

Institutional Design, Quality, and Conflict

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Outline

Introduction

What are institutions?

What is an institution?

The civil democratic peace

Good governance

Power-sharing

Conceptual framework: Institutions

- The Big Question: (How) Can we design institutions to avoid conflict?
- The Big Question II: Do institutions have an independent effect or are they just 'codifications' of behaviour?
- The Big Question III: How do we deal with endogeneity?
Institutions both cause of conflict and caused by conflict

What is an institution?

- What is an institution?
 - Douglas North (1991): Institutions are the *humanly devised constraints* that structure political economic and social interaction. They consist of both *informal constraints* (sanctions, taboos, customs, traditions and codes of conduct), and *formal rules* (*constitutions, laws, property rights*).
- Our literature is mostly concerned with the latter, or a mix of both formal and informal



Formal and informal institutions

- Literature mostly looks at *formal* political institutions
- Problem: How to measure institutions?
 - Study constitutions (Normative vs. empirical reality)
 - Study behaviour (How do we measure the effect of an institution then?)
 - Most datasets (e.g Polity, Freedom House) are a mix of both
 - Some are mostly de jure (e.g IAEP)
 - Some are mostly about behaviour (e.g World Governance Indicators, from World Bank)

Conceptual framework: Institutions

- Four 'things' that national (political) institutions regulate:
 - ① Participation
 - ② Competition
 - ③ Selection of the executive
 - ④ Constraints on the executive (Horizontal constraints)
- Feature of these institutions:
 - Their *quality*,
 - The degree to which the rules are followed, and 'good'
- This lecture will be concerned with institutions that fall along one of these institutional dimensions

Conceptual framework: Theoretical Foundations

- Most theories about how institutions reduce conflict, either focus on:
 - Grievances (institutions produce political motivations for conflict)
 - Opportunities (some institutions make conflict easier to organize)
 - Bargaining (institutions reduce or increase commitment problems)
- Be aware of this when going through the readings!

The democratic peace

TABLE 1.1
Democratic Versus
Nondemocratic Wars 1816–1991

DYADS [1]	WARS [2]
democracies vs. democracies	0
democracies vs. nondemocracies	155
nondemocracies vs. nondemocracies	198
TOTAL	353

1. Stable democracies. This only excludes the war between an ephemeral republican France and republican Rome in 1849.
 2. Defined as any military action in which at least 1,000 are killed.
- From Small and Singer 1976, updated to 1980 based on Small and Singer (1982); more recent estimates from the author.

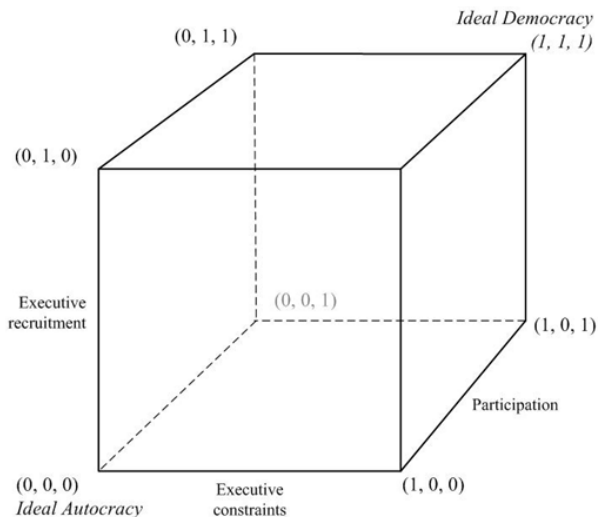
The Liberal Peace

- Three kinds of arguments from the classical literature:
 - ① Non-democratic leaders are more aggressive than democratic leaders
 - ② Liberal institutions has a pacifying effect on people
 - ③ Democracy 'individualizes' and 'rationalizes' people
- Four (five) kinds of arguments from the modern literature:
 - ① Democratic leaders are responsible to the public and can be ousted (structural)
 - ② Democratic leaders are used to handling disputes peacefully (institutional)
 - ③ Democracies are on average wealthier than non-democracies → they have more to loose from a war (structural)
 - ④ International Organizations can hinder conflict and democracies are more likely to join such organizations (structural)
 - ⑤ Trade (structural)

A civil democratic peace?

