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CAN TRUST BE LEARNED IN HETEROGENEOUS ENVIRONMETNS? AN INTEGRATIVE MODEL OF POLITICAL AND SOCIAL LEARNING THROUGH DEMOCRACY

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ABSTRACT OF DISSERTATION

Satoshi Machida

The Graduate School

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CAN TRUST BE LEARNED IN HETEROGENEOUS ENVIRONMETNS? AN INTEGRATIVE MODEL OF POLITICAL AND SOCIAL LEARNING THROUGH DEMOCRACY

While the virtues of social capital in democracies are widely recognized, previous studies have repeatedly shown that social capital is in short supply in heterogeneous communities with ethnic minorities. Against the view that levels of social capital are culturally predetermined, I argue that it is possible to generate social capital by carefully formulating political institutions. Drawing from theories of institutional management of ethnic conflict and theories of institutional learning, I construct an integrated theory of social capital which hypothesizes that citizens learn to trust one another based on their experiences with political institutions during an extended period of democratic rule. To test this integrated model of social capital, I use a probit analysis to examine how democratic longevity in different institutional settings (e.g., majoritarian vs. consensus) influences social capital. To overcome the endogeneity problem that exists between social capital and democratic longevity, I adopt an instrumental variables approach, drawing on theories in international relations.

My analysis of World Values Survey data yields three main conclusions concerning the institutional arrangements that foster social capital. First, I find that democratic longevity fosters higher levels of trust in countries with consensus institutions containing power-sharing arrangements through cabinets, executive-legislative balances, party systems, and electoral systems—presumably because cooperation among different groups enhances social capital. Second, a longer period of democratic rule in highly federal institutions undermines trust, as the devolution of powers through territorial units is thought to fragment the political system and society. Finally, consistent with the theoretical expectations, I find that these two conclusions hold only among ethnic minorities. Among ethnic majorities, the effect of democratic longevity disappears once we purge the endogenous component (i.e., the effect of social capital on democratic longevity), using an instrumental variables approach. Case studies of the Baltic States, the Canadian province of Quebec, and Malaysia corroborated the findings from the statistical analyses.

By uncovering a mechanism through which social capital can be generated in multiethnic states, this study makes an important contribution to the literature.

Satoshi Machida

Oct 1, 2006

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DEMOCRACY

By

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DISSERTATION

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DEMOCRACY

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DISSERTATION
————————————————

A dissertation submitted in partial fulfillment for the
requirement degree of Doctor of Philosophy in the
College of Arts and Sciences
at the University of Kentucky

By

Satoshi Machida

Lexington, Kentucky

Co-Director: Dr. Matthew Gabel, Associate Professor in the Department of
Political Science at the Washington University in St. Louis.
and Dr. Mark Peffley, Professor of Political Science

Lexington, Kentucky

2006

DEDICATION

I dedicate this dissertation to my mother, Hiroko Machida, and to my father, Noriaki Machida.

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Looking back on my graduate study for about five years, I find myself indebted to so many people. I attempt to thank them despite the risk that I may overlook someone.

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Table of Contents

List of Tables

Appendices:

Appendix A Expanding Lijphart Index

List of Figures

Appendices

Chapter 1: Introduction

Since Putnam (1993) published his influential work, *Making Democracy Work*, the concept of social capital has been widely introduced in the field of political science. Praising the large applicability of his study, Latin (1995) calls Putnam's work "a stunning breakthrough in political culture research" (p. 171). Putnam's study has had important impacts not only on academia but on a number of international development agencies such as the World Bank and the US Agency for International Development. According to *The Economist*, Putnam (1993) is "a great work of social science, worthy to rank alongside de Tocqueville, Pareto, and Weber" (*The Economist* 1993, p. 96). Thus, the concept of social capital has received a significant amount of attention both within and outside academia. Moreover, McLain (2003) notes, "political scientists have characterized social capital as the crowning glory of a liberal society; it is also supposed to be the engine that makes a society democratic as well as liberal" (p. 101). Scholars have suggested that social capital is an essential component of liberal democracy.

Unfortunately, however, in those societies where the core tenets of liberal democracy—protection of minority rights, protection of civil liberties, and political tolerance—are most at risk, we tend to find very poor conditions for improving social capital. Specifically, ethnically diverse or economically unequal societies tend to demonstrate low social capital. Scholars have found that community heterogeneity significantly decreases levels of social capital. Cross-national research has found that trust in others seems to be lower in more diverse societies (Knack and Keefer 1997). Research in the United States has also found that generalized trust is lower when local

communities are more heterogeneous (Alesina and La Ferrara 2002). The same relationship has also been found in other components of social capital. For instance, studies have suggested that levels of civic engagement are significantly lower in more heterogeneous communities (Alesina and La Ferrara 2000; Costa and Kahn 2003). As these studies show, the negative relationship between community heterogeneity and social capital seems to be well established. Consequently, these findings suggest that countries that include diverse ethnic elements face difficulty in ensuring liberal democratic norms, confirming the conventional knowledge that ethnic diversity is one of the most serious impediments to liberal democracy (Dahl 1989).

Most scholars have tried to explain this negative relationship between community heterogeneity and social capital by referring to the difference between "generalized trust" and "particularized trust," essentially the same difference that Putnam (2000) draws between "bridging" and "bonding" social capital. Generalized trust tends to spread widely in a society and encourages civic cooperation, reflecting individuals' beliefs that others in the society share fundamental values and belong to the same community (Fukuyama 1995; Uslaner 2002). On the other hand, particularized trust entails deeper ties among narrower circles such as family members, friends, and others with similar backgrounds. According to Uslaner (2002), particularized trusters tend to be suspicious of other people that they do not know. Furthermore, particularized trusters tend to be more withdrawn from the larger society (Uslaner 2002; Uslaner and Conley 2003). These studies suggest that community heterogeneity critically hinders the growth of generalized trust. Put differently, "bridging" social capital (i.e., generalized trust) is not likely to prosper in heterogeneous communities. But while the negative relationship

between community heterogeneity and social capital has been firmly established, this is by no means the end of the story. Rather, it is necessary to consider how different factors influence the vicious circle between community heterogeneity and social capital to determine whether it is possible to break the Gordian knot and locate conditions under which the relationship is not invariant.

Therefore, the central question in this study is, "how is it possible to generate social capital in heterogeneous environments?" This research question challenges the conventional wisdom that social capital is largely immutable. In his seminal work in Italy, Putnam (1993) conceptualized social capital as a cultural endowment that can be found in some regions but not in others. According to this perspective, social capital is not subject to change in the short term. Consequently, because it is impossible to generate social capital over a short period of time, it follows that multiethnic countries with lower levels of social capital would be destined to fail in their attempt to establish a liberal democracy.

However, I disagree with this pessimistic view surrounding multiethnic countries. Unlike the conventional wisdom, I will demonstrate that social capital is actually a consequence of institutional factors, and that it is possible to generate social capital even in heterogeneous environments. By showing that levels of social capital are not necessarily fixed in each cultural setting, my goal is to present a more optimistic view for the future of democratic development in multiethnic countries.

In this study, as one of the main factors that affect social capital, I examine the influence of political institutions. Certainly, if social capital can be rephrased as a peaceful relationship between ethnic groups, I am not the first to analyze how political

institutions affect social capital. Numerous studies have explored how different political institutions influence ethnic conflict or its management. Among them, one of the most controversial issues in the literature is the different effects of majoritarian or consensus types of institutions in multiethnic states. For instance, Lijphart (1999) analyzed the effects of these types of institutions in the executive-parties and federal-unitary dimensions and demonstrated that institutional arrangements do matter in managing ethnic conflict. Yet, despite the fact that a heated debate exists regarding the effects of majoritarian and consensus institutions, no systematic efforts have been made to apply these concepts to the study of social capital, at least not at the individual level. Furthermore, one of the most critical flaws in previous studies is that they lack a long-term perspective of institutional influence. Prior research may be able to capture a causal dynamic at a certain time point, but it is incapable of explaining the long-term effect of political institutions. As a consequence, existing studies fail to understand the full dynamics surrounding political institutions and social capital in multiethnic states.

To overcome the shortcomings of previous studies, I adopt an integrative approach. Specifically, by combining insights from the literatures of somewhat separate fields, I present an integrative model of political and social learning explaining the long-term effects of political institutions on social capital in multiethnic states. The main components of the model are twofold: political institutions and institutional learning. Regarding the effects of political institutions on social capital, I rely on previous studies of institutional management of ethnic conflict. As to the latter, to grasp the long term effects of political institutions, I rely on institutional learning theory. By incorporating these two perspectives into one model, I explore the dynamics of social capital in

4

multiethnic states. The integrative model of political and social learning helps us to understand the process through which social capital is generated. What is particularly innovative about this model is that it can explain how citizens' political experiences are converted into social capital through political institutions. I test the model by relying on both probit and an instrumental variables analyses. Furthermore, to complement the statistical analyses, I conduct case studies on three regions: the Baltic countries, the Canadian province of Quebec, and Malaysia.

The main findings are threefold. First, I find that democratic longevity fosters higher levels of trust in countries with consensus institutions containing power-sharing arrangements through cabinets, executive-legislative balances, party systems, and electoral systems—presumably because cooperation among different groups enhances social capital. Second, a longer period of democratic rule in highly federal institutions undermines trust, as the devolution of powers through territorial units is thought to fragment the political system and society. Finally, consistent with the theoretical expectations, I find that these two conclusions hold only among ethnic minorities. Among ethnic majorities, the effect of democratic longevity disappears once we purge the endogenous component (i.e., the effect of social capital on democratic longevity), using an instrumental variables approach. In this way, this study reveals novel relationships between social capital, community heterogeneity, political institutions, and democratic longevity. By dissecting the mechanisms through which social capital is fostered in heterogeneous environments, this study makes an important contribution to the literature. Furthermore, as this study addresses the relationship between liberal democracy and society, my findings have important implications for the future of liberal

democracies. If individuals can learn to trust others through their experiences with political institutions, even countries that are poorly endowed with social capital have a chance of establishing well functioning liberal democracy. By finding that social capital is endogenous to institutional factors, I demonstrate that we can actually increase the probability that democracy survives by carefully formulating political institutions. Hence, this study offers important guidelines on how we can foster conditions conducive to a sustainable democracy.

This study proceeds as follows. In Chapter 2, I review the literatures in related fields. I consider what we have already learned in the fields of social capital, institutional arrangements of ethnic conflict, and institutional learning. These studies provide a number of important insights, and we can learn a great deal about the real world thanks to the accumulated knowledge from these studies. At the same time, however, reviewing studies in these fields makes us realize that these research programs have developed separately with few applications outside each specific field. Recognizing this fact, I suggest that it is important to integrate theoretical perspectives. Therefore, the main purpose of this chapter is to specify the theoretical hole in the literature and suggest a possible solution to fill this gap by linking separate research programs.

In Chapter 3, based on the literature review and the theoretical gap identified, I present an integrative model of political and social learning. Specifically, I construct a theoretical model by combining the insights from two separate fields: institutional management of ethnic conflict and institutional learning. I argue that citizens can learn to trust others through the mediating influence of political institutions. Furthermore, as an innovation from previous studies, I further argue that the outcome of political and social

capital learning depends on the age of the democratic regime. Relying on the integrative model, I derive a series of testable hypotheses.

Chapter 4 describes the empirical research design. Starting from the discussion about how we can conceptualize social capital, I explain my measurement strategy for the dependent variable. I also discuss how I measure key independent variables as well as control variables. Furthermore, based on these measures, I explore the overall dynamics surrounding social capital at an aggregate level. By showing that overall dynamics among variables are generally consistent with our hypotheses, this chapter lays the groundwork for the multivariate statistical analyses of subsequent chapters.

In Chapter 5, I examine how citizens' experiences with political institutions can produce social capital among majorities and minorities. Using the World Values Survey (WVS) covering 57 countries, I conduct probit analyses. The analyses find that democratic longevity in consensus institutions in the executive-parties dimension has a positive influence on trust both among majorities and minorities. In the federal-unitary dimension, the analyses indicate that democratic longevity generates more trust in the unitary institutions among both groups. Furthermore, among only the minorities, longevity negatively affects social capital in highly decentralized institutions. The results in the analyses clearly show that the effect of democratic longevity on trust varies depending on the institutional settings and people's status in society. The statistical analyses in this chapter present evidence that the citizens' trust of others is a function of their experiences with political institutions over a period of the democratic rule.

