model; then the more complex model (and theory) is unwarranted.
A closer look at the Vanhanen measures reveals some troubling findings:
high IPRs of any of the countries in Latin America. Indeed, these
Yet, these are the countries that in the 1970s experienced the most violent
Chile. The military dictatorship that took power in those countries violated
rights in a frightful way during the period of the so-called dirty
war, in which hundreds if not thousands of still-active political prisoners
were tossed into the ocean floor helicopters. True, the IPRs are not, but Vanhanen's earlier work also showed these coun-
tries to be at the top of the Latin American lists.

The values assigned to Argentina and Uruguay do not mesh well with the
much lower level assigned to Costa Rica (20), the country nearly all
experts agree is Latin America's strongest democracy. Indeed, in both
objective and subjective ratings of democracy prepared by others, Costa Rica
stands out. In the new classic Colombo (1980) index, Costa Rica was scored a
92, while Argentina received only a 51. In subjective ratings prepared every
five years by Latin American experts, and formed into what has come to be
known as the 'Fitzgibbon-Johnson Index', Costa Rica has been ranked number one for over twenty years, while Argentina has often been in the
bottom tier of countries (Johnson, 1977). Something appears to be very
wrong, then, with the IPR index with respect to these three countries,
suggesting an underlying problem that might affect other countries as well.
What can account for this discrepancy? It does not emerge in Vanhanen's
estimated degree of concentration (his Appendix 4), since each of the
countries has the same score (50). It is also not a factor in his measure of
the index of family farms (Vanhanen's Appendix 3) since Costa Rica turns out
to be higher, at 33 percent, than Argentina (22 percent) or Uruguay (27 percent).
I should note, however, that the subject of family farms is one to
which I will return below. The discrepancy is also not a function of literacy,
since each of these countries has literacy rates over 90 percent. The large
discrepancy emerges, instead, in the urbanization data (Appendix 2). Van-
hanen shows, quite correctly, that Argentina and Uruguay are far more
urban than Costa Rica. Argentina and Uruguay are both 86 percent urban,
non-agricultural, while Costa Rica is only 47 percent.
Vanhanen's thesis is that the higher the urban, non-agricultural popula-
tion, the greater the chance for democracy. If this measure is used as a
substitute for some measure of modernization and industrialization, then it
makes sense. But in terms of theory, it does not. If true, it would suggest that
countries that are basically rural and agricultural have little opportuni-
ty to become democratic. In fact, this contradicts Todseville's image of
America as well as the history of the United States. Furthermore, there is
much literature that suggests that democracy in the US and Costa Rica are
at least to part an outgrowth of the yeoman farmer. If so, then one
would want to have more of those farmers, not fewer as the Vanhanen indexes would suggest.
In the IPR index for the three countries under consideration, the sub-
component labeled IOD (Index of Occupational Diversification) is where
Argentina and Uruguay gain over Costa Rica. Argentina has an IOD of 88,
Uruguay 86, but Costa Rica only 61.5. Because of the fact of this, Costa Rica lag-
badly behind the other two countries, yet we know its democracy is longer
lived, more stable and deeper than those of Argentina and Uruguay. This
suggests that this part of the IPR index is misleading and should be re-
evaluated by Vanhanen.
Further difficulties emerge with this index. The case of Peru is particu-
larly troubling. It has an index of 67.5, far higher than most countries in
Latin America, yet it experienced the most extensive guerrillas insurgency of any Latin American country in the 1960s. In addition, it was the one an executive coup. Furthermore, the IPR index for Peru was 17.9, exceeding some concern. Consider the case of thirty-three, while El Salvador scores thirty-six. In a recent article Seligson year Vanhanen uses for El Salvador (1971), it was a country with one of lysts agree that the twelve-year civil war that broke out in 1980 was largely a of the early 1980s and the current post-civil war redistribution Salvador’s land concentration has diminished. Yet, from the Vanhanen were more favourable for democracy than those in Costa Rica. This discrepancy between the index and the reality again suggests that the index needs to be rethought.

One difficulty with the family farm index is that even though the World Census data used are the best that are available, they do have some serious problems. As Mark Edelman and I (Edelman and Seligson, 1994) have shown, census data can have a systematic bias, underrepresenting the smallest farms. We have demonstrated, for example, the land registry includes virtually all of the largest farms, but few of the smallest farms. This occurs because large land owners have the capability of paying the high costs of registering their property, but are anxious to hide their ownership from the census takers for fear of expropriation by land reform agencies. On the other hand, small farmers do not have the economic resources to title their land, but use the their claims. As a result of these biases in the two different sources, we argue that only the two sources combined can give us what we are looking for as a true measure of land distribution. In the case of El Salvador the figures used by Vanhanen, no doubt, underrepresent the largest farms and therefore artificially increase the weight of the smaller farms in the census.

A further problem emerges in the case of Venezuela. There only 15 percent of the farms met Vanhanen’s test. Yet, Venezuela established democracy in the late 1950s, decades before the current emergence of democratic regimes in Latin America. This suggests that either the index is wrong for Venezuela, or that its utility in countries that are heavily urban and oil dependent is not as great as it is in other contexts.

A final concern is related to the IPR index that was added to the Vanhanen approach to resolve the problem of the Eastern European cases. The central difficulty is his decision to combine that index with his IPR by adding a quarter of the value of the ISI. Why one-quarter? Why not one-half, or some other proportion? The decision seems to be entirely arbitrary and not based upon any theoretical considerations. Perhaps Vanhanen could go through an exercise in which he would examine the impact of including various proportions of ISI in the IPR after he has developed a theoretical explanation for each proportion.

CONCLUSIONS

In conclusion, the Vanhanen approach is one that we must all take very seriously. It is the most comprehensive data set that we have to date. At the same time, when looked at from the perspective of the Latin American region, troubling anomalies develop that suggest refinement of the measure is in order.

REFERENCES