

## Legal Institutions and the Democratic Order

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### Abstract

Do legal institutions that limit governmental power promote order in democracies? In spite of the worldwide rule of law project, which is predicated on knowing the answer to this question, there is simply no systematic empirical test of the relationship between legal institutions that constrain arbitrary state power and democratic order. Indeed, the mainstream literature on democratic survival simply ignores the influence of effective legal institutions, focusing instead on sociocultural, institutional and macro-economic explanations. Following North, Summerhill and Weingast (2000) we suggest that ensuring the democratic order requires the resolution of a commitment problem over rights, property rights and others. Conceptualized in this way, legal institutions can preserve order when macro-economic or sociocultural factors might lead to disorder. We find that effective legal institutions are positively associated with democratic survival and negatively associated with violent political events, two central measures of democratic order.

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*In Bosnia, we thought that democracy was the highest priority and we measured it by the number of elections we could organize. In hindsight, we should have put the establishment of rule of law first, for everything else depends on it: a functioning economy, a free and fair political system, the development of civil society, and public confidence in police and courts. We should do well to reflect on this as we formulate our plans for Afghanistan, and, perhaps, Iraq.*

--Paddy Ashdown, High Representative for Bosnia and Herzegovina, 2002-2006

## **Introduction**

Do legal institutions that limit governmental power promote order in democracies? International organizations, non-governmental organizations and the large number of states that promote judicial independence and the rule of law around the world predicate their efforts on knowing the answer to this question.<sup>2</sup> The perceived answer, of course, is yes they do and in a substantial way. Although the precise theoretical argument that supports it is vague, reformers propose that judiciaries that limit arbitrary state power are crucial for sustaining a peaceful, democratic order. Yet support for this claim is largely found in anecdotal experience, or worse, merely in our collective imagination. Recent scholarship on democratic regime survival ignores the role of legal institutions (e.g. Boix 2003; Cheibub 2007; Linz 1994; Przeworski *et al.* 2000).<sup>3</sup> Democratic failures are explained either within models of sociocultural conflict (Lijphart 1969, 1977, 1999) where the distribution and structure of religious or ethnic cleavages influence conflict propensities, or within models of economic redistribution, where exogenous features of the macro-economy (e.g. development, growth, asset specificity) influence the feasible tax burdens states

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<sup>2</sup> Among many examples, see the American Bar Association Rule of Law Initiative

(<http://www.abanet.org/rol/>) and the United Nations High Commissioner for Human rights, Special Rapporteur on the Independence of Judges and Lawyers (<http://www2.ohchr.org/english/issues/judiciary/index.htm>).

<sup>3</sup> Of course scholars of democracy have acknowledged the theoretical importance of the 'rule of law' for democratic stability and have considered its role in a variety of conceptual and case study treatments (e.g. Elster and Slagstad 1993; Linz and Stepan 1996; Maravall and Przeworski 2003; O'Donnell 1998). Yet, there is a curious absence of any large-N studies of democratic regime survival or political disorder that incorporate the quality of legal institutions in their analysis.

can place on their citizens and thus affect incentives for regime challenges (e.g. Boix 2003; Przeworski 2005). On these accounts, legal institutions are epiphenomenal at best.<sup>4</sup> In so far as they invoke rules, they concern themselves with the rules that aggregate votes and divide power (i.e. majoritarian institutions), institutions that can frustrate efforts to change public policies (e.g. Bernhard, Nordstrom and Reenock 2001; Cheibub 2007; Linz 1994). Indeed, in a 2001 essay, Cameron (2001, 144) notes that “[No one has yet investigated the impact of judicial independence on democratic stability. [O]ne should have modest expectations about the likely results, but any finding would be interesting.” It is now 2008 and we have yet to find a single systematic analysis of the link between effective legal institutions (as conceptualized with a judicial independence concept or otherwise) and the survival of democratic regimes, a critical measure of order. Given the worldwide rule of law reform effort, which champions legal institutions as a solution to democratic instability, this state of affairs is odd to say the least. In this paper, we will test whether legal institutions promote the democratic order.

The lack of empirical analysis is lamentable, but it is not clear that our expectations should be as modest as Cameron suggests. We do have a significant theoretical framework, one that has received considerable empirical support in a variety of contexts, that seems to predict precisely the effect that animates the rule of law program. The order-promoting hypothesis is a natural implication of the Northian institutional tradition. There is considerable agreement among neoinstitutional social scientists that legal institutions that protect property rights have important impacts on economic development by solving a core problem of democratic governance (Acemoglu, Johnson and Robinson 2001; Barro 1997; North 1990): any government that is powerful enough to protect individuals from each other is simultaneously powerful enough to violate individual rights (Madison 1788; Weingast 1995). The failure of government to credibly commit to the protection of property rights undermines incentives for efficient investment,

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<sup>4</sup> It is worth noting that the common result in these studies linking economic development to regime survival involves an implicit role for legal institutions, since institutions that protect property rights promote growth (see text).

both in the private sector and in the state itself (North and Weingast 1989; Frye 2004; Stasavage 2002).<sup>5</sup> Courts that can authoritatively enforce limitations on state power are one means by which property rights promises are rendered credible.<sup>6</sup> By so doing, legal institutions relieve concerns about financial predation

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<sup>5</sup> The general solution to the problem involves dividing sovereignty or at least providing for the possibility for the division of sovereignty. Possible alternative institutional solutions, therefore, are varied and include arrangements like the separation-of-powers system, federalism, independent central banks, etc. (See Cox and McCubbins 2001 for a general discussion). In this paper, we focus on the judiciary.

<sup>6</sup> What is critical is that the government's commitment be self-enforcing, which requires that it be in the government's interest to accept unfavorable judicial outcomes in the event that it has been accused of violating rights and that this interest is common knowledge. Although it seems likely that we can identify states in which governments and citizens act as if commitments are credible, there really is no consensus over precisely how courts come to constitute genuine constraints on governmental power, and thus no consensus over how these commitments become credible. Theories of institutional design suggest that a number of rationales for why states might try to construct independent judiciaries: 1) courts can serve as "insurance" policies for ruling coalitions against further losses of power (e.g. Gillman 2002; Ginsburg 2003), 2) courts lock-in the long-run implementation of legislative bargains (e.g. Landes and Posner 1975), 3) courts promote economic growth by solving the predation dilemma (e.g. North and Weingast 1989), 4) courts help governments avoid policy failures in a uncertain world, failures which are difficult to fix once legislated (Rogers 2001). Theories of inter-branch relations (which assume an existing system of judicial review) typically suggest that fragmented politics or regime instability are essential for courts to exercise meaningful authority, precisely because it is increasingly difficult to coordinate on a response to an overly active judiciary when government is coalitional, divided, or worse collapsing (e.g. Helmke 2005; Iaryczower, Spiller and Tommasi 2001). Public support arguments suggest that courts gain leverage over governments when the public can coordinate in an effort to hold the state accountable for transgressions against the rule of law (e.g. Carrubba 2003; Staton 2006; Stephenson 2004; Vanberg 2005;

and thus promote growth. This argument is well-known yet a key conceptual point is commonly overlooked, and this point returns us to the theoretical link between legal institutions and order.