Chapter 6 extends the statistical analyses in Chapter 5. Specifically, it deals with the issue of endogeneity. While the statistical analyses conducted in Chapter 5 were

consistent with several hypotheses, the research design suffers from a potential problem

of endogeneity between social capital and democratic longevity. Put differently,

although I have set social capital as the dependent variable and democratic longevity as

an independent variable, there is a possibility of reverse causation. It is possible to

hypothesize that the existence of social capital influences democratic longevity rather

than vice versa. Therefore, in this chapter, I address the endogeneity problem by

adopting an instrumental variables approach. Relying on insights from theories of

international relations, I have been able to obtain improved estimates of how the

interaction between democratic longevity and institutional variables influences social

capital. The instrumental variables approach reveals that hypothesized relationships only

hold among minority groups. Because the endogeneity problem is thought to be

especially serious among the majority sample, this finding is consistent with our

expectations. Once we purge the endogenous component of democratic longevity, the

effect of longevity on trust among the majority sample should become weaker or

statistically indistinguishable from zero. Consequently, the analyses in this chapter have

identified minorities as the most susceptible group among which trust is affected by

democratic longevity and political institutions.

In Chapter 7, I conduct case studies to further examine the validity of the theories

and hypotheses. While the statistical analyses, or large-N studies, are useful for

generalizing a causal relationship that is widely applicable, they are not the best approach

to tell the detailed story about the underlying causal process. Therefore, I apply my

integrative model of political and social learning to concrete political settings and

examine how variables specified in the model relate to each other. In analyzing the effect

of democratic longevity in executive-parties institutions, I turn to the cases of the post-independence Baltic countries. In the analysis on the federal-unitary institutional dimension, I investigate the Quebec separatist movement. Furthermore, to test the validity of the integrated theory in a more complicated case, I apply the model to the case of Malaysia during the consociational period. These case studies help us to better understand and interpret the findings from the statistical analyses.

In Chapter 8, I summarize the findings from both statistical analyses and case studies and discuss how these findings support the theory and hypotheses in this study. Through the discussion, I speculate on how widely we can apply the model. Furthermore, based on findings from this study, I discuss implications of the model both in the literature of political science and in the real world. At the same time, I point out the limitations and some of the potential criticisms of this study. Finally, recognizing issues left unsolved in the analyses, I conclude this study by discussing directions for future research.

Chapter 2: Literature Review

Introduction

Over the past decade, scholars have widely praised the virtues of social capital in various

fields. They have argued that social capital makes it possible for people to cooperate, and

that it also improves democratic governance. In short, the more social capital one can

find in society, the better the political system or society tends to be. However, at the

same time, numerous studies have found a negative relationship between community

Heterogeneity and social capital. Put differently, they suggest that heterogeneous

elements in a community reduce social capital. Thus, ethnic heterogeneities or economic

inequality have been found to be detrimental to social capital. Recognizing this situation,

one of the most critical questions would be "how does it become possible to generate

social capital in heterogeneous environments?" If social capital provides a number of

beneficial consequences for society, it is necessary to consider how we can generate it

particularly where it is most likely in short supply.

Without engaging the social capital literature directly, a long tradition of

comparative politics research suggests an answer. Specifically, scholars have studied

how political institutions can mediate ethnic conflict so as to build trust and reduce social

tensions. As a result, we already know much about institutional management of ethnic

conflict. In this chapter, as a starting point of constructing a theoretical model, I will

review these studies. Starting from discussions about the nature of social capital, I look

into previous studies that are relevant to understand how people can learn to trust others through political institutions. As the main concern in this study is placed on the long-term process of political and social learning, I cover a wide range of studies including theory of institutional learning. Finally, by pointing out a theoretical hole in the literature, I suggest a strategy to improve our understanding of the process through which social capital is generated. In this way, this chapter of literature review serves as a basis for the theoretical model of political and social learning.

2-1: What is Social Capital?

As is widely known, Alexis de Tocqueville' (1968) was the first scholar to explore the notion of social capital in Jacksonian America. Tocqueville eloquently sought to explain how the voluntary associations of early 19th century American township fostered the kinds of cooperative norms and habits that made democracy work. Struck by America's flourishing civil society, Tocqueville (1968) suggested that voluntary associations were the foundation of functioning democracy. According to Tocqueville, voluntary associations were necessary to solve common problems because other possible providers of public service were extremely weak in American society. Focusing on the problem-solving roles of society, he emphasized the importance of voluntary associations in democracy.

The idea of social capital was developed most clearly by James S. Coleman (1988, 1990) as part of his effort to develop a general, coherent theory of social relations. He used the term in conjunction with the concepts of physical and human capital, drawing explicit distinctions between them. Physical capital refers to investment in tools, machinery, and other tangible equipment. Human capital refers to those less tangible investments in the skills and knowledge of individuals (see e.g. Schultz 1961; Becker 1975). Compared with these forms of capitals, social capital is even less tangible because it stems from changes in the relations among individuals that facilitate action. According to Coleman, it takes on three forms:

> Obligations and expectations, which depend on trustworthiness of the
> social environment, information-flow capacity of the social structure, and
> norms accompanied by sanctions. A property shared by most forms of
> social capital that differentiates it from other forms of capital is its public
> goods aspect (Coleman 1988, p. 119).

Noting that obligations or expectations can be categorized as social capital, Coleman emphasized the collective goods nature of social capital. According to this definition, social capital is something that should be shared and utilized by the members of the community.

While the concept of social capital was not new, it was Putnam (1993) who applied the concept in the discipline of political science and subsequently made it much more popular in a variety of fields. According to him, social capital "refers to features of

social organization such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinate action" (p. 67). With this definition, Putnam contends that horizontal networks embodied in civic society, and the norms and values embodied within these ties have important consequences both for the people in the networks and for society at large, generating both private and public goods. Dense networks of people among friends, colleagues, and neighbors are usually associated with norms of generalized reciprocity with mutual obligations and responsibilities, so that social networks foster conditions for mutual collaboration, coordination, and cooperation to create collective goods. The shared understandings, explicit and implicit rules, shared procedures, and generalized trust fostered by personal contact and the bonds of friends and neighbors are expected to make it easier for people to work together for the mutual gain to be obtained in the future. Putnam suggests that organizations in civic society such as environmental groups, churches, youth organizations, or charity groups play a vital role in bridging social cleavages and integrating people from diverse backgrounds and values, consequently contributing to a vibrant social infrastructure.

Furthermore, Putnam (1993) suggests that social capital has important political consequences. Based on his analysis of regional governments in Italy, he claims that abundant and close networks of associational connections and civic societies encourage effective governance. Networks of voluntary associations have the effect of installing people with norms of civic cooperation and shared responsibilities. They also help people to aggregate their interests in the political system. As a consequence, Putnam argues, in democracies rich in social capital, citizens are more likely to keep their government accountable, and political leaders are also more likely to believe that their

actions are in check by citizens. Also, dense networks of civic associations are believed to strengthen the link between citizens and the state by encouraging political discussion and mobilizing electoral turnout. Putnam argues that social capital is a prerequisite for a well-functioning democracy. According to his perspective, functional democracy would be impossible to achieve without a stock of social capital within the society.

The benefits of social capital have also been demonstrated in other areas such as in family connections (Boisjoly et al., 1995), economic development (Knack and Keefer 1997), management techniques of state government (Knack 2000), and desertions from the Union Army (Costa and Kahn 2003). Accordingly, both academic and policy-making communities have been vigorously stimulated by the concept of social capital. From the World Bank to a local city hall, creating social capital has been considered as a solution for a variety of social problems. In this way, the concept of social capital had emerged as essential elements not only for a community but for development of democratic governance. Extensive benefits of social capital have been widely praised in a number of various fields.

2-2: Community Heterogeneity and Social Capital

While Putnam's work (1993) has been extraordinarily influential, it has a critical limitation. As his analyses were mainly conducted in Italy, a relatively homogeneous environment, it does not have much to say about heterogeneous societies. However, numerous studies suggest the importance of taking into account community heterogeneities in the issue of social capital. Most studies examining the link between

community heterogeneities and social capital have shown a negative relationship between these two factors. Put differently, it seems to be the case that community heterogeneities significantly decrease levels of social capital. For instance, in their analysis of trust and social capital in Southern California's Chinese Communities, Uslaner and Conley (2003) found that the ethnic ties among the Chinese community actually decrease their civic engagement in a larger society. They suggest that although group membership may instill loyalty within the group, it does not go beyond the group boundary. Capturing the essence of this argument, Stone (1998) notes,

> Individuals accustomed to transacting business with one another can
> develop habits of reciprocity and a high degree of interpersonal trust. Out
> of accumulated experience, they may develop feelings of obligation to one
> another. Yet, take these same individuals are put them in an inter-group
> context, a context in which competitive group advantage is salient, and
> interpersonal trust and reciprocity lose strength (p. 268, cited by Orr
> (1999), p. 10).

This study has shown that levels of social trust and norms of reciprocity tend to be in short-supply in an environment in which they are exposed to out-groups.

Furthermore, evidence indicating the negative relationship between community heterogeneities and social capital is abundant in the context of the United States. Alesina and La Ferrara (2000) demonstrate that levels of participation in social activities are significantly low in more unequal and in more racially or ethnically heterogeneous

localities. Similarly, Costa and Kahn (2003) show that community heterogeneities negatively influence levels of civic engagement such as volunteering, associational membership, and trust. A similar pattern has been found regarding the issue of income redistribution. Luttmer (2001) finds that support for redistribution is higher when recipients are from the same racial group. Other studies show a similar result in education. Harris, Amy Rehder, William Evans, and Robert Schwab (2001) and Poterba (1997) have discovered that the spending on education is significantly less in diverse communities compared with in more homogeneous ones. Also, Alesina, Baqir, and Easterly (1999) argue that the shares of spending on productive public goods—education, roads, sewers and trash pickup—in U.S. cities are inversely related to the city's ethnic fragmentation.

Recently, these studies have also been expanded to developing countries. La Ferrara (2002) shows that inequality at the village level in rural Tanzania has a negative impact on civic engagement in the village. Also, adopting default rates on micro-finance as a proxy of social capital, Karlan (2003) argues that cultural similarities within the community of loan recipients lower the default rates. In a similar manner, Miguel and Gugerty (2002) suggest that school funding tends to be lower in more ethnically diverse settings—a finding that is similar in the U.S. context. There is also evidence showing that income inequality lowers civic participation and community expenditure (La Ferrara 2002; Lindert 1996). Furthermore, cross-national research has discovered that levels of interpersonal trust are lower in more diverse societies (Knack and Keefer 1997). The bottom line of these studies is obvious: community heterogeneities reduce social capital. In more heterogeneous communities, people are less likely to trust others, less likely to

engage themselves in civic activities, less likely to vote, and less willing to take risks to help others.

In this context, however, it is important to note that social capital is not a monolithic concept; there are different kinds of social capital. What is particularly important in the context of heterogeneous communities is the distinction between "bridging" and "bonding" social capital. Putnam (2000) defines bridging social capital as bonds of connectedness that are formed across diverse social groups. People that are connected through bridging social capital tend to be exposed to different kinds of people and ideas, and they consequently tend to benefit the community and larger society. In contrast, bonding social capital only connects homogeneous groups. As a result, in a society rich in bonding social capital, interactions between different kinds of people are limited. Such closed networks tend to inhibit interactions with outside networks and result in the atomization of small groups (Banfield 1958). These differences are also described by similar terms such as "weak ties" versus "strong ties" (Granovetter 1973) or "generalized trust" versus "particularized trust" (Uslaner 2002; Uslaner and Conley 2003). While generalized trusters that are connected through weak ties tend to have interactions with people with different backgrounds, particularized trusters tend to withdraw from the larger society into their ethnic communities. Obviously, as previous studies report that ethnic minorities tend to withdraw into their ethnic communities, what is especially in short supply in heterogeneous communities is bridging versus bonding social capital.