- Key question: is there a civil democratic peace?
 - Is democracy pacifying also inside of states?
 - Are democratic states less likely to see internal armed conflict
 - Special case of semi democratic, or inconsistent, regime
 - Not discussed: democracy and repression

Inconsistent Regimes

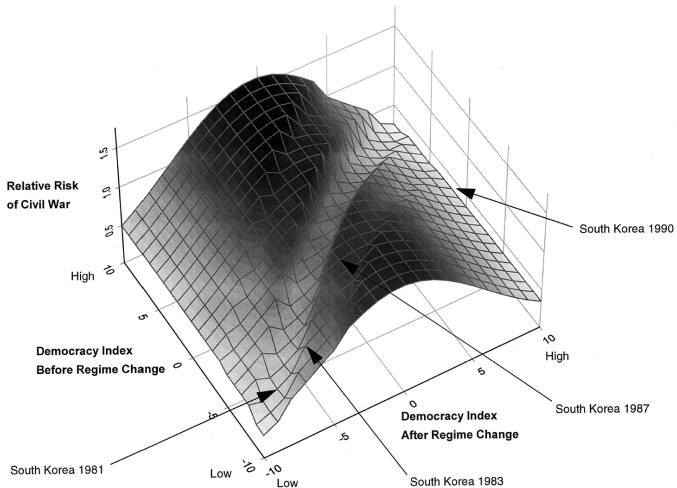


Murder in the Middle

- Consistent democracies and autocracies both have much lower risk of conflict (civil war) than regimes in the middle
- Autocracies do *not* have higher probability of conflict than full democracies
- Change in regime type, in either direction, increases the risk of conflict
- Possible prediction: The world is likely to become more democratic: changes are more likely in the democratic direction, and over time this will lead to more stable democracies

Murder in the Middle

FIGURE 3. Relative Risk of Civil War as Function of Democracy Index before or after Regime Change, 1816–1992



Governance and Open-Access Orders

- Three aspects of institutions that are inadequately captured in most studies:
 - The formal-informal divide
 - Institutions have *histories*
 - In developing countries there are both 'modern' and 'traditional' institutions
 - Institutions and the organization of violence shape each other, and (according to some) *part of the same social order*
 - Two papers that address this: Hegre and Nygård, 2014 (empirical), and North, Wallis and Weingast, 2009 (theoretical)



Governance

- Hegre and Nygård, 2014
 - Studies the impact of 'good governance' (i.e institutional quality) on internal armed conflict
 - Separate between formal (the institutional setup) and informal (the quality of institutions) institutions
 - Argue that 'good governance' is important, beyond democratic institutions
 - Draw explicitly on 'grievance' theory
 - Look at conflict onset and recurrence in the same model

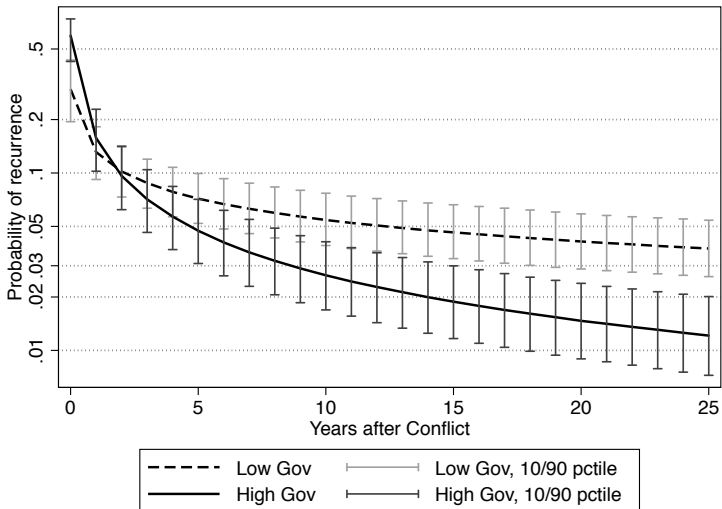
Governance

- Empirical setup:
- Good governance
 - Six subconcepts: Rule of law, corruption, bureaucratic quality, economic policies, military in politics, political exclusion and repression
- Formal political institutions:
 - Use the SIP index of democracy (combination of Polity and Polyarchy (Vanhanen))
- Informal political institutions:
 - The residual 'good governance' not explained by formal institutions