While ensuring development requires that a state solve a commitment problem over financial predation, before a state can attend to how its predatory choices might influence growth, it must focus on how those choices might undermine political order itself (North, Summerhill and Weingast 2000). This is because order, by which we mean a state of society in which individuals do not fear for their lives and their sources of livelihood, is a precondition for growth. If individuals cannot trust government to respect rights, the stakes of holding power are raised and the incentives for domestic conflict are heightened. In short, order is essential for development, and like development, the construction of order involves the resolution of a commitment problem.

Broadly conceived, the commitment problem over order can involve more than simply constraining the state from predated on financial assets, although this is no doubt important. Nevertheless, groups of individuals might seek control of the state for failures to credibly respect physical integrity, civil, political and cultural rights, as well. For example, in Lebanon, Turkey or Spain the current potential for conflict over religious or cultural violations of minority rights remains acutely high. The point is that in so far as the state constitutes a threat to the exercise of rights, it risks (at a minimum) creating a pool of dissatisfied individuals that can be mobilized by groups seeking regime change. Importantly, the common solution to the property rights problem, authoritative legal institutions that limit state power, also constitutes a solution to the order problem. If legal institutions are capable of rendering rights promises credible, then they can relieve pressures for regime change and thus serve as a bulwark against disorder. In our view, by recognizing that commitment problems across multiple rights

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Weingast 1997). As is clear, the field does not lack for arguments about how the incentive to comply with judicial decisions becomes binding on states. We do not pursue these arguments in this paper, though our measure of an effective judiciary makes use of the equilibrium logic in all of these models. The idea is that we can identify an effective judiciary when we see individuals in a state behaving as if that were true.

dimensions can undermine order, it becomes possible to integrate the extant literature on sociocultural and economic determinants of regime instability with the literature on legal institutions. This is because legal institutions can serve to protect societies against the disorder that follows from unfavorable social and/or economic conditions. The goals of this paper are both to identify how exactly and whether legal institutions might do so.

We divide the remainder of this paper as follows. In the following section, we try to state precisely the mechanism by which legal institutions supposedly resolve a state's order problem and derive two simple empirical implications of this argument for democratic regime survival and domestic violent conflict. This discussion highlights how a commitment theory of order might speak to existing arguments of democratic regime survival. We then discuss our empirical research design and present our findings. We find that legal institutions have meaningful, positive effects on order. As a purely empirical matter, these results provide much support to the international legal reform/rule of law project, which has articulated economic and political benefits of strong legal institutions without systematic empirical support for the latter. That said, "devils" lurk in the details. While the empirical findings provide support for an institutional story much like the North, Summerhill and Weingast account, not all of the findings are consistent with what one might expect from the mechanism developed in the credible commitment literature. Indeed, the results raise an empirical puzzle. We discuss how this puzzle might be addressed in the concluding section.

### **The Commitment Mechanism**

In this section, we describe the mechanism by which legal institutions supposedly solve commitment problems. Although the argument is generally understood, scholars typically cut short their analysis, leaving an implicit component unexamined. We wish to examine that piece of the argument, not just because it affords a more complete test of the argument, but because it suggests a natural link between credible commitment scholarship and work on democratization. For this reason, we begin with a general description of commitment problems.

## *Legal Institutions and Order*

Commitment problems infect social relations in a variety of contexts. Consider three parties: A, B and C. The first type of problem involves how party A might induce parties B and C to contract efficiently when party A is a threat to the assets of both. Empirically, this is a problem of contracting in the shadow of a potentially predatory state and is most commonly addressed in the literature on economic growth (e.g. Barro 1997; Frye 2004). If the state cannot credibly commit to respecting the property rights of investors within its jurisdiction, investment will be inefficient and growth will be retarded. A second type of problem involves how parties A and B might come to an agreement when neither A nor B can trust the other to comply with the agreement *ex post*. This is the commitment problem most commonly studied by scholars of international and domestic conflict (e.g. Fearon 1995; Powell 2006; Walter 1997, 2002; Walter and Snyder 1999). Here, the failure to solve the problem can result in new or continued warfare, as parties cannot trust each other to respect the terms of peace. A third problem concerns the ability of party A to induce party B to behave in some way when A is a threat to B but B is not a threat to A. This problem infects state–private contracts of many kinds, and has been analyzed in the context of state borrowing behavior (North and Weingast 1989; Stasavage 2007). Most significantly for our purposes, this problem affects the state’s ability to construct and maintain social order; the problem North, Summerhill and Weingast (2000) reference. How can the state construct and maintain societal order when it is also a possible threat to the rights of its citizenry? Although the particulars of these three scenarios are no doubt different, they share the central dynamic of the commitment problem: A failure of one party to credibly commit to some course of action makes it less likely that another party will act in reliance on that commitment, leading to an inefficient outcome (e.g. lower growth, inter-state conflict, domestic disorder). How is this problem solved?

The challenge in each scenario is ensuring vulnerable parties that obligations will be met. A conventional solution involves constructing institutions that can detect and provide a remedy for transgressions. Clearly defined civil and property rights enforced by authoritative judiciaries are designed to ensure that state promises to forgo financial predation and to respect the physical integrity of its

subjects are perceived credible. Likewise, power-sharing agreements enforced by powerful third party states or international actors do the same for the commitments of civil combatants. As long as parties believe that these institutional structures will operate as designed (Denzau and North 1994; Frye 2004; Jacobs 2005; North 1990, North 2005), promises are rendered credible and mutually beneficial behavior ensues (Canon 2006; Nellis 2000; North and Weingast 1989; Milgrom, North and Weingast 1990).

To summarize, the mechanism that links a commitment institution to efficiency enhancing behavior involves the vulnerable parties' beliefs that the institution designed to detect and remedy bad behavior will function as designed. These beliefs imply that the promise to respect rights will be credible, because it is a promise that people believe will be enforced. We will call legal institutions that have the property of being perceived to be authoritative constraints on the state *effective legal institutions*.<sup>7</sup> When individuals believe that legal institutions are effective, they are relieved of their concerns over promise-breaking and are more likely to engage in efficiency enhancing behavior. In this sense, commitment institutions are political vaccines, which inoculate people against the apprehension that a promise will be violated. Exposed to a credible institution, individuals entertain the sort of beliefs (e.g. my assets, my rights, or my liberties are secure) about their interactions that induce socially efficient behavior (e.g. I sign the contract, I support democracy, I lay down my weapons). In the context of the democratic order problem, this analysis suggests a simple empirical expectation. In short, *the democratic order should be*

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<sup>7</sup> Cameron's (2001, 135) power definition of judicial independence is conceptually equivalent. Following Dahl (1963) and Nagel (1975), Cameron suggests that an actor is powerful if there is a causal relationship between her preferences and outcomes. He writes, "In other words, an actor has power when a particular outcome is desired and causes that outcome to transpire. By extension, an actor (like a judge) has independence or autonomy when he or she consistently has power over the relevant outcome." Thus, judicial independence is judicial power or influence. We briefly summarize theories regarding how courts come to be so perceived in note 4.

*more robust in the presence of effective legal institutions.* We will test this simple hypothesis in the empirical analysis that follows.