The beneficial consequences of bridging social capital have been well documented. Varshney (2001) argues that in a community in which people are engaged in interaction across different ethnic groups, levels of ethnic tensions tend to be much

17

lower than in communities that lack interethnic associational engagement. Similarly, Orr (1999) suggests desirable outcomes of interethnic engagement in the context of the United States. These studies demonstrate the importance of bridging social capital in heterogeneous communities. Unlike bridging social capital, however, bonding social capital can be harmful for democratic governance. For instance, Varshney (2001) shows that bonding social capital tends to increase ethnic conflict. Also, a closed network within bonding social capital may act as organizations that lobby and act against the interests of other groups (Beugelsdijk and Smulders 2003). Consequently, there is a danger that bonding social capital may divide the state along ethnic lines. In this way, the consequences derived from these two types of social capital are quite contrary.

These findings are consistent with the conventional knowledge that community heterogeneities such as ethnicity or economic inequality significantly undermine liberal democracy. John Stuart Mill argued that democracy was incompatible with the structure of a multiethnic society, arguing "free institutions are next to impossible in a country made up of different nationalities" (p. 230). Dahl (1971) notes that although democracy in highly fragmented countries was not impossible, "pluralism often places a dangerous strain on the tolerance and mutual security required for a system of public contestation" (p. 109). Judging from the evidence presented in previous studies, countries with high levels of community heterogeneities clearly face difficulty in maintaining a well-functioning democracy.

2-3: Exogenous or Endogenous Approach of Social Capital

As we have seen, many studies have shown that heterogeneous elements in a community tend to reduce levels of social capital. Furthermore, bridging social capital tends to be scarce in heterogeneous communities while bonding social capital is more prevalent. Having suggested a negative relationship between community heterogeneity and social capital, a critical question is whether it is possible to change the relationship. Put differently, we need to ask whether or not it is possible to produce bridging social capital in heterogeneous environments.

To consider this question, it is essential to discuss how different studies conceptualize the nature of social capital. While numerous studies on social capital have been conducted, there are mainly two different perspectives regarding the nature of social capital (see Jackman and Miller 1998). The first approach in this debate sees social capital as part of political culture. For instance, Inglehart defines social capital as "a culture of trust and tolerance" (1997, p. 188). In formulating the notion of social capital, these scholars explicitly draw on Weber (1905), Banfield (1958), and Almond and Verba (1963). Weber (1905) attempted to link the Protestantism and capitalism. In answering the question of why Protestants thrived in capitalist economy, Weber identified two factors that he believed fostered entrepreneurial skills. The first one is Protestants' challenges to medieval discipline, and the second one is their distinctive values. Relying on these cultural elements, Weber tried to answer the economic success of Protestants. In a similar manner, Banfield (1958) attempted to explain the backwardness of a small community in Italy. In his analysis, he argued that the backwardness of the community

could be explained by the community's persistent inability to organize. Noting high levels of "amoral familism" in the community, he contended that the problem underlying the poor developmental outcome is a lack of interpersonal trust.

Furthermore, Almond and Verba (1963) conducted extensive survey research in Germany, Italy, Mexico, and the United Kingdom to identify social attributes that are conducive to the development of democracy. They argued that citizens of the United Kingdom and United States possessed "civic culture" suitable for effective democracy. They attributed the differences of democratic performance to cultural factors found in the country. Many of others studies conducted later can also be considered as a variant of the political culture approach. For instance, in his analysis on the role of trust in economic performance, Fukuyama (1995) argues that the key for the economic success can be found in social capital. He emphasizes the importance of supporting culture of trust, which he terms "spontaneous sociability." The same theme has been suggested by Harrison's (1985, 1992, 1997) conclusion that the outcome of economic and political development depends on such values as trust, ethical codes, and orientations to work and taking risks. Furthermore, Putnam's study (1993) traces the roots of civic cooperation as far back as the Middle Ages. These studies are definitely congruent with the notion of civic culture formulated by Almond and Verba (1963) in the following three points (regarding this discussion, see Jackman and Miller 1998). First, these studies are fundamentally concerned with the prevalence of values clustered within societies. Although cultural patterns reflect individuals' attitudes, these patterns are assumed to take on political and social significance, as they are shared by individuals in societies. In other words, those shared attitudes are an aggregate property of societies.

Second, these studies of social capital emphasize the durability of cultural syndromes. Even though those attitudinal attributes could be modified by short-term forces, their effects are assumed to persist over a long period of time. Harrison (1985) contends that values or certain perspectives that hinder economic and political development in the third world have been driven by "the momentum of centuries" (p. 168). Similarly, Inglehart (1990) claim that "people live in the past much more than they realize (p. 422, cited by Jackman and Miller 1998, p. 52). As can be represented by this view, these studies contend that people's behavior is affected by norms passed across generations through early socialization (see also Verba 1965; Moore 1966). Thus, durability of cultural power has been emphasized by these studies.

Third, the common feature of these cultural syndromes is that their significance comes from their impact on other outcomes. In other words, these syndromes are treated as exogenous or given. For instance, in Weber's analyses on the effect of culture on capitalism, he showed that values are not epiphenomenal. Values are almost completely treated as given.

In sum, emphasizing the prevalent and durable nature of cultural factors, these political culture accounts of social capital note that culture has significant impacts on other outcomes. According to this perspective, social capital is something that has been rooted in the cultural for centuries. Therefore, emphasizing the exogenous nature of social capital, this perspective suggests that it is not possible to generate social capital by some kind of means in a short term.

While these studies recognize that social capital is cultural predetermined, implications from other studies contradict this exogenous view. Especially studies

conducted in the 1980s more explicitly contend that cultural element can change over time. For instance, Wuthnow (1989) argued that cultural values are broadly structured by social and material conditions. According to him, therefore, where certain conditions do not exist, certain culture would not emerge. Through examining three major periods of European history—the Reformation (1919-59), the Enlightenment (1715-89), and the rise of Marian socialism (1864-1914)—Wuthnow (1989) contended that economic development and strong state structures were the necessary conditions for these cultural elements. His pioneering work clearly suggests a more dynamic view of culture rather than static (see Wuthnow 1987). The dynamic perspective of culture is consistent with some strains of social capital studies. For instance, Coleman attempted to understand social capital within the framework of rational-choice. According to Coleman (1990), a decision to trust others are based on the calculation of potential gains and potential losses depending on the risk involved in the situation. For him, there is not a fundamental difference between trusting others and placing a bet because both of these actions can be explained within the framework of rational choice. Based on the rational choice perspective, Coleman argued that as long as there is a structural incentive to trust, people will follow the incentive and choose to trust others. Denying that cultural values are immutable, scholars in this strain emphasize the endogenous nature of social capital.

Along with the endogenous perspective of social capital, theorists of social capital have speculated on the origin of social capital. If the origin of social capital cannot be found in culture, social capital has to be generated somewhere else. Many scholars look for the answer in the framework of rational choice theory. They recognize the origin of social capital as an equilibrium concept. According to this concept, repeated cooperation

22

increases the stock of social capital, and this in turn makes social cooperation sustainable. The most commonly cited explanation for the origin of social capital points out the findings of experimental research, where individuals tend to cooperate spontaneously when they value future pay-offs and expect to interact with others again and again indefinitely (Axelrod 1984). As long as the pattern of the interaction persists with no foreseeable end, there is no incentive to defect from the cooperative relationship, and a virtuous circle of social capital production begins to develop (see Boix and Posner 1998).

Accordingly, this approach suggests that social capital can be endogenous to specific factors. For instance, scholars argue that certain types of organizations can produce social capital when trust is treated as a by-product of organizational structures. Coleman (1990) illustrated this process by referring to a group of parents whose children attend the same school. According to him, when the parents form a PTA chapter, public goods are provided and social capital is generated. Furthermore, Coleman (1990) discovered that when public goods are formed by an organization, even nonparticipants are benefited by the high standards promoted by an active PTA. In this situation, individuals join organizations with the expectation that they will gain benefits. As long as organizations provide people with expected benefits, the organizations earn a reputation that they are trustworthy, consequently reinforcing trust as the feedback mechanism.

Within the rational choice framework, the view that individuals join organizations due to incentives is not new. In his classical study, Bernard (1938) argues that cooperation through organizations occurs because individuals seek benefits that they could get by joining the organization. Clark and Wilson (1961) similarly note "all viable

organizations must provide tangible or intangible incentives to individuals in exchange

for contributions of individual activity to the organizations" (p. 130, cited by Jackman

and Miller 1998, p. 55). The incentives are not exclusively material benefits. They could

be friendship, prestige, respect, and other psychological objectives (Olson 1965).

Furthermore, other explanations of the origin of social capital build on the distinction

between private goods and public goods, arguing that voluntary associations that are

established mainly for private goods come to produce public goods after a certain period

of time.[1] In other words, the process through which social capital is generated is

evolutionary, starting out with the interactions aimed at producing private goods. They

gradually turn into the social relations that are capable of generating public goods. Thus,

previous studies have shown that organizations can generate trust among people. These

studies support the argument that social capital is endogenous, not exogenous. According

to this perspective, therefore, it is even possible to generate social capital anew in a

relatively short period of time.

In sum, these two approaches suggest two different perspectives on the nature of

social capital, one supporting the view that social capital is relatively fixed and

exogenous, and the other view suggesting that social capital is the endogenous product of

certain factors. However, considering both arguments and evidence suggested so far, the

endogenous approach seems to have more validity than the exogenous perspective. For

one thing, Putnam or Inglehart's approaches to social capital seem to be inconsistent. For

instance, although in his work *Making Democracy Work*, Putnam (1993) traces the

explanation of current democratic performance to the Middle Age, in *Bowling Alone* he

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[1] For a further discussion on the capability of public and private goods-producing groups see Boix and Posner (1996).

argues that civic culture in the Untied States evaporated over the course of just two decades (Putnam 1995). In a similar manner, while Inglehart (1997) suggests a value shift hypothesis, noting that people's orientations have gone through significant changes over the past several decades, this proposition seems to be contradicted by his formulation of social capital (see Jackman and Miller 1998). Therefore, considering these inconsistencies in the exogenous approach of social capital, it seems to be unreasonable to claim exclusively that social capital should be recognized as cultural endowment. Naturally, I do not deny the fact that there are certain elements of culture that are resistant to change in the short term. However, aspects of social capital such as interpersonal trust or civic engagement seem to operate within the framework of rational choice theory, and levels and kinds of social capital do seem to change over years depending on the institutional context in which social interactions take place. Therefore, judging from the overall evidence examined, the endogenous approach appears more adept at accounting for the formation and change in levels of social capital. According to this perspective, while levels of social capital would not change where incentives given in the context are constant; levels of social capital rise or decline when incentives for actors change.

In the following section, based on the endogenous perspective of social capital, I explain potential factors that can affect social capital. More specifically, I will explain how social capital can be recognized as endogenous to, or a consequence of, political institutions. Subsequent account will make clear that social capital is actually dependent on political institutions found in the context.

2-4: Social Capital as Endogenous to Political Institutions

While numerous studies have been conducted on social capital, an important question has not been adequately answered: is it possible to build social capital relatively rapidly even in communities that are less well endowed with the asset of social capital? Although Putnam (1993) originally regarded social capital as a relatively immutable endowment inherited from history, recent analyses suggest that it is possible to generate social capital even within a relatively short period of time. These structuralist scholars argue that structures remain causally prior to social relations. For instance, Skocpol (1996) shows that throughout American history, the U. S. government has been directly responsible for the establishment of many types of voluntary organizations. Similarly, Edward and Foley (1998) argue that political structure and political context are crucially important, and that structures "can go a long way toward shaping both the kinds of organizations represented in society and their impact on the behavior and attitudes of citizens" (p. 128). Furthermore, Levi (1996) suggests,

> Governments [are] a source of social capital…A large body of social
> democratic theory claims an important role for the state in reducing the
> narrow and often risky dependencies of people on each other. The new
> economic institutionalism stresses the importance of the state in
> establishing and enforcing the property rights that make trust possible.
> Recent work by political economists and economic historians emphasizes

26

the role of government institutions in establishing peaceful equilibria among otherwise combative groups (p. 50-51, cited by Krishna (2002), p. 18).