Governance

- Empirical findings:
 - 'Good governance' index is negatively associated with conflict relapse
 - 'Formal' institutions (SIP score), also negatively associated with conflict relapse
 - 'Informal' institutions (residual good governance not explained by formal inst) negatively related to conflict relapse
 - Good informal institutions matter more
 - Also attempt to handle endogeneity

Governance and conflict recurrence

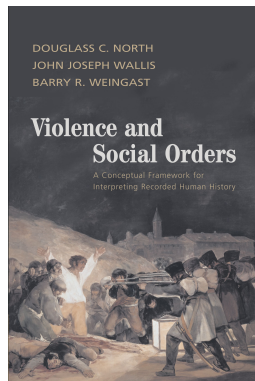


Open-Access Orders

- Largely un-addressed: Institutions and patterns of organized violence evolve *together*
- That some countries with good institutions have less violence and economic development is due to same factors
- 'Development clusters' (Peter Evans)
- Condensed version of a book: '*Violence and Social Orders: A Framework for Interpreting Recorded Human History*'

Open-Access Orders

- Condensed: 'over the last ten millennia, societies have used institutions to limit and contain violence. These institutions simultaneously give individuals control over resources and social functions, and limit the use of violence by shaping the incentives that individuals and groups face. We call these patterns of social organization *social orders*.'
- Institutions and violence part of the same integrated process
- Peaceful, inclusive societies part of *one* social order: *Open access orders*
- Violent, corrupt and poor societies: *Limited access orders*



Open-Access Orders

- Closed access orders:
 - Access to organizations and economic activity limited
 - Personal relationships basis for political organization
 - Violence is (often) privatized (many organizations; paramilitaries, army, police, ethnic groups etc.)
 - Those who can produce violence form the dominant coalition
 - Access to organizations and other privileges distributed to organizations with violence potential
 - 'the threat of violence becomes part of the arrangement that controls the actual use of violence'
- Open Access orders:
 - Open access to organizations and economic activity
 - Unbiased rule of law
 - Contracts are credible
 - Violence monopolized, and credibly enforced by the state
 - Impersonal identity (your formal position determines status)
 - Perpetually lived organizations

Open-Access Orders

- Take-home points:
 - North, Wallis and Weingast see organized violence as *part* of a closed access order
 - 'Good institutions' and peace are two sides of the same coin!
 - The threat of violence determine who will gain access to organizations
 - Fundamental dilemma: Countries are undemocratic, and have 'bad governance' *because they have to to control violence*
 - We cannot change the institutions without changing the distribution of violence potential
 - In open-access orders *competition through violence is not profitable*

The power-sharing debate

- Widespread idea: *Power-sharing institutions* reduce conflict
- Power-sharing institutions are more than democracy:
 - Institutions that increase the majority needed to make a decision
 - Institutions that increase the number of *veto-players* in the system
 - A veto player is an actor (collective or individual) whose approval is necessary to change the status quo
 - Key idea in power-sharing theory: To reduce conflict, give ethnic groups veto-player status

The power-sharing debate

- Intellectual history
 - Goes back to Aristotle, via Montesquieu
 - In modern form, chief proponent is Arend Lijphart
 - Lijphart (1977). 'Democracy in Plural Societies'
 - Lijphart (1999). 'Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries'



The power-sharing debate

- Lijphart's main idea:
 - Some societies are deeply divided along ethnolinguistic and religious lines, but have avoided conflict
 - Identifies elite cooperation and 'consociational' institutions (also known as power-sharing institutions)
 - These institutions are institutions that 'includes rather than excludes, and that tries to maximize the ruling coalition instead of being satisfied with a bare majority'
 - Lijphart thought these institutions *explained* why these societies avoided conflict

The power-sharing debate

- What kind of institutions was Lijphart talking about:
 - Proportional representation (that creates grand-coalition governments)
 - Mutual veto (legislative-executive balance)
 - Judicial independence
 - Balanced bicameralism
 - Legislative quotas for minorities
 - An independent central bank
 - Federalism
 - Corporatism