### *Legal Institutions, Vulnerabilities and Order*

Conceptualizing the problem as we have highlights the importance of commitment institutions for relieving vulnerabilities. Yet this conceptualization immediately raises a question. Are all individuals identically vulnerable to rights violations? If not, then we might anticipate that commitment institutions will operate differently on different people. Indeed, the commitment mechanism implies that institutions should have their largest impact on the most vulnerable to rights violations. It is among the vulnerable where the *credibility* of a promise matters. If a party will not be hurt too badly by the failure of another to follow through with a promise, we ought not to expect an institution that ensures compliance to have much of an effect on that party. On the other hand, if the party is quite vulnerable to non-compliance, then the institution should matter greatly. This much seems like a straightforward implication of the general commitment argument, and it suggests that the effects of commitment institutions should depend on underlying vulnerabilities to rights violations. Yet scholars typically do not estimate such models. Instead they estimate average institutional effects across (implicit) vulnerabilities (e.g. Barro 1997; Clague et al. 1996, 1999; Frye 2004; Knack and Keefer 1995, 1997). Before we get too far ahead of ourselves, it is worth returning to the original question. Is there reason to believe that people are not identically vulnerable to the violation of their rights?

The answer to this question links the commitment literature to the literature on democratic survival. Indeed, the extant democratic order literature turns precisely on identifying sociocultural and economic sources of vulnerability. For example, in the context of financial predation, individuals whose assets are highly diverse or mobile should be better protected against state financial predation than individuals whose assets are concentrated or immobile (see Boix 2003 for a related argument). In the context of potential religious persecution or potential general violations of physical integrity, individuals that live in societies characterized by high levels of tolerance or alternatively in societies that are culturally homogenous likely enjoy natural insulation relative to individuals living in highly diverse

societies or those that lack tolerance.<sup>8</sup> Thus, we can conceptualize core components of existing models of democratic breakdown as measuring the extent to which individuals are vulnerable to the kinds of rights violations that lead them to support movements seeking regime change. We call these natural protections *socioeconomic insulation*, and these are vulnerabilities that institutions can help protect. However, it is important to recognize that if institutions work as the commitment argument suggests, then institutions should *substitute for socioeconomic insulation*.

Recognizing that commitment institutions substitute for insulation implies that the institution's effect should be strongest among the least insulated and attenuate as insulation increases. A full test of a commitment argument then requires information on not only the commitment device in question but also the context-specific socioeconomic factor that insulates parties from non-compliance (i.e. the violation of a promise). In the empirical tests that follow, we will present such tests. To be clear, there is nothing in this argument that suggests that legal institutions are perfect substitutes for socioeconomic insulation. For that reason, we might observe a positive effect of institutions on order for any amount of insulation. What it does suggest however, is that if the effect of the institution is conditioned by socioeconomic insulation, the effect should attenuate as insulation increases. Thus, we should expect that *effective legal institutions have positive effects on order, but especially in locations where individuals are especially vulnerable to rights violations* (i.e. where socioeconomic insulation is low). As we will now show, there is evidence for this argument, but some results question the precise mechanism by which effective legal institutions help promote order.

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<sup>8</sup> Przeworski (2005) suggests that individuals in underdeveloped societies will be more sensitive to the burdens states place on them (either taxes that are too high or too low). We can conceptualize development itself then as a form of insulation against financial predation in the form of excessively high taxes or other expropriatory policies.

## Research Design and Dependent Variables

To test our argument, we require data that reflect the political disorder evident in democratic societies as well as data on those democracies' legal systems and their level of socioeconomic insulation. Before we describe the data on these variables of interest however, we first consider the criteria by which a state will be considered democratic and included in our investigation. To determine whether a country is a democracy we use the Democratic Regimes<sup>9</sup> dataset (Bernhard, Nordstrom and Reenock 2001), which codes democratic states between 1919-1995. This database provides dichotomous classifications of democratic regimes, conceptualizing democracy as a fundamentally distinct organization of state authority compared to autocratic regimes and its coding of democracy is highly congruent with other existing datasets.<sup>10</sup> Based upon these classifications, we identified the democratic states over the largest temporal and spatial domain concurrent with our indicators of political disorder within those democratic regimes. The democratic states included in this analysis are shown in Appendix A.

### *Assessing Disorder in Democratic Regimes*

To assess the level of political disorder in democratic states, we use two indicators: democratic regime survival and violent domestic political events. Democratic regime survival, or alternatively democratic breakdown, reflects the likelihood of observing a transition from a democratic regime to an

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<sup>9</sup> The dataset defines as a democracy any regime that has an elected legislature and executive and approaches Dahl's (1971) criteria for polyarchy, specifically those that permit a high level of contestation and enfranchise a large part of the adult population. The BNR dataset excludes any country where a majority of the adult population is barred from political participation. Second, it also satisfies the "stateness" (Linz and Stepan 1996) condition for democracy, excluding countries that are not fully sovereign or subject to extensive internal wars.

<sup>10</sup> These codings are similar to other event history datasets used in survival analyses, *Classifying Political Regimes* (Alvarez et al. 1997), the *Political Regime Change Dataset* (Gasiorowski, 1995; 1996) and if one establishes thresholds for democracy using a graded scale like *Polity* (Jagers and Gurr 1995) or *Freedom in the World* (Freedom House) there is also substantial agreement.

autocratic one. Breakdown is a ubiquitous indicator of democratic disorder that has been the object of investigation for a wide range of scholars (Bernhard, Nordstrom and Reenock 2001, Bernhard, Reenock and Nordstrom 2003, 2004; Cheibub 2002, 2007; Gasiorowski 1995; Gasiorowski and Power 1998; Power and Gasiorowski, 1997; Przeworski, Alvarez, Cheibub, and Limongi 1996; Przeworski and Limongi, 1997). Most critically breakdown reflects the final and perhaps most salient consequence of disorder within a democracy – its complete collapse. For this analysis of democratic breakdown, the unit of analysis is the democratic episode, where an episode represents a distinct period of democracy in a country's history. The portion of the original dataset that we use runs from 1961-95 and includes 1794 country-years with 131 episodes of democracy and 36 breakdowns.<sup>11</sup>

We also use the frequency of violent domestic political events as an alternate indicator of political disorder. This indicator reflects the likelihood of observing a violent political event that includes such acts as assassination, rebellion or regime crisis within a democratic regime (Banks 1979) and has been the focus of several investigations on domestic conflict (Powell 1982; Small and Singer 1982; Sarkees 2001). To measure the incidence of violent domestic conflict we rely on data from Banks (1979), which includes yearly event counts of domestic conflict for each country. We use the indicators of the most intense levels of violence reported including assassinations, guerrilla warfare, revolutions and coups (for definitions, see Banks 1979, 14). We utilize a simple additive sum of these events as a count of the extent of disorder present in a given democracy for a given year. For this analysis of violent domestic political events, the unit of analysis is the democratic country-year. The distribution of violent domestic events in these data is a count variable that ranges from 0 to 39 for a given year, with an average occurrence rate of .62 and a standard deviation of 1.72. In our data, approximately 26.98 of the country-years have at least one violent

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<sup>11</sup>We begin in 1961 because of the availability of the contract intensive money indicator of a democracy's legal system. For those democratic episodes that began prior to 1961, we set the count variable at the cumulative number of years that a state was democratic prior to 1961 (Guo 1993). For example, if a state began a democratic episode in 1951 its count variable would begin at 10 rather than 0 in 1961.

event occurrence.