As can be seen in these studies, social democratic theory, new economic institutionalism, and other venerable traditions emphasize the role of political institutions in generating social capital. Brehm and Rahn (1997) suggest that social capital is "as much a consequence of confidence in institutions as the reverse" (p. 1018). They suggest that institutions stand prior to social relations—a view expressed by the new economic institutionalism. One of the foremost exponents of the new economic institutionalism maintains, "institutions are the rules of the game…the humanly devised constraints that shape human interaction…they structure incentives in human exchange, whether political, social, or economic (North 1990, pp. 3-4).

Furthermore, supporting the view of new economic institutionalism, Knack and Keefer (1997) suggest that trust and norms of civic cooperation are stronger in countries with formal institutions that effectively protect property and contract rights. They argue, "formal institutional rules that constrain the government from acting arbitrarily are associated with the development of cooperative norms and trust" (p. 1284). Also, examining the 18 richest market economies, Kenworthy (1997) concludes, "the principal economically beneficial forms of cooperation tend to be products of institutional incentives" (p. 645).   Similarly, a number of studies suggest that where states permit citizens to associate freely and where they support free enterprise and free association by

institutional arrangements and legal systems, economic growth has been fastest (De Soto 2000; North and Thomas 1973; North 1981; Olson 1982).

Political scientists offer additional evidence to support the primacy of structures. Schneider et al. (1997) argue that levels of social capital can be altered through induced structural change. They note, "Design of public institutions affects the level of social capital" (p. 82). Hall (1999) argues that levels of social capital in Britain are dependent on actions of the government, noting, "The character of both educational policy and social policy in Britain seems to have had profound consequences for social capital" (p. 28). Rothstein and Stolle (2003) also suggest that the character of bureaucracies and welfare state institutions have significant effects on levels of social capital. Those scholars who emphasize the importance of political institutions suggest that social capital does not exist independently from the political institutions. According to them, governments, public policies, and political institutions shape the levels of social capital (Berman 1997; Foley and Edward 1998; Skocpol 1996).

Regarding the mechanism through which institutions produce generalized trust among people, Offe (1999) offers a persuasive argument. According to him, there are mainly two mechanisms through which institutions can facilitate trust. The first one is the formative function of institutions. That is to say, he argues that citizens trust their fellow citizens due to the fact that they share a "significant amount of institutional space with a sufficiently strong meaning" (p. 71). More specifically, he argues that institutions have to "make sense" to "me", as well as, by extension and analogy, to others. People have to know and recognize that values and the ways of life derived from the institutions as valid. Those values and ideas have to make sufficient sense to a sufficient number of

people to secure their support for the institutions and the compliance with the rules.

Therefore, following this logic, it can be said that people trust their fellow citizens due to

the fact that they share an understanding of the institutions under which they live and

they can expect that others will also follow the rules incorporated in the institutions.

Thus, when people living under the same institutions are cognitively familiar and

effectively inculcated with the normative ideas embodied in the institutions, institutions

can play a formative function, thus allowing people to extend trust to strangers.[2]

As the second mechanism through which institutions generate trust among

strangers, Offe (1999) suggests an institutions' function of "lowering the risk of truster"

(p. 71). According to him, this function is similar to that of insurance companies in a

society. For instance, a person has a better reason to trust a bank if he/she knows that the

bank participates in an inter-bank security fund. The existence of the fund decreases the

risk of losing the deposit and guarantees the security. Similarly, statutory rules or legal

regulations play the same role in a society. The fact that tangible institutions exist behind

social relations reduce the risk of trusting others, thus making it easier for one to trust

others.

As these studies clearly show, political institutions play crucial roles in

determining levels and forms of social capital. While some political institutions ruin the

stock of social capital, others activate it and contribute to making a vibrant civil society.

Considering these points, it is reasonable to think that social capital is endogenous to

political institutions. Put differently, levels and forms of social capital depend on the

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[2] Regarding the first mechanism through which institutions can generate trust, Offe (1999) further suggests four institutional functions: truth-telling, promise-keeping, fairness or neutrality and the willingness to compensate the differences. He argues that these functions are essential for institutions to generate trust among strangers.

institutional arrangements. The next sections turns to the issue of how different political institutions fare well in producing social capital.

2-5: Institutional Arrangements in Heterogeneous Communities

According to the endogenous approach, social capital that can be found in a community is subject to change over time. One of the most important factors that can influence levels and forms of social capital is political institutions. Numerous studies suggest that political institutions are capable of producing social capital. Regarding this matter more generally, since the advent of "new institutionalism," it has been admitted that different institutional arrangements produce different political outcomes (March and Olsen 1984). More recently, the dramatic increase of democracies in the world following the "third wave" has stimulated inquiry into the constitutional designs of democratic government and its impact on democratic performance (Huntington 1991). For our purpose here, it is critical to analyze how different political institutions affect social capital in communities with heterogeneous elements.

There are a number of ways to organize democracy and a great variety of democratic institutions. Earlier classifications were often based on cultural variables. Almond (1956) classified democracies into Anglo-American and Continental European

according to the criteria of political culture and role structure.[3] Lijphart (1968)

distinguished four different types of democracies—centrifugal, centripetal,

consociational, and depoliticized—according to the interaction of two dimensions: elite

mobilization and mass political culture. Among these categorizations, the notion of

consociationalism has gathered significant amount of attention. Consociationalism refers

to a system in which different ethnic groups participate in the decision-making system,

maintaining its autonomy as a group. According to Lijphart (1977, 1985), consociational

democracy has four main attributes: (1) a grand coalition, (2) proportional representation,

(3) mutual veto, and (4) segmental authority. Lijphart suggests that these four elements

make it possible for multiethnic societies to maintain democratic stability despite their

social heterogeneity.

More recently, Lijphart (1984, 1994, and 1999) has argued that the institutional

characteristics of democracies tend to converge on mainly two types of democracy:

majoritarian and consensus democracies.[4] The majoritarian principle emphasizes the rule

of majority-rule. Therefore, majoritarian democracies attempt to concentrate power in

the hands of the majority. As a consequence of this emphasis, majoritarian democracies

can create a sharp division between those who hold power and those who do not, and it

does not grant the opposition much influence over policy-making. The consensus

principle, on the other hand, is based on the idea that a political regime should not be

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[3] Later, more elaborate typology claims the same distinction but encompasses no less than 16 different categories (Almond and Powell 1966).

[4] The distinction of these two types of democracy, majoritarian and consensus, is by no means a novel invention in political science; Lijphart borrowed these two terms from Robert G. Dixon, Jr. (1968, p. 10). Hans Hattenhauer and Werner Kaltefleiter (1986) also compare the "majority principle" with consensus, and Jurg Steiner (1971) contrasts "the principles of majority and proportionality."   A similar comparisons have been made by Robert A. Dahl (1956) –"populistic" versus "Madisonian" democracy; William H. Riker (1982)—"adversary" versus "unitary" democracy; and S. E. Finer (1975)—"adversary politics" versus centrist and coalitional politics.

given unfettered power. Consensus democracies attempt to disperse power so that there are multiple poles of decision making and multiple checks and balances, thus limiting the power of the central government while providing a broader array of interests with opportunities to be represented. In short, consensus types of democracies are concerned with the separation of powers.

According to Lijphart (1999), there are at least ten points that distinguish majoritarian from consensus democracies. According to Lijphart, the factor analysis based on the principle-component reveals two institutional dimensions. The first dimension, the executive-parties dimension, consists of the following five components:

(1) Concentration of executive power in single-party majority cabinets versus executive power-sharing in a broad multiparty coalition.

(2) Executive-legislative relationship in which the executive is dominant versus executive-legislative balance of power.

(3) Two-party versus multiparty systems.

(4) Majoritarian and disproportional electoral systems versus proportional representation (PR).

(5) Pluralist interest group systems with free-for-all competition among groups versus coordinated and "corporatist" interest group systems aimed at compromise and concertation (p. 3).

As we can see from the term of the first dimension, these elements are mainly concerned with executive and party politics. Restraint on majorities' power or inclusion of

minorities into the decision-making system takes place through party realignments or the outcome of electoral politics. For instance, when minority groups gain a larger share in election, it becomes possible for them to obtain more seats in the legislature, thus imposing stronger restraint on majorities' power.

The second federal-unitary dimension consists of the following five components:

(1) Unitary and centralized government versus federal and decentralized government.

(2) Concentration of legislative power in a unicameral legislature versus division of legislative power between two equally strong but differently constituted houses.

(3) Flexible constitutions that can be amended by simple majorities versus rigid constitutions that can be changed only by extraordinary majorities.

(4) Systems in which legislatures have the final word on the constitutionality of their own legislation versus systems in which laws are subject to a judicial review of their constitutionality by supreme or constitutional courts.

(5) Central banks that are dependent on the executive versus independent central banks (p. 4).

These elements are mainly concerned with federal decentralization and the mechanisms of constitutional constraints. Consequently, these variables determine whether the political system would be categorized as a unitary or federal system. According to Lijphart (1999), one plausible explanation of this two-dimensional pattern is offered by theorists of federalism like Ivo D. Duchacek (1970), Daniel, J. Elazar (1968), Carl J. Friedrich (1950, p. 189-221), and K. C. Wheare (1946). These scholars that can be

categorized as federalists suggest that above five variables are critical in guaranteeing

division of power between the central government and regional governments. Then

contend that the guarantee of a federal division of power can work only if "(1) both the

guarantee and the exact lines of the division of power are clearly stated in the constitution

and this guarantee cannot be changed unilaterally at either the central or regional level—

hence the need for a rigid constitution, (2) there is a neutral arbiter who can resolve

conflicts concerning the division of power between the two levels of government—hence

the need for judicial review, and (3) federal system is strongly represented by regions—

hence the need for strong bicameralism; moreover, (4) the main purpose of federalism is

to promote and protect a decentralized system of government" (Lijphart 1999, pp. 3-4).

Above five variables clearly represent the political dynamism found in the federal-unitary

dimension.

Analyzing the performance of these two types of democracy—majoritarian and

consensus democracies—Lijphart (1999) concludes that consensus democracies have

equal or slightly better records than majoritarian democracies in economic management

and in the control of violence. In addition, consensus democracies perform better at

promoting the representation of women, reducing inequalities, encouraging electoral

participation, promoting citizen satisfaction with democracy, protecting the environment,

providing social welfare, avoiding high crime rates, and encouraging generosity in

foreign aid. Because consensus institutions are designed to represent a variety of

interests in society, even minorities' preferences tend to be reasonably reflected in policy

outcomes.

Similarly, comparing the performance of majoritarian and proportional institutions (consensus institutions), Powell (2000) demonstrates the relative merits of the latter in terms of representing citizens' preferences. The main reason for this claim is the proximity of government policy to the median voter. According to the majoritarian view, democratic government should have policy positions that reflect views of the median voter. However, Powell finds that majoritarian systems have in many cases failed to achieve this goal. Empirical results suggest that majority parties do not need to bargain with smaller parties at or across the point of the median voter. On the other hand, Powell finds that proportional systems are more successful in bringing governments close to the median citizen. He suspects that the bargaining or negotiation required in proportional systems gets governments closer to the median voter. Thus, Powell (2000) argues that proportional systems are practically more favorable than majoritarian systems in terms of democratic performance (see also Huber and Powell 1994).

While the evidence thus far has consistently suggested the superiority of the consensus type of democracies, a critical issue in this context is the role of democratic institutions in divided societies. Especially, the choice of electoral systems has been a focus of the debate in multiethnic states. More specifically, scholars have analyzed how majoritarian electoral systems or PR systems can mediate ethnic tensions. Most studies conducted in the context of divided societies suggest that PR systems are more effective in easing tensions among different ethnic groups (Reynolds 1995). Sisk and Reynolds (1998) argued that PR systems are more effective in mitigating ethnic conflict in culturally plural African states by facilitating the inclusion of minorities in parliament and encouraging more ethnically balanced representation. By adopting pooled time-

series data from the Minorities at Risk dataset, Saideman et al (2002) found that proportional representation systems tend to reduce ethnic conflict. Lijphart (1999) concludes, "in mostly deeply divided societies…majority rules spells dictatorship and civil strife rather than democracy. What such societies need is a democratic regime that emphasizes consensus instead of opposition, that includes rather than excludes" (p. 33).