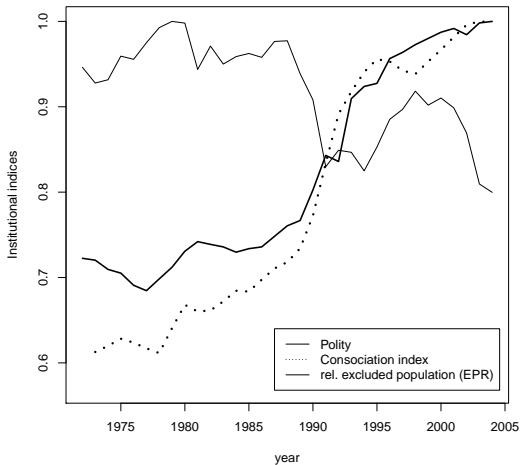
The power-sharing debate

- All of these institutions constrain majority power
- They give minorities a stake in the system
- Notice how this fits with central insights in bargaining theory:
 - Commitment problems can be reduced by institutional guarantees
 - Breaking commitments to share power in these institutional settings are more costly
 - Puts the whole institutional framework into play, and this increases costs
 - Bargaining theory is currently the most sophisticated theoretical framework for power-sharing theory (see e.g. Walter 1999)
- Also notice the connections with the literature on ethnic exclusion (Cederman et.al)
- Inclusion of ethnic groups will reduce political grievances

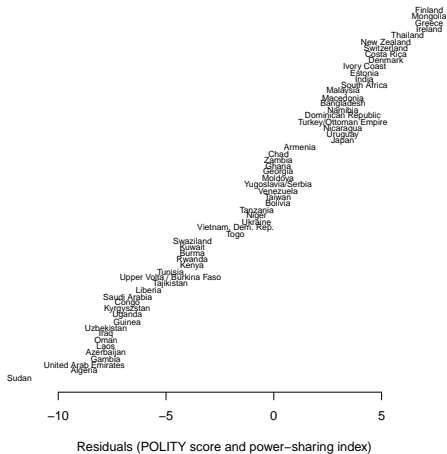
The power-sharing debate

- Which countries have power-sharing institutions?
- Many modern democracies:
- Belgium and the Netherlands are classic examples (drawn heavily on by Lijphart)
- But many developing countries too:
 - South Africa (Lijphart advised the constitutional council)
 - El Salvador
 - Kenya (after riots in 2007/2008 elections)
- Do these countries have PS institutions because they are conflictual?

The power-sharing debate



The power-sharing debate



The power-sharing debate

- The pro-power-sharing position:
 - Power sharing reduces conflict
 - Brings peace to post-conflict societies
 - Should be advocated and adopted by developing countries
- The anti-power-sharing position:
 - Power-sharing hardens ethnic divisions and increases ethnic voting
 - Power-sharing does not make parties gravitate towards the center, but towards the extremes
 - This increases conflict potential
 - Donald Horowitz (1985)
 - Phillip Roeder (2005)
 - Przeworski: 'democracy is a system in which parties lose elections' → power-sharing is fundamentally un-democratic

The power-sharing debate

- What's the evidence?
- Studies on curriculum are a (small) sample. Literature is huge!
- Major contribution: Hartzell and Hoodie 2003:
 - Looks at power-sharing institutions following negotiated settlements
 - 38 civil wars ended this way in period 1945-1998
 - Four 'dimensions' of power-sharing: Political, economic, military, territorial
 - Find that extensive power-sharing along many dimension decreases risk of return to conflict
 - Find much of the same in a book from 2007

The power-sharing debate

- Cammett and Malesky 2012
- Studies countries that have had a negotiated settlement
- Dissaggregate power-sharing provisions
- Find that closed list PR is robustly linked to decline in risk of recurrence
- Closed list PR encourages non-personalistic voting and better governance (because it discourages patronage)
- They also address the issue of endogeneity

The power-sharing debate

- Discussion:
 - There are problems with the sample
 - Post-conflict countries
 - Is 'selection' properly handled in these studies?
 - These are studies of effects of medicine in those who have already been sick