## Independent Variables and Controls

### *Assessing Legal Institution Effectiveness*

To assess the effectiveness of legal institutions within a democracy, we require a measure that identifies the extent to which individuals in a society believe that legal institutions limit arbitrary state power. But to estimate its causal effect on democratic survival, the measure must satisfy two properties: 1) it must not measure public order itself and 2) it must be available over a wide temporal and spatial range. Failing to satisfy the first condition raises a significant endogeneity concern and failing to satisfy the second condition prevents us from estimating the most important statistical models in the research design. As it turns out, it is extremely difficult to locate a measure that satisfies these properties. A survey-based measure that simply asked respondents about the extent to which courts constrain state power could be a valid indicator in principle; however, we are not aware of a worldwide measure whose temporal range expands back beyond the 1990s (e.g. the World Values Survey and the Euro- Afro- and Latino-barometers simply do not provide sufficient information). Although there are a suite of *rule of law* measures that do seem to (at least partially) indicate the extent to which the judiciary constrains government; these measures have insufficient temporal variation (e.g. Gwartney and Lawson 2007; Kaufmann, Kraay and Mastruzzi 2007) and include an order component, which captures the extent to which individuals in society engage in crime and other disorderly behavior, including ostensibly anti-regime behavior (ICRG 2004). Finally, recent comparative measures of judicial independence either have no temporal variation at all (e.g. Feld and Voigt 2003; La Porta *et al*) or are limited to the 1990s (e.g. Howard and Carey 2004).

In light of these concerns, we turn to the contract intensive money score (*CIM*), derived by Clague *et al.* (1996). *CIM* is “the ratio of non-currency money to the total money supply, or  $(M_2 - C)/M_2$  where  $M_2$  is a broad definition of money supply and  $C$  is currency held outside of banks” (Clague, Knack, Keefer, and Olson 1999, 188). This measure has significant temporal and spatial coverage and it does not measure order directly. Although perhaps not immediately apparent, *CIM* provides the kind of

information we are looking for. Conceptually, high values of *CIM* reflect a society's trust in legal protections for their assets. For this reason, it picks up the behavior we'd expect to observe if the state's rights commitments were perceived to be credible because its judicial institutions constituted genuine constraints on arbitrary power. To be fair, the *CIM* was conceptualized as a measure of legal protections for *property rights*, and this is how it has been traditionally used in the literature (e.g. Clague, Knack, Keefer, and Olson, 1999:186; Souva *et al*, n.d.). Nevertheless, there are good empirical reasons to believe that the *CIM* is a valid measure of the extent to which courts protect rights generally. In particular, simple predictive validity tests indicate that the *CIM* is negatively associated with a variety of state human rights abuses, including extrajudicial killings, political imprisonment, and disappearances.<sup>12</sup> In addition, *CIM* correlates reasonably with the alternative measures of the concept described above.<sup>13</sup> For our data, this measure ranges from a low of .245 (Chad 1962) to a high of .997 (Luxembourg 1992), with an average of .761 and a standard deviation of .167.

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<sup>12</sup> Our predictive validity test for the *CIM* makes use of additional measures of human rights abuse from the Cingranelli and Richards (2004) database. In a simple OLS regression of the CIRI physical integrity index, we estimate an extremely large and positive estimate for the *CIM*. We replicated this finding in a series of logit models estimating the probability of a state engaging in extra-judicial killing, disappearing individuals and of incarcerating political prisoners. We should also note that the *CIM* predicts well the probability that a state places formal reservations on their treaty status under the *Convention Against Torture*. In particular, this probability increases in the *CIM*, which is exactly what we should observe if states condition their treaty status on the effectiveness of domestic legal institutions.

<sup>13</sup> Correlations between the *CIM* and the measures noted in the table are as follows: ICRG Law and Order (.46); Gwartney and Lawson Judicial Independence (.39); Gwartney and Lawson Impartial Judiciary (.55); Kaufmann, Kraay and Mastruzzi Rule of Law (.61); La Porta *et al* Judicial Independence (.39); Feld & Voigt *de facto* Judicial Independence (.19). The first four results are significant at the .0001 level. The fifth is significant at the .05 level.

### *Assessing Socioeconomic Insulation*

Scholars have used a variety of indicators to assess the extent to which assets within a state are mobile. Again, given the nature of our research question and its reliance upon event history analysis, we require a rather lengthy temporal domain for our data. As such, the variables that we employ to assess asset mobility must be available over the longest temporal domain possible. Recent work on democratic regime survival and asset mobility has employed three such measures (Boix 2003): gross domestic product, the percentage of the population living in urban areas and the average education of the population. Prior work suggests that GDP and percent urban are consistent covariates of both democratic regime instability (Gasiorowski 1995; Li and Reuveny 2003; Przeworski et al. 2000) and domestic conflict (Auvinen 1997; Flanagan and Fogelman 1970; Gurr and Duval 1973; Helliwell 1994; Powell 1982; Weede 1981). Following Boix (2003), we use both of these indicators as measures of a democratic state's asset mobility. We use *Gross Domestic Product* measured as real GDP per capita computed in 1996 Constant Prices from the Penn World and the *Percent Urban* from the World Development Indicators measured as the percentage of the population that resides in urban areas.

### *Control Variables*

We also include several variables in both the democratic survival and disorder event count models to decrease the possibility of observing a spurious relationship between legal system, socioeconomic insulation and our dependent variables of interest. In both models, we include control variables that prior work has linked to democratic breakdown and political disorder. We include a *Presidential Regime* dummy variable that indicates the presence of an executive, who was elected under a separate mandate to an office with fixed terms and who does not possess the ability to dismiss the legislature (Linz 1994). *Growth* is the annual percentage change in GDP (Penn World Tables 2005) and is included in both the breakdown and violent events models to control for the short terms economic tides on provoking disturbances. *Religious* and *Ethnic fractionalization* are controls for each democracy's cultural heterogeneity. We calculated this index for religion and ethnicity in each country (Singer 1997, supplemented by national statistical annuals). We used Rae and Taylor's (1970) fractionalization index to

capture this dimension. In order to control for the possible negative effects of gridlocked legislatures on survival we also include *party fractionalization* using the Laakso-Taagepera index (1979) to calculate the effective number of parties in the legislature.

In the breakdown models only, we also include *Previous Experiences* to measure the number of times a democracy has previously experienced democratic failures (Huntington 1991). Moreover, to control for the possibility of a “demonstration effect” (Gasiorowski 1995) of democracy on other countries we also include a variables that controls for the total proportion of countries in a region that are democratic in any given year. The regions used to construct the "populations," modified from Gasiorowski (1995), were Latin America, Europe, sub-Saharan Africa, Northern Africa, the Middle East, South Asia (which runs from Pakistan and Afghanistan through Myanmar), East Asia, North America, and Oceania.

### **Model Estimation**

#### *Democratic Breakdown*

We estimate the effect of socioeconomic insulation and legal institutions on democratic breakdown using continuous-time event history techniques. In these models the dependent variable is the implicit hazard rate estimated by the statistical routine and is defined as “the instantaneous probability that episodes in the interval  $[t, t+\Delta t]$  are terminating provided that the event has not occurred before the beginning of th[e] interval” (Blossfeld, Hamerle, and Mayer, 1989:31). In our case, the hazard rate represents the probability that a democracy will break down, given that it survived until that year.