However, some studies suggest that successful examples of PR systems are contingent on multiple factors.[5] While the notion of consociationalism has generated a number of related research programs, it has received substantial criticism. For instance, Horowitz (1985, 1991) argues that there is no reason why we can assume cooperative intentions of elites in the power-sharing arrangements in consociational democracies. Therefore, Horowitz suggests that it is necessary to provide political elites with incentives to cooperate through electoral engineering. The approach that Horowitz (1985, 1991) recommends is an attempt to advance nation-building by trying to eliminate ethnic boundaries, thus supporting some majoritarian elements (see Sisk 1996).[6] However, the empirical evidence on Horowitz's idea of alternative voting is scant, and it is impossible to precisely assess the validity. Also, there exists evidence against the effectiveness of PR institutions. Tsebelis (1990) suggests that although PR systems are useful in gaining agreement to a new constitution during the initial process of democratic transition, they tend to exacerbate ethnic tensions by reinforcing and perpetuating rigid segregation along narrow ethnic lines. In a similar manner, Taagepera (1998) warns of the danger of PR systems causing extreme multipartyism and fragmentation in new

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[5] As factors that influence the performance of PR systems, Sisk and Reynolds (1988) point out the degree to which ethnicity is polarized, the intensity of ethnic tensions, the stage of democratization in a country, the territorial distribution and concentration of ethnic groups, and the adoption of positive action strategies in electoral systems. Also see Reilly and Reynolds (1988).

[6] About the effect of electoral system on ethnic heterogeneity, see also Ordeshook and Shvestsova (1994).

democracies. However, because much of this work is based on country-specific case studies, it is not yet clear how far we can generalize these findings.

As another important element of consensus types of institutions or consociationalism, federal arrangements have attracted a great deal of attention as an instrument to mediate ethnic tensions. There are mainly three different views. One is that federal arrangements reduce levels of nationalist conflict by providing minorities with more generous government-provided goods (Brass 1991; Gurr 2000; Hechter 2000). A second view is that federalism exacerbates ethnic conflict by providing minority elites with resources they could use for mobilizing secessionist movements against the central government (Roeder 1991; Bunce 1999). The third view claims that federalism has no real influence on nationalism and ethnic relations because it is subject to a number of noninstitutional elements (Kuran 1998). However, the empirical record for these propositions is inconclusive.

In sum, regarding the effects of electoral systems, the overall findings from previous studies seem to favor PR systems better than majoritarian ones. While some studies suggest that PR system could have a disturbing effect in divided societies, the evidence is still case-specific and therefore the degree to which we can generalize these findings remains uncertain. Regarding the federal system, the empirical record is ambivalent. Although federal arrangements can be effective in incorporating ethnic minorities into the political system, the division of powers may eventually fragment the regime.

Irrespective of these findings, the most common claim of all these studies is the expectation that institutions influence elite and mass behaviors, particularly inter-group

conflict in society. This is the critical point for my argument regarding the perspective of endogenous social capital. These institutionalist claims presuppose a change in individual attributes and behaviors particularly among minority groups due to their experience with specific political institutions. In the following section, I develop an argument about how this institutional experience leads to social capital formation.

2-6: Institutional Learning

A variety of studies have argued that the adoption of specific institutions can reduce social tensions. The mechanism by which this happens, however, is largely left unexplained. My argument is that at least part of the institutional effect of ameliorating social tensions is due to a change in the levels of trust among social groups. Institutions mediate social tensions and are expected to foster social capital. In other words, social capital is endogenous to the political institutions that citizens experience.

My basic argument is that institutions have long-term effects on social capital. Citizens gain experience with institutions over time as they observe social conflict. This kind of "institutional learning" is a gradual process. We would therefore not expect to see clear effects of political institutions on social conflict in the immediate aftermath of institutional change. This may account for the mixed empirical record regarding the influence of PR and federal systems on social conflict. If my story is correct, time is an important conditioning factor, as institutions should affect citizens' attitudes after institutional learning takes place. Below, I further develop my conception of institutional learning.

The basic assumption of political learning is that citizens learn certain values through their experience with political institutions. Rohrschneider (1994, 1996, 1999), in his analysis of unified Germany, argues that socialist experiences in East Germany prevented people from learning how to apply the principle of political tolerance in specific cases. Similarly, other scholars also suggest that socialist experiences will be a great impediment to fostering support for democratic institutions (Fuchs, Roller, and Wessels 1997; Fuchs 1999; Roller 1994; Weil 1996). Anderson and Guillory (1997) contend that institutional arrangements and citizens' status as winners or losers have significant effects on their satisfaction with democracy (see also Anderson and Tverdova 2001). These studies emphasize the essential role of political institutions in inculcating certain values in the people's value system by suggesting that the political values that people learn depend on the political institutions they are exposed to. If people are exposed to democratic institutions, they tend to adopt democratic values. Thus, according to the notion of institutional learning, citizens' experiences with political institutions are keys in determining their value systems.

As another important dimension of institutional learning, scholars argue that a prolonged period of exposure to political institutions is critical. They contend that people need to be exposed to political institutions for a certain amount of time before they can learn the values. To explore this hypothesis, scholars have operationalized a period of continuous exposure to political institutions and examined the learning effect. Peffley and Rohrschneider (2003) found that regime longevity is an important predictor of the levels of people's political tolerance. The longer people are exposed to a democratic political system, the more tolerant they tend to be. Similarly, Finkel, Humphries, and

Opp (2001) demonstrate a reinforcing effect of experience. They suggest that as people in unified Germany experience more and more democratic rule, they tend to support more democratic values while their support for socialist values weakens as time passes. Similar findings have been reported in research on attitudes among the Russian mass public (Denisovsky, Kozyreva, and Maskovsky 1993; Finifer 1996; see also Evans and Whitefield 1993). Furthermore, Rose (1992) argues that both mass publics and elites go through a period of trial and error. Finally, in the analysis of a transitional society, Anderson and O'Connor (2000) suggest that as people accumulate more experience with a new system, they tend to have more accurate perceptions of the new economic system. These studies argue that there exists a positive relationship between the length of exposure and the level of learning. The longer people are exposed to political institutions, the more they take on the inherent value systems associated with those institutions.

In this way, the theory of institutional learning is a useful tool in analyzing the relationship between political institutions and citizens' values or perceptions. Previous studies have demonstrated that people learn certain values or perceptions through a process of continuous socialization with the political institutions. Therefore, the notion of institutional learning plays an important role in the theoretical model to account for the long-term effect of institutional arrangements on social capital. Thus, we should only expect institutional influences on social capital to vary as a function of the length of time during which citizens have been socialized by these institutions.

2-7: Synthesizing the Stories

As we have seen, the issue of social capital has received a significant amount of attention over the years, and it has developed as an essential research program in political science. As one of the most important applications of the concept, scholars have attempted to understand the relationship between social capital and democracy, inspiring a large number of related studies on this issue. Besides the linkage between social capital and democracy, the concept of social capital has also been applied to a variety of issues such as economic growth, development, crime, and corruption. A wide range of application of the concept has made the issue of social capital all the more important.

Separate from the social capital literature, along with the rise of new institutionalism, effects of political institutions on ethnic conflict have been widely studied due to the need to understand the issue of ethnic conflict management. These studies have mainly focused on how different institutional arrangements can manage ethnic tensions, including violence between different ethnic groups. Among these studies, one of the most heated debates has been focused on the institutional choice in divided societies between majoritarian and consensus types of institutions. In the face of ethnic violence, scholars have explored what types of institutions are more desirable in managing ethnic tensions. Surprisingly, however, no systematic attempt has been made to connect the issue of ethnic conflict management with that of social capital. In particular, very few studies have looked at how the exclusive or inclusive nature of political institutions affects social capital in multiethnic states. Given that the levels of

bridging social capital have a substantial effect on the level of inter-group conflict, this omission is puzzling.

As another shortcoming in the literature of institutional management, most studies lack a long-term perspective. Put differently, analyses in most studies only focus on a particular time period and do not consider the long-term effects of political institutions on ethnic conflict. As a result, we still do not know how institutions affect social relations in a long term. If we wish to understand the effects of political institutions and we believe at least part of their impact is through institutional learning, it is necessary to take into account a long-term perspective in the analyses. Studies of institutional learning have shown that when people are exposed to certain institutional settings for significant amount of time, they tend to learn the values that the institutions intend to realize in the political system and society. However, the research program of institutional learning has developed fairly separate from that of institutional management of ethnic conflict or that of social capital. Consequently, a long-term perspective has been rarely incorporated in the studies of institutional arrangements or social capital. Consequently, our understanding of these issues remains incomplete.

This study addresses the theoretical gap in the literature. I argue that it is essential to integrate these separate research traditions into a single theoretical model. More specifically, to analyze the process through which social capital is generated by political institutions, I suggest that it is critical to consider the insights both from studies of institutional management of ethnic conflict and those from institutional learning. After all, every institutional arrangement involves some kind of learning effects, and institutional learning would not occur without the existence of institutions. Therefore,

42

lacking either one of these perspectives, we would not be able to understand the full

dynamics between political institutions and social capital. Therefore, I create an

integrative model of political and social learning by tying these perspectives together in

one model. Only by combining them can we get a more comprehensive picture of how

political institutions generate social capital in heterogeneous environments.

Chapter 3: Theory and Hypotheses

Introduction

In Chapter 2, I reviewed previous studies that are related with the issues of social capital, community heterogeneities, political institutions, and institutional learning. While each of these issues is critically important to understand the dynamics surrounding social capital in heterogeneous environments, the weakness of the literature is that these different approaches exist separately with little application to each other. Specifically, most studies on institutional management of ethnic conflict lack a long-term perspective and explicit model of mass attitudinal change. As a consequence, we fail to understand the complete dynamics surrounding social capital. Considering the potential applicability of these two theories, the lack of studies combining these two perspectives is a critical gap in the literature.

Therefore, having identified the theoretical gap in the literature, the main goal of this chapter is to present a model that integrates different elements into one larger framework. More specifically, the model I present consists of two main components. The first one focuses on institutional management of ethnic conflict based on majoritarian or consensus principles, and the second one considers the learning effect through political institutions. With these two components combined, the integrative model reveals a more accurate and more comprehensive dynamics through which social capital is generated in heterogeneous environments.

I begin this chapter by stating hypotheses regarding the relationship between community heterogeneities and social capital. Then I will show how the integrative model of political and social learning is constituted. As the first component of the model, I will explain the expected effects of political institutions and related hypotheses. Then, I will add the second component of the model, institutional learning, to the first one and establish the integrative model. Consequently, as testable hypotheses, I will present a series of possible scenarios that can be deducted from the model. Among them, the first set of hypotheses is concerned with the issue of power distribution in the political system. Specifically, regarding this issue, I suggest three testable hypotheses: the direct-translation-learning hypothesis; the power-sharing-learning hypothesis; and the dominant-learning hypothesis. Furthermore, the second set of the hypotheses is formulated focusing on the relationship between political institutions and social cleavages. Regarding this issue, I spell out the fragmentation-learning hypothesis and the consolidation-learning hypothesis. These testable hypotheses generated from the integrative model represent possible scenarios of how political institutions and democratic longevity affect social capital among majorities and minorities. Thus, this chapter prepares for empirical analyses by clarifying the theoretical foundation of the integrative model of political and social learning.

3-1: Community Heterogeneity and Social Capital

As the purpose of this study is to explore how continuous learning under different political institutions affects social capital in the context of multiethnic states, it is

important to hypothesize the relationship between community heterogeneities and social capital as the initial step. Previous studies have examined this relationship and suggested that heterogeneous elements in a community will reduce social capital. This proposition has already been tested in the context of the United States and in several of developing countries. Therefore, it is likely that this proposition will hold across countries in an expanded sample. Furthermore, considering the characteristics of ethnically divided societies, it can be hypothesized that levels of bridging social capital tend to be especially lower in multiethnic states. As a consequence, the first hypothesis to be tested specifies the negative relationship between community heterogeneities and social capital.

H1: Heterogeneous elements in a community will reduce levels of social capital. More specifically, levels of bridging social capital (interpersonal trust) tend to be lower in more heterogeneous communities.

3-2: Political Institutions and Social Capital

The main goal in this study is to identify mechanisms through which social capital is generated. Specifically, I integrate the model of institutional management of ethnic conflict and institutional learning to deduce hypotheses about social capital formation. Consequently, this integrative model reveals a novel picture of how social capital is produced by various institutional arrangements in the context of multiethnic states.

First, we consider the effects of political institutions on social capital. This study focuses on the differences between majoritarian and consensus types of institutions.

These two types of institutions as ideal types are established based on different principles. According to Lijphart (1999), majoritarian institutions tend to favor majority groups within the society as its principle focuses on the concentration of power.[7] Because majoritarian institutions attempts to grant power only to majorities, minorities groups tend to be excluded from the decision-making process. As a consequence, minority rights are less likely to be guaranteed. Therefore, in majoritarian institutions, minorities tend to feel that political institutions discriminate against them, and consequently they are less likely to be satisfied with the political system.

On the other hand, according to Lijphart (1999), consensus institutions tend to operate based on the principle of separation of powers. Minority groups tend to be included in the decision-making process and their rights are more extensively guaranteed. Therefore, perceiving the political institutions as fair and equal, minority groups are more likely to feel secure about being part of the political system. Consequently, minority groups are expected to develop satisfaction with the political system. In this way, institutional arrangements can mediate people's attitudes toward the political system.

What we need to take into account in the context of multiethnic states is that rules of the game tend to be zero-sum between majorities and minorities. As majorities and minorities tend to perceive their interests within the political system differently, advantages for majorities groups in many cases mean disadvantages for minority groups, and vice versa. As a consequence, minority attitudes toward the political system can be the exact opposite of those of the majority. As Anderson and Guillory (1997)

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[7] Lijphart (1999) confines his analyses only to democratic countries that have existed for a certain period. However, as one of the main purposes of this study is to examine the effect of democratic longevity, I also include new democracies and authoritarian states as well to obtain a more variations. Therefore, I adopt terms such as majoritarian institutions or consensus institutions rather than majoritarian types of democracies or consensus types of democracies as Lijphart does.

demonstrated, it is likely that while minorities are satisfied with the way democracy works under consensus institutions, majorities are not with the performance of the same institutions. For majorities, power-sharing with minority groups means that their interests as majority groups are weakened in the society, consequently leaving majorities unsatisfied. On the other hand, in majoritarian institutions, minorities tend to be less satisfied with the way democracy works as they are not well represented in the system, while majorities tend to be satisfied as they are favored by the system. In this way, majoritarian and consensus types of institutions have opposite effects on satisfaction with democracy for majorities and minorities.

Based on these insights, it is possible to expand the mechanism to the production of social capital. More specifically, I hypothesize that satisfaction with democracy generated by political institutions will be translated into social relations in the society. For instance, minority groups excluded from the political system under majoritarian institutions have good reason to distrust the majority because the majority is the one who dominates the political system. This is especially the case in multiethnic states with deep ethnic divisions. In such situations, political issues tend to be framed in ethnic terms, and winners and losers of the political competitions are likely to be determined along ethnic lines. Therefore, a gain for one ethnic group directly means a loss for another. As ethnic minorities are always the one who lose in majoritarian institutions, they perceive the majority as their enemies and consequently distrust members of the majority group, thus undermining social capital among the minority groups. On the other hand, however, in consensus institutions, as minorities are granted power and guarantees within the political system, minorities do not tend to see the majority as their political enemies that threaten

48

their identity. In this case, minority groups are expected to retain relatively higher levels of social capital.

As in the case of satisfaction with democracy, similar pattern can be expected for majority groups. In majoritarian systems, majority groups are advantaged and given significant amount of power in the political system. In this case, majorities do not consider the existence of minority groups as a serious threat for their interests, thus keeping social capital among majorities intact. However, in consensus types of institutions, as minority groups also gain some share of power in the political system, majorities' power tend to be limited. Therefore, in consensus institutions, majorities develop distrust toward minority groups that restrain the majorities' power.

H2: Majoritarian institutions increase levels of social capital among majorities.

H3: Majoritarian institutions decrease levels of social capital among minorities.

H4: Consensus institutions increase levels of social capital among minorities.

H5: Consensus institutions decrease levels of social capital among majorities.

Based on the proposition suggested by Anderson and Guillory (1997), these hypotheses suggest that satisfaction with democracy for majorities and minorities will be directly translated into social capital.

3-3: The Integrative Model of Political and Social Learning

3-3-1: The Direct-Translation-Learning Hypothesis

While analyzing the effects of institutional arrangements on social capital is an important part of the story, this would not capture the whole dynamics through which social capital is generated. Studies focusing on institutional learning suggest that political institutions can inculcate certain values to the people in the political system. Citizens learn certain values through the socialization process with political institutions over a certain period of time. Furthermore, previous studies suggest that continuous exposure to the political institutions involves a reinforcing effect on citizens' values and behaviors. The longer people are exposed to certain institutions, the stronger they tend to shown the values. If generating social capital through political institutions is a similar process as learning democratic values, it is essential to consider learning and reinforcing effects of political institutions. Failure to do so misses an important dynamics of what happens between political institutions and social capital. For these reasons, I incorporate democratic longevity into the model to capture the learning and reinforcing aspect of the mechanism through which social capital is generated.[8] The component regarding the learning effect is an essential part of the integrative model in this study. In this way, applying the theory

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[8] I adopt years of continuous democracy since 1945 as an indicator of democratic longevity, and did not consider the period of non-democratic rule in each country. One of the potential criticisms against this strategy is that authoritarian rule could also have a learning effect. However, in authoritarian regimes, institutional arrangements in many cases do not matter determining the political outcome as rules or restraints embedded in the institutions tend to be disregarded. Therefore, the learning effect under majoritarian or consensus institutions is really meaningful only in democracy. For this reason, I have chosen to adopt years of continuous democracy as an indicator of institutional learning.

of institutional learning, I hypothesize that democratic longevity reinforces the institutional effects. More specifically, continuous exposure to political institutions amplifies the relationships between political institutions and social capital. Consequently, I suggest the following hypotheses:

H6: Democratic longevity under majoritarian institutions increases social capital among majorities.

H7: Democratic longevity under majoritarian institutions reduces social capital among minorities.

H8: Democratic longevity under consensus institutions reduces social capital among majorities.

H9: Democratic longevity under consensus institutions increases social capital among minorities.

These hypotheses summarize two points. First, political institutions directly translate satisfaction with democracy into social capital. Second, the effect is learned and reinforced by democratic longevity. As these hypotheses emphasize the aspect of direct translation and learning, I name them the *direct-translation- learning hypotheses*.

3-3-2: The Power-Sharing-Learning Hypothesis

The direct-translation-learning hypothesis assumes the gain for the majority is the loss for the minority and vice versa. However, there are situations in which the rules of the game are not zero-sum between majorities and minorities. It is also possible that majorities and minorities develop similar attitudes under certain institutional arrangements. For instance, with some exceptions, the literature of ethnic conflict management overwhelmingly suggests that consensus types of institutions are highly effective in mediating ethnic tensions. Previous studies also argue that consensus institutions are better at incorporating ethnic minorities into the political system and society, and therefore they are more successful in stabilizing the ethnic tensions. If consensus institutions are more adept at making peace in society, both majorities and minorities should develop interpersonal trust simultaneously. Therefore, based on the existing evidence, I hypothesize that consensus institutions increase social capital both among majorities and minorities.

H10: Consensus institutions increase social capital both among majorities and minorities by rendering society more harmonious.

Furthermore, based on the theory of institutional learning, this relationship between political institutions and social capital is supposed to be reinforced by democratic longevity. Therefore, this hypothesis is termed as *the power-sharing-learning*

hypothesis, meaning that both majorities and minorities learn to cooperate and trust each other under power-sharing arrangements.

H11: Democratic longevity in consensus institutions increases social capital both among majorities and minorities by reinforcing social harmony.

3-3-3: The Dominant-Learning Hypothesis

While the power-sharing-learning hypothesis suggests that both majorities and minorities simultaneously develop trust under consensus institutions, it is unrealistic to hypothesize the same effects in majoritarian systems. It is highly unlikely that minorities develop interpersonal trust in situations where they are dominated by majorities. Previous studies have suggested that fears of losing ethnic identity are one of the most powerful predictors for ethnic violence (Horowitz 1985; Kaufman 2001). When ethnic minorities feel that their ethnic identity is being threatened, they tend to take protest actions or voice their dissatisfaction with the political system, thus disturbing social harmony. In a situation like this, it becomes extremely difficult for majorities to trust minorities, and consequently levels of interpersonal trust in the society tend to be lower. Hence, the logical outcome is that both majorities and minorities lose interpersonal trust in majoritarian institutions.

H12: Majoritarian institutions reduce social capital both among majorities and minorities by causing more tensions between them.

Also, the negative relationship between majoritarian institutions and social capital tends to be reinforced by the effect of institutional learning. Because this hypothesis focuses on the dominant force of majorities and on the resultant reactions of minorities, this hypothesis can be termed as *the dominant-learning hypothesis*.

H13: Democratic longevity in majoritarian institutions reduces social capital both among majorities and minorities by reinforcing social tensions.

These hypotheses focus on how power is distributed in the political system between majorities and minorities. Depending on the share of power in the system, these hypotheses states, people develop different attitudes toward others.

3-3-4: The Fragmentation-Learning Hypothesis

Besides the distributive issue of power in a society, it is important to consider the effects of political institutions on the ethnic and social cleavages issue. While some institutions mediate the tensions of existing cleavages in society, others aggravate them. For instance, while numerous studies suggest the benefits of consensus institutions in managing conflict behavior of ethnic minorities, there are some criticisms against the

54

claim. One of the most important criticisms is that power-sharing types of institutions that are envisaged by consensus democracies have danger of institutionalizing ethnic differences rather than mediate them. Scholars have suggested that institutional mechanisms aiming to protect minority rights or granting minority quota in the system consequently further deepens the ethnic and social divisions. This problem is especially acute in federal arrangements. Previous studies suggest that high levels of decentralization can lead to the consolidation of ethnic identity. Eventually, federalist arrangements can even encourage separatist movements by ethnic minorities (Roeder 1991; Bunce 1999). Considering these dangers of consensus types of institutions, it is reasonable to consider different hypotheses regarding the effect of consensus types of political institutions on trust. More specifically, I hypothesize that consensus types of institutions reduce social capital by further institutionalizing existing cleavages.

H14: Consensus institutions reduce social capital both among majorities and minorities (or either one of the groups) by fragmenting the political system and society.

Also, I hypothesize that the fragmentation force is further learned and reinforced during the period of democratic rule. Therefore, a democratic rule under consensus institutions tends to have a negative effect on trust both among majorities and minorities (or either one of them). As this hypothesis represents the situation in which society is further fragmented by consensus institutions and democratic longevity, I name this as *the fragmentation-learning hypothesis.*

H15: Democratic longevity in consensus institutions reduces social capital both among majorities and minorities (or either one of the groups) by further fragmenting the political system and society.

3-3-5: The Consolidation-Learning Hypothesis

Unlike the situation hypothesized by the fragmentation-learning hypothesis, because majoritarian institutions are not intended for power-sharing, majoritarian democracies are basically freed from the problem of fragmentation. Instead, majoritarian institutions may integrate a society in certain direction. Put differently, majoritarian institutions generate a drive for state consolidation. Therefore, I hypothesize that a trend toward centralized state consequently creates a polity with less clear-cut ethnic divisions. Because sources of ethnic tensions are lower in situations where ethnic cleavages are not well-defined, I hypothesize that levels of social capital tend to be high.

H16: Majoritarian institutions increase social capital both among majorities and minorities (or either one of the groups) by consolidating the political system and society.

The long-term effect of democratic rule is to reinforce this relationship. Therefore, the hypothesis incorporating democratic longevity is that democratic longevity, combined with majoritarian institutions, produces social capital both majorities and minorities (or either one of the groups). As this hypothesis focuses on the long-term consolidating

effect of democratic longevity under majoritarian institution, I name this hypothesis as *the consolidation- learning hypothesis*.