The statistical routine that we employ, STATA 9.2’s *streg*, uses two variables in the dataset to estimate this implicit dependent variable. The first is a dichotomous variable that is essentially an “event” variable that codes when breakdowns occur. This variable is coded “0” for those years in which a country continues to be democratic and “1” for those years in which it breaks down. The second variable is a counter, which indicates the amount of time that has passed since the inauguration of democracy and ends either with a breakdown as indicated by the “event” variable or with right censoring in 1995. The duration of democratic episodes in these data, with the left-censoring adjustment, ranges from 1 to 77 years, with

an average life span of 25.72 years. We estimated clustered standard errors to correct for non-independence of observations within countries.

### *Violent Domestic Political Disorder*

We estimate the effect of socioeconomic insulation and legal institutions on the number of violent domestic events in a democracy using a negative binomial estimator that is appropriate for event count panel data. This regression method is appropriate given the underlying data generating process of the dependent variables and the presence of overdispersion in the count data. The statistical routine that we employ, STATA 9.2's *xtnbreg*, estimates parameters that reveal how a unit increase in a given independent variable affects the expected annual count of events.

## **Results**

### *The Additive Effect of Legal Institutions on Democratic Survival.*

Table 1 displays the results of the additive democratic survival models. The results are presented with two measures of asset mobility. Model 1 reports the results using the *GDP* measure and Model 2 reports the results using the *Percent Urban* measure. The results are quite similar across all specifications. In each model, the effectiveness of the legal system is associated with enhanced democratic regime survival. In fact, the effect is rather strong. For example, according to Model 1, an increase in contract intensive money from a low of .245 (e.g. Chad in the 1960s) to a high of .99 (e.g. Luxembourg and New Zealand in the 1990s) would decrease the hazard rate, or the probability of observing a breakdown given that the democracy survived until time,  $t$ , by a factor of 2.62 or a 162%. This is a fairly substantial effect when compared to the long held finding that enhanced development or asset mobility provides protections to democracies. For this model, a \$5000 increase in real GDP enhances survival by a factor of 7.39 or reducing the hazard rate by 739%. The estimates from Model 2, using percent urban as an alternate measure of asset mobility, also reveal the benefits of an effective legal system for democratic survival. Again a more effective legal system decreases the hazard rate. Last, we should also note that in line with previous research, Model 1 also suggests that religious fractionalization has a deleterious effect on democratic survival. This is an important finding to which we will return below.

(Table 1)

The additive results in Table 1 confirm our expectations on the benefits of effective legal systems on reducing the likelihood of reactionary overthrow in democracies. When elites have a legal system that is more likely to protect their assets from predation by the state, they are less likely to mobilize for the overthrow of the democratic regime.

*The Additive Effect of Legal Institutions on Domestic Political Disorder.*

Table 2 displays the results of the additive models of domestic political disorder as a function of asset mobility and legal system with two measures of asset mobility. The results again suggest that more effective legal institutions afford democracies greater protection from the conflict likely to arise in disputes over state predation. In each model, the CIM variable is in the expected negative direction and is statistically significant, suggesting that democracies with more effective legal systems on average experience fewer domestic acts of violence than those with less effective systems. In fact, for an increase in a democracy's CIM of .745 (the same relative change from 1960s Chad to 1990s Luxembourg) the expected count of violent domestic political events decreases by 85% and 93%, with GDP and percent urban as measures of asset mobility, respectively.

(Table 2)

In sum, the additive models presented above provide support for the notion that democracies benefit from the supply of functioning legal institutions as a prophylactic against political disorder. With both domestic political violence and the ultimate culmination of such political violence, the collapse of the democratic state, effective legal systems appear to offer elites some protection against the fears of state predation that may provoke them to support regime overthrow. However, the analysis above also assumes that each democracy is equally vulnerable to the types of predation that we discussed earlier. To test whether this is indeed the case, in the following section, we consider whether the effect of legal institutions on democratic survival and political disorder are conditioned by a democratic state's vulnerability to specific forms of predation.

*The Conditional Effect of Legal Institutions on Democratic Survival*

We turn first to the conditional effects of legal institutions on democratic survival. We begin by revisiting the findings from Table 1 in which religious fractionalization appears to have deleterious effects for democratic survival. This result is commonly found in the previous literature and has been linked to the vulnerabilities that religious minorities face when living in highly fragmented democracies. Democratic regimes populated with groups who feel that they face greater vulnerabilities to religious predation by the state are more at risk of breakdown. However, we would expect that the protections that relatively more homogenous democracies seem to be afforded would substitute for the protections secured by enhanced legal institutions. Legal institutions should be most critical to the survival of those democracies that are most religiously fragmented and less important for those that are more homogeneous. Alternatively, religious fractionalization should be more damaging to democratic survival in the absence of effective legal institutions and less deleterious for those democracies with more effective institutions. The results of these multiplicative models are shown in Table 3.

(Table 3)

The results in Table 3 support the notion that legal institutions have conditional effects on democratic survival dependent upon the relative level of religious fractionalization that exists within the state. The coefficient on the interaction term is positive in each model, suggesting that the marginal effect of CIM on democratic survival increases in the presence a more religiously fragmented democracy. The low statistical significance of the interaction terms suggests, however, that this marginal effect may not have a statistically significant impact on democratic survival over the entire range of religious fractionalization. To more precisely evaluate the conditional relationship we present the results graphically below in Figure 1. Figure 1 displays four panels each reflecting the marginal effect of either CIM or religious fractionalization on democratic survival. The figures display the marginal effect of the independent variable of interest along with its 95% confidence interval plotted around it. Given that both the marginal effect and its associated standard error varies over the level of the conditioning variable,

these figure more accurately test the precise relationship between our interactive variables and the dependent variable (Brambor, Clark and Golder 2006).

The results in Figure 1 conform precisely to our expectations. Both Panels A and B demonstrate that the effectiveness of the legal system is most helpful for those democracies with the greatest levels of religious fractionalization. CIM has a positive and statistically significant marginal effect on democratic survival but only for those democracies with high religious fractionalization. At low levels of fractionalization there appears to be no benefit of legal system effectiveness, as the 95% confidence interval straddles the x-axis for sufficiently low fractionalization. Moreover, Panels C and D suggest that religious fractionalization has a statistically significant deleterious effect on democratic survival but only in the presence of relatively low legal system effectiveness. When the legal system is relatively more effective, religious fractionalization has no statistically significant effect on democratic survival. These results support the contention that legal institutions substitute for the protections provided by socioeconomic insulation.

(Figure 1)

We now turn to the conditional effects of legal institutions on democratic survival with respect to financial assets. Table 4 presents the results of the multiplicative democratic survival models across each of our measures of asset mobility. The interaction between each measure of asset mobility and legal institutions is statistically significant, suggesting that the effect of legal institutions is indeed conditioned by a democracy's vulnerability to asset predation. However, counter to our expectations the sign on these interaction terms are positive, suggesting that the benefits of an effective legal system are enhanced in the presence of asset mobility. In fact, a change in CIM of .745 used above is expected to reduce the hazard rate of breakdown by 257% for poor democracies (around \$2000 GDP), however the same change in CIM is expected to reduce the hazard rate for wealthy democracies (approximately \$8000 GDP) by 15250%.