H17: Democratic longevity in majoritarian institutions increases social capital both majorities and minorities (or either one of the groups) by further consolidating the political system and society.

Table 3-1 Hypotheses of Political and Social Learning

	Theory	Relationship between majorities and minorities
A. Power Distributional Issue		
1. Direct-translation-learning hypotheses	• Satisfaction with democracy is directly translated to interpersonal trust • The rule of the game becomes zero-sum between majorities and minorities	• Majorities and minorities develop opposite attitudes in majoritarian (or consensus) institutions
2. Power-sharing-learning hypothesis	• Power-sharing arrangements create peaceful societies in which people can trust each other	• Both majorities and minorities develop interpersonal trust in consensus institutions
3. Dominant-learning hypothesis	• Majorities' dominance in society by majoritarian institutions disrupt a social relations	• Both majorities and minorities lose interpersonal trust in majoritarian institutions
B. Cleavages Issue		
4. Fragmentation-learning hypothesis	• Consensus institutions fragment the political system and society	• Both majorities and minorities (or either one of the groups) lose interpersonal trust in consensus institutions
5. Consolidation-learning hypothesis	• Majoritarian institutions help the political system and society to consolidate	• Both majorities and minorities (or either one of the groups) develop interpersonal trust in majoritarian institutions

In sum, I have presented five conceivable scenarios regarding how democratic longevity under certain political institutions affects social capital among majorities and minorities (see Table 3-1). The first three types of hypotheses focus on the issue of power distribution within the political system. The direct-translation-learning hypotheses suggest that satisfaction with democracy is directly translated into social attitudes, and

58

that democratic longevity reinforces the attitudes in a long term. Unlike the direct-translation-learning hypotheses, the power-sharing-learning hypothesis describes the effects of democratic longevity and institutional arrangements focusing on the relation of the two groups. It argues that power-sharing arrangements have a peace-making effect in the long run, and that the harmonious relationship under power-sharing arrangements between different groups of people leads to more social capital both among majorities and minorities. Conversely, the dominant-learning hypothesis suggests that dominant institutions that favor only majorities eventually disturb social relations in a society and consequently reduce social capital both among majorities and minorities.

Finally, the last two hypotheses focus on the cleavages issue in the political system and society. The fragmentation learning hypothesis and consolidation learning hypothesis pay particular attention to the integrating or dividing force of political institutions. While the fragmentation learning hypothesis suggests that consensus institutions fragment the political system and society in a long term thus reducing interpersonal trust, the consolidation hypothesis suggests that majoritarian institutions help the political system and society to consolidate consequently increasing trust among people. In this way, these five hypotheses suggest different scenarios regarding the effects of political institutions and democratic longevity on social capital. In the following chapters, I will turn to examine them empirically.

Chapter 4: Measurement of Social Capital and Its Overall Dynamics

Introduction

Having suggested a series of theories and testable hypotheses, we are now in a position to discuss conceptualization and measurement issues. To estimate the relationships between social capital, political institutions, and democratic longevity, it is essential that we obtain accurate measures of these variables. Put differently, it is extremely important to make sure that our measurement strategies grasp the core concept of the variables. This chapter describes my measurement strategy. First, I discuss the conceptualization and the measurement issues of social capital. Second, I also discuss the way I measure key independent variables and other control variables. Based on these measures, I explore the overall dynamics surrounding social capital and other variables of interest. Consequently, this chapter serves as the basis of the multivariable empirical analyses to be conducted in the next chapter.

4-1: Conceptualizing Social Capital

The goal of this study is to explore the effects of democratic longevity and political institutions on social capital. Therefore, the dependent variable in this study is social capital. Despite the fact that the concept of social capital has been widely discussed, little consensus exists regarding how social capital should be measured. As the concept of social capital itself covers a wide range of notions and social and cultural activities, different studies focus on different aspects of social capital. Considering this situation, the purpose of this chapter is to clearly define the meaning of social capital and how it should be measured.

In his book *Making Democracy Work*, Putnam (1993) defines the notion of social capital in a rather abstract manner. He defines social capital as "features of social organizations, such as trust, norms, and social networks" (Putnam 1993, p. 167). Putnam contends that these social attributes promote community cooperation and enhance the governance of the political system. While Putnam equally discusses trust, norms, and social networks, he explicitly suggests that trust should be considered as an outcome of social networks and norms of reciprocity (Putnam 2000). According to this definition, social networks and generalized reciprocity must come prior to interpersonal trust. As a consequence, it follows that interpersonal trust would not be enhanced without social networks or reciprocal norms.

Furthermore, the work by Fukuyama (1995) makes a major contribution in the literature of social trust. Arguing that interpersonal trust is a prerequisite for a wide range of social cooperation, he notes that mutual trust reduces transaction costs and therefore

promotes social cooperation. For Fukuyama, social capital refers to qualities in social

relations that enhance the capacity of the people and consequently help them to achieve

their ends in the society. These important qualities are interpersonal trust, shared norms,

and understanding. As does Putnam, he notes that interpersonal trust and generalized

reciprocity are closely related. According to Putnam (1993), "generalized reciprocity

refers to a continuing relationship of exchange that is at any given time unrequited or

imbalanced, but that involves mutual expectations that a benefit granted now should be

repaid in the future" (p. 172). One takes certain actions with an expectation that others

will somehow repay him/her in the future. In this situation, people need not to be

rewarded immediately for what they did for others, because they have an expectation that

they will be rewarded eventually. It follows that generalized reciprocity is based on

mutual trust, and continuous experiences of generalized reciprocity will reinforce existing

trust in the society. In this sense, Fukuyama suggests that trust and generalized

reciprocity are closely interrelated.

Besides trust and reciprocal norms, the social networks are a critical component

of social capital. The social capital thesis developed by Putnam suggests that the deeper

people are involved in a web of social networks, the easier it becomes to develop

interpersonal trust and reciprocal norms in society. In other words, Putnam argues that

social networks produce trust and reciprocal norms. Using a more economic term,

Boisjoly et al. (1995) note that social relations can be considered as individual assets that

individuals can accumulate and extract when they need to achieve their goals (Boisjoly et

al., 1995). Furthermore, Portes (1998) suggests that "the consensus is growing in the

literature that social capital stands for the ability of actors to secure benefits by virtue of

membership in social networks or other social structures" (p. 6). According to this perspective, social networks represented by membership in voluntary associations can be considered as one of the most important prerequisites for generating social capital. However, it is misleading to assume that the causal arrow only goes from social networks to trust or to generalized reciprocity. While noting that trust is an outcome of social networks and reciprocal norms, Putnam (1993) also suggests trust is necessary to get people involved in social interactions. Therefore, one should understand that interpersonal trust, reciprocal norms, and social networks are closely interrelated and jointly constitute the notion of social capital.

Thus, there is little agreement as to how exactly social capital should be conceptualized or how these different components of social capital interact. Different studies focus on different aspects of social capital, thus complicating the conceptualization of social capital. Yet, despite the lack of consensus, it is clear that each component of social capital plays important roles, simultaneously affecting others.

4-2: Measuring Social Capital

The discussion of the previous section suggests that the definition of social capital is not uniform, and each study focuses on different aspects of social capital. This diversity of definitions presents analysts with measurement problems. Among different indicators of social capital, one of the most common approaches is to measure social capital in

structural terms. This approach measures social capital by touching on formal

associational membership rather than more informal and intangible social bonds. For

instance, historical-institutional studies replicating *Bowling Alone* have mainly relied on

the official records of membership in voluntary associations, because longitudinal survey

studies measuring membership in voluntary associations do not exist prior to the 1960s

and 1970s in most countries. However, this method suffers from several problems (see

Baumgarner and Walker 1988; Fukuyama 1995).

The first problem is the accuracy and reliability of historical records (see Norris

and Inglehart 2002). Records of members may be intentionally exaggerated. Also,

changes in legal restrictions over the years may affect the way the members are counted.

As a consequence, official records may not represent the real picture of the society.[9] Even

if the historical records are reliable, systematic bias may be involved. In measuring

organizational membership, there is always a tendency to measure the rolls of older, more

bureaucratic organizations such as labor unions and community groups that have due-

paying members. Typically, labor unions, professional associations, and church-related

groups have a bureaucratic form of organization featured with legal recognition, written

constitutions, independent funds, and hierarchical and bureaucratic structures (see

Warren 2001). It is relatively easy to keep records of these forms of organizations. In

contrast, however, it is far more difficult to capture the dynamics of more informal

organizations. Informal organizations tend to have higher membership mobility than

formal organizations, which makes it harder to keep their records. Also, it is sometimes

difficult to define "membership" (see Norris and Inglehart 2002). One of the most active

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[9] Also, Putnam (2000) suggests that most studies that rely on the number of voluntary associations as a measure of social capital only count "birth rate" of those organizations while ignoring the "death rates." He warns that the exclusive focus on the birth rates could significantly distort the analyses.

movements in the world is organized around the slogan of anti-globalization. These organizations are loosely-knit and connected through decentralized communication with minimal levels of organizational structures. Yet, they attracted thousands of protestors around the world and seem to maintain their momentum (see Dalton and Kuechler 1990; Keck and Sikkink 1998). Considering the discrepancy between the informal structures of these anti-globalization organizations and the large number of participants in occasional moments, it is questionable how accurate official records can grasp the dynamics surrounding membership in voluntary associations.

Even if we overcome these problems associated with official records, there still exists a further problem. While a number of studies adopt the form of associational membership as a proxy indicator both for the structural features of social capital (social networks) and for the cultural norms (trust and reciprocal norms), it is not clear how well the proxy indicator represents both dimensions. It is possible that associational membership represents the structural dimension of social capital but not the cultural dimension (see Norris and Inglehart 2003). For instance, the effects of voluntary organizations of generating trust and norms are different depending on the forms of organizations. It may be true that organizations with bureaucratic structures generate certain levels of trust, but it may also be true that more informal types of organizations characterized with family ties or informal networks can be more effective in generating trust and cultural norms. Thus, the measure of formal associational membership involves several critical difficulties. Simply counting the number of voluntary associations is not necessarily a reliable measure for social capital.

Considering these measurement problems, this study focuses on interpersonal trust as a measure of social capital. As the previous discussion on the nature of social capital shows, two components of social capital, interpersonal trust and social networks are closely interrelated. While voluntary associations produce interpersonal trust, trust is also necessary to maintain the social relationship. Therefore, measuring levels of interpersonal trust will capture an essential component of social capital found in society. As interpersonal trust is a core concept of social capital, a number of studies have adopted trust as the most important component of social capital (see for instance Knack and Keefer 1997; Alesina and La Ferarra 2002). As a result, I adopt levels of interpersonal trust as an indicator of social capital.[10]

4-3: Data and Operationalization

As the main purpose of this study is to explore the effects of democratic longevity and political institutions on social capital, it is necessary to adopt a dataset that includes cross-national variations in these variables. The dataset must include a sufficient number of countries and also contain survey questions regarding social capital. Fortunately, there

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[10] While it is important to pay attention to the network aspect of social capital, it is extremely difficult to operationalize social networks across ethnic groups. Most survey studies do not allow us to distinguish networks within ethnic groups and across them. For instance, the WVS asks respondents what voluntary associations they belong to. However, no matter how many voluntary organizations people belong to, it is still possible that the networks are confined to the boundary of the same ethnic group.

are a number of surveys available that attempt to capture one or several dimensions of social capital.[11] Some of them can be quite useful for the purpose of this study.