(Table 4)

The effect is perhaps better displayed in a figure. Figure 2 shows the expected duration of a democracy for a marginal change in CIM across a range of GDP. The figure confirms that CIM has a statistically

significant beneficial effect on democratic survival across nearly the entire range of a democracy's GDP. The benefits that CIM provide to democratic regimes are increasingly more positive for democracies with increasingly higher GDP. Alternatively, wealthier democracies that develop in the absence of effective legal systems will find themselves as increasingly higher risks of breakdown.

(Figure 2)

#### *The Conditional Effect of Legal Institutions on Domestic Political Disorder*

The same effect of CIM is observed in the multiplicative models of legal institutions and asset mobility on violent domestic political disorder. Table 5 presents the multiplicative models of violent domestic political disorder across our two measures of asset mobility. Again, the coefficient on the interaction is statistically significant but in the unexpected direction. The results in Table 5 suggest that the effect of legal system on discouraging violent political disorder is stronger among democracies with more mobile assets. In fact, a change in CIM of .745 used above reduces the expected count of violent domestic political events by 78.9% for democracies with more specific assets (around \$2000 GDP), however the same change in CIM is expected to reduce the hazard rate for democracies with more mobile assets (approximately \$8000 GDP) by approximately 99%. It appears that democracies with greater asset mobility are more sensitive to legal effectiveness compared to democracies with more specific assets.

(Table 5)

#### **Implications**

The results we have just summarized provide support for the claim that effective legal institutions promote the democratic order directly by helping relieve a state's commitment problem over protecting rights. As North, Summerhill and Weingast have suggested, ensuring that the stakes of holding power are lowered by limiting arbitrary state authority through a commitment to law that is perceived credible has substantial effects on political violence in a society and the survival of a democratic regime. We have found these effects even controlling for factors that mainstream analyses on democratic survival suggest drive these processes. Further, if we recall the evidence linking effective legal institutions to economic growth and development (Barro 1997, Acemoglu, Johnson, and Robinson 2001) then we can infer that, if

anything, we are underestimating the effects of legal institutions on order, precisely because some of the total effect of law passes indirectly through development. These effects are all highly confirmatory of the empirical assumption on which much of the international rule of law effort turns.

But we have not merely set out to provide evidence for a straightforward empirical claim. We have hoped to suggest how the tradition of North might be profitably linked with the tradition of Przeworski or Lijphart. Conceptualizing order as involving a series of commitment problems over rights, we have suggested that the macro-economic and socio-cultural factors that animate mainstream theories of domestic order can be thought of as constructing the conditions that naturally insulate (or render vulnerable) a person from the possibility that the state will violate a rights promise. In this way, these structural features establish a sort of baseline demand for credible commitments. We have also suggested that if we understand the role of commitment institutions as inoculating a person about the apprehension associated with the possibility of state predation, and if we believe that individuals are not identically vulnerable to predation, then clearly commitment institutions should operate differently on different people. By putting these two ideas together, we should expect that the effect of commitment institutions should be conditioned by the natural insulation individuals enjoy. In this way, the central theoretical ideas from the democratic survival literature are easily linked with the central ideas from the credible commitment literature. What evidence do we have for this argument?

Along the socio-cultural dimension, we find considerable support. Like other scholars, we find that religious fractionalization undermines the democratic order. Highly fractionalized societies, relative to homogenized societies, are precisely those societies in which individuals are likely to find themselves in the political minority. For this reason, the stakes of holding power for the purpose of ensuring religious liberty are heightened, on the margin at least. Yet we find that the relationship between religious heterogeneity and breakdown attenuates significantly in the presence of effective legal institutions. Obviously, the test we provide is too rough to uncover a specific effect of judiciaries protecting explicit constitutional protections for religious liberty, but religious freedom terms are parts of every democratic constitution and the suite of international human rights agreements to which the democracies in our

sample are parties (Jackson and Tushnet 2006, p. XX). Nevertheless, the simple point is that states that have managed to credibly commit to legal limitations on their authority seem to enjoy a buffer against the link between religious heterogeneity and democratic breakdown. So far so good.

The economic dimension injects a puzzle into the analysis. We find consistently that effective legal institutions and measures of asset specificity interact; however, they do not interact in way that is easily explained by either the commitment logic or the logic of the models of economic redistribution. Indeed, the strongest effects of legal institutions are precisely where we would think states are least in need in institutional protections for assets. Regardless of how we understand what GDP is measuring, we simply should not see the strongest effects of law among the most developed states if what law is doing is relieving people's concerns over predation. We cannot resolve this puzzle simply by reversing our conceptual polarity, that is, by assuming that development actually renders a society *more* vulnerable to breakdown. It is a tempting conceptual move because we might imagine that where people are wealthy on average, they have more at risk to predation. Yet, Przeworski (2005) has shown theoretically that increasing average income in a society reduces the incentives to enter into conflict over the state, precisely because the corresponding violence that ensues is just not worth it when you are wealthy enough (on average). And on empirical grounds, reconceptualizing development as vulnerability cannot make sense of the voluminous results in the literature supporting a positive effect of development on survival. Even in the interactive models we present, we never see a negative effect of development. So what could explain these findings?

It is possible that effective legal institutions serve different purposes in states, yet we are not able to disentangle those effects with the current research design. For example, with respect to the utility that citizens extract from consumption, Przeworski (2005) assumes that the key distinction between democracy and dictatorship is that dictatorships are characterized by leaders who rule by force, without constraint. Accordingly, in dictatorships in addition to one's financial assets, one's physical integrity is also threatened by the state. Indeed, Przeworski assumes that a citizen's distaste for physical insecurity varies only within dictatorships and not within democracies. As a result, to the extent that the relative

utility of consumption between dictatorship and democracy differs, it is a function of the citizens' distaste for physical insecurity that they may face under dictatorship. However, we know from other research that democracies vary in their capacity to honor physical integrity rights (e.g. Hathaway 2004). This suggests that while wealth may ease political instability in democracies by relaxing resource constraints (e.g. by expanding the range of acceptable tax rate offers for both the poor and wealthy), there nevertheless remains the issue of whether citizens expect their democratic state to honor physical integrity rights. To the extent that there are multiple dimensions of rights at risk under democracy and an effective legal system enhances citizens' beliefs that state violations of physical integrity rights are less likely to occur, we can make better sense of our results here. At low levels of wealth, where the resource constraint bites more, the threat of physical integrity violations is less critical for instability, but at high levels of wealth, where the resource constraint bites less, the impact of potential physical integrity violations will be more critical in shaping the prospects of political disorder. Under this interpretation, while enhanced wealth insulates a democracy from political disorder by relaxing the resource constraint, it also brings the importance of the effectiveness of legal institutions into sharper focus. As fears over financial predation by the democratic state subside in the presence of greater wealth, to the extent that political disorder lingers it may be based upon citizens' concern over state violations of their physical integrity.

## Appendix A

### Democratic Episodes in the Data Set from 1961 to 1995

Andorra 93-95	Greece 75-95	Paraguay 93-95
Antigua and Barbuda 81-95	Grenada 74-79, 84-95	Peru 80-92
Argentina 84-95	Guyana 92-95	Philippines 53-72, 87-95
Australia 61-95	Haiti 95	Poland 89-95
Austria 61-95	Honduras 90-95	Portugal 76-95
Bahamas 73-95	Hungary 90-95	Romania 92-95
Bangladesh 91-95	Iceland 61-95	Russia 93-95
Barbados 66-95	India 61-75, 77-95	St. Kitts and Nevis 83-95
Belgium 61-95	Ireland 61-95	St. Lucia 79-95
Belize 81-95	Israel 61-95	St. Vincent 79-95
Benin 61-62, 91-95	Italy 61-95	Sao Tome 91-95
Bolivia 82-95	Jamaica 63-95	Seychelles 93-95
Botswana 66-95	Japan 61-95	Sierra Leone 62-67
Brazil 61-64, 86-95	Kenya 63-66	Slovakia 92-95
Bulgaria 90-95	Latvia 93-95	Slovenia 90-95
Burkina Faso 78-80	Lithuania 91-95	Solomon Islands 78-95
Burundi 93	Luxemburg 61-95	Somalia 61-69
Canada 61-95	Macedonia 91-95	South Africa 94-95
Cape Verde 91-95	Madagascar 61-71, 93-95	South Korea 61, 88-95
Chad 61-62	Malawi 94-95	Spain 78-95
Chile 61-73, 90-95	Malaysia 59-69	Sri Lanka 61-83
Columbia 74-95	Mali 92-95	Sudan 65-69, 86-89
Congo 61-63, 92-93	Malta 64-95	Suriname 75-79, 88-89, 91-95
Costa Rica 61-95	Mauritius 68-95	Sweden 61-95
Czech Rep. 92-95	Moldova 94-95	Switzerland 71-95
Czechoslovakia 90-91*	Mongolia 92-95	Taiwan 92-95
Denmark 61-95	Mozambique 94-95	Tanzania 61-62
Dominica 78-95	Myanmar 61-62	Thailand 75-76
Dominican Rep. 63, 78-95	Namibia 90-95	Trinidad 62-95
Ecuador 79-95	Nepal 91-95	Turkey 61-71, 73-80, 83-95
El Salvador 91-95	Netherlands 61-95	Uganda 62-66
Estonia 92-95	New Zealand 61-95	Ukraine 91-95
Finland 61-95	Nicaragua 90-95	United Kingdom 61-95
France 61-95	Niger 93-95	United States 61-95
Gambia 66-94	Nigeria 61-66, 79-83	Uruguay 61-73, 85-95
Germany 61-95	Norway 61-95	Vanuatu 80-95
Ghana 69-72, 79-82	Papua New Guinea 77-95	Venezuela 61-95
	Panama 94-95	Zambia 91-95

\*Termination by voluntary partition, not breakdown.

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**Table 1. Democratic Survival as a Function of Legal Institutions and Asset Mobility  
(Additive Models)**

	Asset Mobility Measured as					
	Real GDP per capita		Percent Urban			
	Model 1		Model 2			
	B	S.E.	B	S.E.		
<b>Main Variables</b>						
Asset Mobility	0.0004	***	0.0001	0.0206	***	0.0099
CIM	1.2936	*	0.7253	2.0998	***	0.8103
<b>Control Variables</b>						
Economic Growth	0.0317		0.0240	0.0468	~	0.0282
Presidential Regime	-0.0831		0.2734	-0.2304		0.3028
Effective Number of Political Parties	-0.1031		0.1003	-0.1233		0.1131
Religious Fractionalization	-1.7220	**	0.8053	-1.2854	*	0.8720
Ethnic Fractionalization	-1.0305		0.9251	-1.5500	*	0.8857
Previous Democratic Experience	-0.0211		0.3256	-0.0963		0.3650
Percentage of Democracies in the Region	0.5741		0.8018	1.3400		0.8700
Constant	2.9490	**	1.2873	2.6182	**	1.3072
ln( <i>p</i> )	0.3534	**	0.1396	0.2349	*	0.1405
Log likelihood	-61.0234		-67.8924			
Democratic Spells	112		112			
N	1669		1669			

Note: Robust standard errors clustered by countries

\**p* < .10, \*\**p* < .05, \*\*\**p* < .01, two-tailed tests

**Table 2. Domestic Violent Events as a Function of Legal Institutions and Asset Mobility  
(Additive Models)**

	Asset Mobility Measured as			
	Real GDP per capita		Percent Urban	
	Model 1		Model 2	
	B	S.E.	B	S.E.
<b>Main Variables</b>				
Asset Mobility	-0.00003	0.0000	0.0116 *	0.0068
CIM	-2.5494 ***	0.9250	-3.5751 ***	0.9165
<b>Control Variables</b>				
Economic Growth	-2.4851 *	1.4420	-2.3718	1.4497
Presidential Regime	0.3902	0.2573	0.3348	0.2624
Effective Number of Political Parties	0.0105	0.0871	0.0079	0.0874
Religious Fractionalization	0.4781	0.5685	0.2542	0.5093
Ethnic Fractionalization	0.2853	0.5719	0.7459	0.5761
Previous Democratic Experience	0.4167 **	0.1846	0.4737 ***	0.1823
Constant	1.3219 *	0.7864	1.1794	0.7847
ln( <i>r</i> )	0.4916	0.2404	0.4914	0.2420
ln( <i>s</i> )	-0.5590	0.2410	-0.4958	0.2424
Log likelihood	-777.9337		-776.7466	
$\chi^2(8)$	28.66***		31.80***	
N	1129		1129	

Note: Robust standard errors clustered by countries

\*  $p < .10$ , \*\*  $p < .05$ , \*\*\*  $p < .01$ , two-tailed tests

**Table 3. Democratic Survival as a Function of Legal Institutions and Religious Fractionalization (Interactive Models)**

	Asset Mobility Measured as			
	Real GDP per capita		Percent Urban	
	Model 1		Model 2	
	B	S.E.	B	S.E.
<b>Main Variables</b>				
Religious Fractionalization	-6.0623	** 2.4966	-4.0117	2.5636
CIM	-2.1167	2.0846	-0.0242	2.0945
Religious Fractionalization * CIM	6.2984	* 3.3442	3.9645	3.3236
<b>Control Variables</b>				
Asset Mobility	0.0004	*** 0.0001	0.0200	*** 0.0099
Economic Growth	0.0353	0.0240	0.0505	* 0.0291
Presidential Regime	0.0248	0.2818	-0.1648	0.3116
Effective Number of Political Parties	-0.1052	0.0933	-0.1193	0.1104
Ethnic Fractionalization	-0.9897	0.9350	-1.5854	~ 0.8811
Previous Democratic Experience	0.0814	0.3343	-0.0224	0.3797
Percentage of Democracies in the Region	0.6380	0.7570	1.4294	* 0.8430
Constant	5.1674	*** 1.8702	4.0455	*** 1.9901
ln( <i>p</i> )	0.3817	*** 0.1419	0.2432	* 0.1407
Log likelihood	-59.5449		-67.2972	
Democratic Spells	112		112	
N	1669		1669	

Note: Robust standard errors clustered by countries

~  $p < .10$ , \*  $p < .05$ , \*\*\*  $p < .01$ , two-tailed tests

**Table 4. Democratic Survival as a Function of Legal Institutions and Asset Mobility  
(Interactive Models)**

	Asset Mobility Measured as			
	Real GDP per capita		Percent Urban	
	Model 1		Model 2	
	B	S.E.	B	S.E.
<b>Main Variables</b>				
Asset Mobility	-0.0002	0.0003	-0.0270	0.0221
CIM	0.0185	0.9838	-0.2229	1.4443
Asset Mobility * CIM	0.0009	** 0.0004	0.0726	** 0.0329
<b>Control Variables</b>				
Economic Growth	0.0316	0.0249	0.0445	0.0282
Presidential Regime	-0.0954	0.2687	-0.2609	0.3109
Effective Number of Political Parties	-0.0887	0.1026	-0.1057	0.1167
Religious Fractionalization	-1.8702	** 0.8462	-1.4707	0.9511
Ethnic Fractionalization	-1.0989	0.9831	-1.7528	^ 0.9279
Previous Democratic Experience	-0.0109	0.3449	-0.0574	0.4022
Percentage of Democracies in the Region	0.2585	0.8200	0.7521	0.9199
Constant	3.9493	*** 1.5248	4.3901	** 1.7150
ln( <i>p</i> )	0.3570	** 0.1409	0.2444	* 0.1357
Log likelihood	-60.0220		-66.1166	
Democratic Spells	112		112	
N	1669		1669	

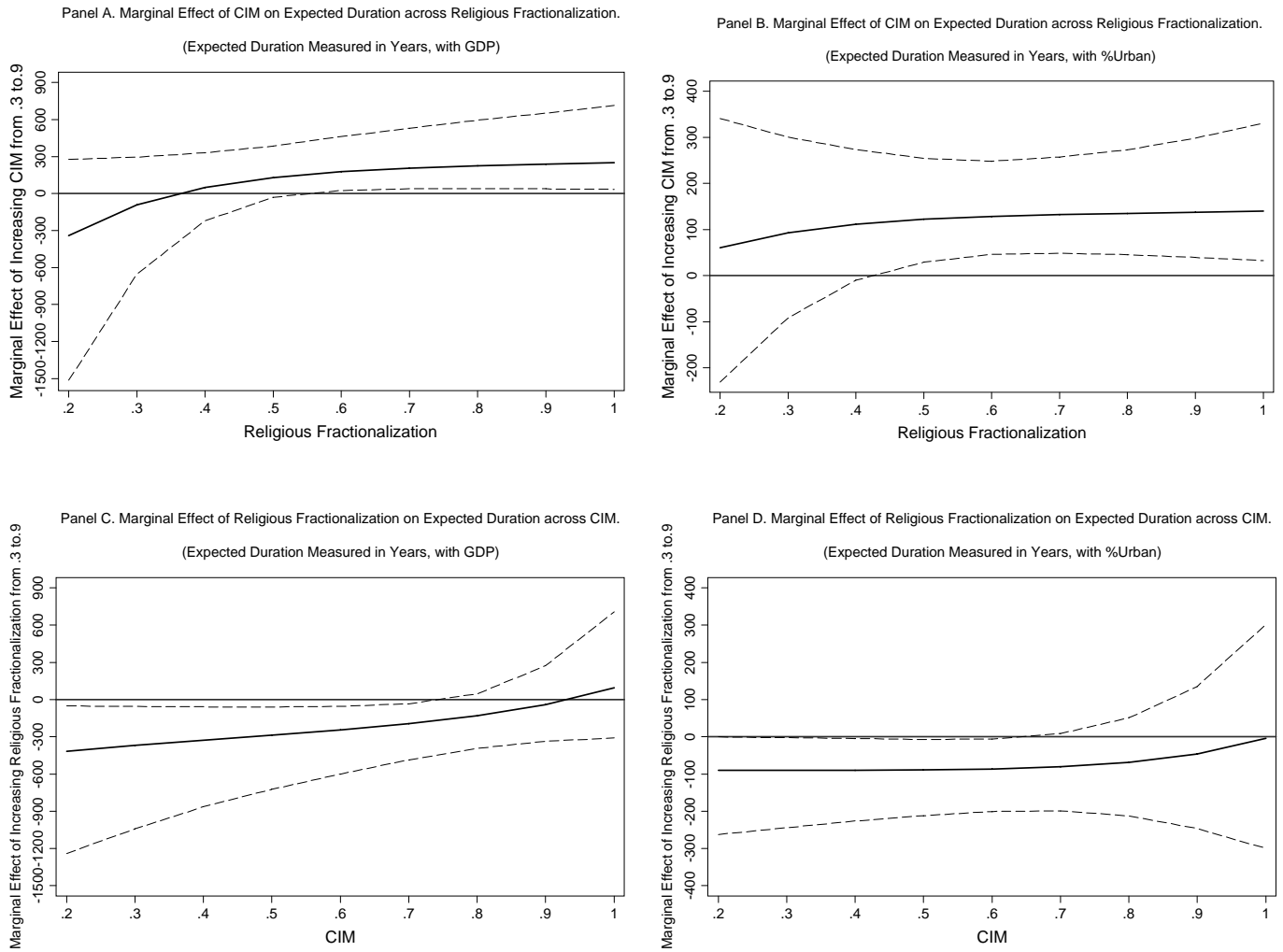
Note: Robust standard errors clustered by countries  
<sup>^</sup>*p* < .10, <sup>\*\*</sup>*p* < .05, <sup>\*\*\*</sup>*p* < .01, two-tailed tests

**Table 5. Domestic Violent Events as a Function of Legal Institutions and Asset Mobility  
(Interactive Models)**

	Asset Mobility Measured as					
	Real GDP per capita		Percent Urban			
	Model 1		Model 2			
	B	S.E.	B	S.E.		
<b>Main Variables</b>						
Asset Mobility	0.0006	**	0.0003	0.0585	**	0.0232
CIM	-0.8238		1.1504	-0.5275		1.6849
Asset Mobility * CIM	-0.0007	**	0.0003	-0.0611	**	0.0287
<b>Control Variables</b>						
Economic Growth	-2.8570	**	1.4571	-2.6436	*	1.4562
Presidential Regime	0.3786		0.2623	0.2407		0.2709
Effective Number of Political Parties	0.0033		0.0874	0.0150		0.0872
Religious Fractionalization	0.4911		0.5594	0.3636		0.5107
Ethnic Fractionalization	0.7281		0.5961	0.9454		0.5875
Previous Democratic Experience	0.3757	**	0.1849	0.4098	**	0.1837
Constant	-0.4003		1.0442	-1.0894		1.3183
ln( <i>r</i> )	0.4974		0.2423	0.4984		0.2431
ln( <i>s</i> )	-0.5560		0.2392	-0.5249		0.2411
Log likelihood	-774.6937		-774.3869			
$\chi^2$ (9)	34.8600		35.8200			
N	1129		1129			

Note: Robust standard errors clustered by countries  
 $\tilde{p} < .10$ ,  $**p < .05$ ,  $***p < .01$ , two-tailed tests

# Figure 1. Substitution Effects of Legal System Effectiveness and Socioeconomic Insulation (Religious Fractionalization) on Democratic Regime Survival



Note: Dashed lines represent 95% confidence intervals around the expected marginal effect.

Figure 2. Marginal Effect of CIM on Expected Duration across GDP.

(Expected Duration Measured in Years)