In this study, I relied on data from the World Values Survey (WVS). The WVS has been conducted with the purpose of investigating worldwide socio-cultural and political change. The first WVS was built on the European Values Surveys, which was carried out in 1981. A second wave that was designed for global investigations was compiled from 1990 to 1991. A third wave was carried out from 1995 to 1998. It is problematic to use data from every survey because of large time gaps between surveys. There is more than a 15 year gap between the first wave and the third wave, and a number of events both at domestic and international levels took place during the period. It is reasonable to think that these events significantly affected respondents' attitudes. For instance, the first wave was conducted around the period when the possibility of extensive war constantly existed due to the Cold War. In such a situation represented with intense threat, it was difficult to trust others. However, once the immediate threat of war disappeared following the end of the Cold War, the probability of citizens trusting others is expected to rise dramatically. To avoid this kind of systematic bias that could be introduced by large time gaps between surveys, I exclusively rely on the second and third waves of surveys covering the period from 1990 to 1998. In cases in which a country is investigated in more than one survey, I use the most recent one. Consequently,

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[11] For instance, the World Bank has been trying to develop an integrated measure of social capital in the context of poverty reduction and sustainable development in developing countries. For information on the World Bank social capital initiative project, see http://www.worldbank.org poverty/scapital/index.htm. Furthermore, as different sources of social capital data, European Household Community Panel Survey (EHCP) conducted in the EU countries, Adult Literacy and Lifeskills Survey, sponsored by Statistics Canada, the National Centre for Education Statistics (US) and OECD, Eurobarometer (http://europa.eu.int/comm/dg10/eb.html), IEA Civic Education Study (http://www.wam.umd.edu/~iea/), Programme for International Student Assessment (PISA) (http://www.pisa.oecd.org), International Social Survey Programme (http://www.issp.org), or Citizenship, Involvement Democracy Network (http://www.mzes.uni-mannheim.de/projekte/cid/). For details of these datasets, see Healy (2002).

a total of 57 countries (49 democracies and 8 authoritarian states) are included in the

analyses. The list of countries and the year of the survey taken are shown in Table 4-1.[12]

Table 4-1 Countries Included in the Study and Year of Survey

Country	Year	Country	Year	Country	Year
(democracies)				(authoritarian)	
Argentina	1995	Macedonia	1997	Armenia	1997
Australia	1995	Mexico	1995,96	Azerbaijan	1996
Austria	1991	Moldova	1996	Belarus	1996
Bangladesh	1996	Netherlands	1990	China	1995
Belgium	1990	Norway	1996	Croatia	1995
Brazil	1997	Pakistan	1997	Ghana	1995
Britain	1998	Peru	1996	Yugoslavia	1996
Bulgaria	1997	Philippines	1996	Nigeria	1995
Canada	1990	Poland	1997		
Chile	1997	Portugal	1990		
Colombia	1997,98	Romania	1993		
Denmark	1990	Russia	1995		
Dominican Rep.	1996	Slovenia	1995		
Estonia	1997	South Africa	1996		
Finland	1990	South Korea	1996		
France	1990	Spain	1995		
Georgia	1996	Sweden	1996		
Hungary	1990	Switzerland	1996		
Iceland	1990	Taiwan	1994,95		
India	1995,96	Turkey	1997		
Ireland	1990	Ukraine	1996		
Italy	1990	Uruguay	1996		
Japan	1995	USA	1995		
Latvia	1996	Venezuela	1996		
Lithuania	1996				

Note: Yugoslavia signifies Serbia and Montenegro.

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[12] Rohrschneider (1994, 1996, 1999) documents that different experiences with democracy in East Germany and West Germany caused a significant divergence in people's political orientations. Therefore, countries in which democratic longevity cannot be properly operationalized are excluded from the sample. Germany and Czechoslovakia have been excluded from the analyses as due to the history of disintegration. Also, Puerto Rico was not included in the analyses as it cannot be considered as an independent country in a real sense. Bosnia-Herzegovina has been excluded due to a number of missing values in the country-level variables.

As we can see, countries included in my analyses are fairly diverse. The diversity of countries in the WVS allows us to conduct a variety of analyses. The WVS is an appropriate source of data for the following reasons. First, the WVS includes countries with ample variation in democratic longevity, an important concept in this study. The sample has a number of mature democracies such as the United States, Great Britain, and France, as well as most other established democracies in Western Europe. Furthermore, surveys were conducted in new democracies in Eastern Europe and other regions such as the Baltic countries, Ukraine, and South Africa. Also, the sample includes several authoritarian states that were not yet democratized at the time of the survey, such as Azerbaijan and Nigeria. The cross-national variance in democratic longevity makes it possible to conduct meaningful statistical inference concerning the concept of institutional learning.

Second, the sample of countries in the WVS also includes a great deal of variation in political institutions, another key variable in this study. For instance, while Switzerland, Finland, and Italy adopt highly consensus institutions along what is termed the executive-parties dimension, countries such as the Great Britain, Mexico, and Argentina adopt majoritarian institutions. Similarly, along the federal-unitary dimension, while the United States, Australia, and Mexico adopt highly decentralized institutions, countries such as Sweden, Denmark, and the Great Britain are unitary states.

A third critical strength of the WVS sample is that it includes countries with significant proportions of ethnic minorities. As theories in this study envisage different behaviors between majorities and minorities, it is essential that we have countries in the sample that include significant numbers of ethnic minorities. Fortunately, the WVS

includes countries with high degrees of ethnic and linguistic heterogeneity, such as India, the Philippines, and South Africa, as well as countries that are homogeneous, such as Japan and South Korea. These multiethnic countries in the sample provide an important setting in which we can effectively examine very different attitudinal responses of ethnic majorities and minorities.

The WVS also allows us to effectively measure a variety of individual-level attributes. Most importantly, the WVS has a question assessing an individual's level of interpersonal trust. Furthermore, various questions included in the WVS make it possible for us to control for a number of potentially confounding factors. In this way, both in terms of country-level and individual level variables, the WVS effectively serves the purpose of this study.

However, one of the limitations of the WVS is that questions in the survey cannot take into account a specific context. For instance, following Coleman's conceptualization, Edward and Foley (1998) argue that social capital is contextually specific. They contend that social relations and social norms can be found only within specific groups, and that they cannot be transferred to other contexts. Similarly, Coleman notes that norms found among diamond merchants in New York cannot be extended beyond that group. Also, Healey (2003) raises the issue of question wording in surveys, which he argues can mean very different things in different cultures. For instance, the phrase "most people," found in questions used to measure interpersonal trust, can be interpreted differently in different cultures. No matter how carefully survey questions are formulated, it is almost impossible to design items with identical translations across all countries. Similarly, one of the most common problems with cross-national survey

studies is that respondents may interpret identical questions in different ways. For instance, people in industrialized countries and those in developing countries tend to have quite different understandings of what constitutes "good health," thus resulting in systematic measurement bias. The problem of incomparability is especially acute when surveys address complicated concepts such "political efficacy" or "political freedom." Traditionally, although researchers have dealt with this problem by trying to make survey questions as concrete as possible by referring to certain examples, this method has not been successful (Suchman and Jordan 1990). Therefore, King et al (2004) attempt to solve this problem by adopting vignettes. They try to correct the problem of incomparability by comparing responses of the vignettes. Although this method is useful for correcting cross-cultural incomparability of survey studies, it requires that one reformulate survey questions. Unfortunately, this is not a viable option in this study. Nevertheless, one needs to be aware of these limitations of the international surveys.

Another problem with the WVS and mass surveys in general is the significant number of respondents with missing data. On average, as many as half the respondents typically do not answer at least one or more questions in survey studies of political attitudes. Facing this issue, many analysts rely on educated guesses to fill in missing values (for instance, coding "don't know" as "independent" in a party identification question). More analysts simply delete observations with missing values.[13] However, despite the fact that they are widely used in political science, such imputation methods are potentially problematic for statistical inference (see King et al 2001). Even if educated guesses for non-responses are right, on average, this procedure overestimates

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[13] According to King et al (2001), approximately 94 % of studies in articles in major political science journals use listwise deletion, which means that analysts lose about one-third of the entire observations.

the certainty with which we know the answers, thus underestimating the standard errors of the estimates. In a similar manner, listwise deletion of cases with missing values tends to discard too much information by eliminating as much as one third of the entire sample. Consequently, at best, listwise deletion causes a loss of valuable information, and at worst, potentially creates severe selection bias (King et al 2001). Therefore, these conventional methods for dealing with missing values can significantly distort the results of statistical inference.

Considering these problems regarding the conventional method, I rely on the strategy of multiple imputation. The software called Amelia provides a relatively easy way to compute missing values (King et al 2001). Amelia imputes *m* values for each of the missing cells in the data matrix by the method of multiple imputation and, consequently, creates several completed data sets depending on the setting. The observed values are the same across these completed datasets, but the missing values are filled with different values that reflect uncertainty about the missing data. As the method of multiple imputation does not cause bias in the standard errors or a significant loss of information, it allows us to conduct more accurate statistical inferences.[14] Specifically, with missing values multiply imputed, results from statistical analyses become more consistent (King et al., 2001). Therefore, considering the advantages of multiple imputation, I chose to fill in missing values by relying on the statistical software of Amelia.

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[14] Multiple imputations in most cases produce impossible values for variables in the process of imputations. General advice regarding these impossible values is that we should keep these values as they are. These impossible values reflect degrees of uncertainty of the multiple imputations, and in that sense, they are reasonable. Therefore, I have calculated missing values so that variables can take impossible values except dummy variables. For a confirmatory purpose, I have also calculated missing values so that multiple imputations reflect the original scale of each variable and have conducted exactly the same analyses. These two different datasets produce substantially identical results.

Dependent Variable: Interpersonal Trust

Table 4-2 Description of Dependent Variable

Dependent Variable
Interpersonal Trust
"Generally speaking, would you say that most people can be trusted or that you can't be too careful in dealing with people?" Most can be trusted=1, and Can't be too careful[15]=0. Source: WVS

The question in the WVS to assess the level of trust in a society is: "Generally speaking, would you say that most people can be trusted, or that you can't be too careful in dealing with people?" Against this question, respondents answer with either one of two choices: (1) most people can be trusted, (0) you can't be too careful. This dummy variable measures how willing people are to trust others in the society (Table 4-1). The answer for this question taps respondents' levels of trust, which reflects social capital found in the community. This is exactly the same measure used by Knack and Keefer (1997) and other studies (see Zak and Knack 2001; Hall 1999; and for nearly the same measure used in the United States, see Putnam 2000).

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[15] The translation of this question is "have to be very careful."

Independent Variables

Community Heterogeneities: Ethno-linguistic Fractionalization (ELF) and Gini Index

Previous studies have found that heterogeneous elements in a community reduce social capital. Heterogeneity can be measured in several ways, including race, ethnicity, language, income, educational or work experiences, or religions. In this study, I focus on fractionalization of ethnicity, linguistic difference, religion, and income. So far, a number of studies have relied on these measures as variables showing community heterogeneities. Traditionally, ethnic and linguistic differences were previously lumped together as part of an "ethnolinguistic" fractionalization variable (ELF). This fractionalization index, originally computed from the Atlas Narodv Mira (ANM) and reprinted in Taylor and Hudson (1972), has become a standard in political science research. It is the variable used to measure a country's ethnic fractionalization by nearly every study interested in the cross-national effects of ethnic diversity. The ELF varies between 0 and 1, and denotes the probability that two randomly chosen individuals are of the same ethnic group. The value 0 indicates total homogeneity, and a higher value signifies a more ethnic and linguistic heterogeneous elements within a society.[16]

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[16] The ELF index has been taken from Philip Roeder's website: http//:weber.ucsd.edu\~proeder\elf.htm. Alesina et al (2003) have presented an alternative to the ELF index. They have created a new dataset by separately coding ethnic, linguistic, and religious fractionalization. I have estimated the same models as below using these measures fractionalization. While ethnic and linguistic fractionalization does not show statistically significant effects on trust, religious fractionalization is found to have a positive effect on trust.

As in the case of ethnic heterogeneities, previous studies have shown that economic inequality also reduce social capita. Therefore, it is necessary to take into account a measure of economic inequality. For that measure, I adopt the Gini index for each country. The Gini coefficient measures the extent of departure from a perfectly even distribution of income, with a Gini of 0 indicating equality and a Gini of 100 signifying perfect inequality.[17]

Political Institutions: Majoritarian and Consensus Institutions

To examine the effects of political institutions, it is necessary to adopt valid indicators to capture the characteristics of political institutions. I adopt the Lijphart index of consensus and majoritarian democracies. The Lijphart index signifies the degrees to which political power is concentrated or dispersed within a political system. Put differently, the Lijphart index indicates the degrees of power that minorities can enjoy vis-à-vis the majority. According to the exclusive or inclusive principles of the political institutions, Lijphart (1999) argues that types of democracies can be largely divided into two types: majoritarian or consensus institutions. As elements that distinguish these types of democracies, Lijphart (1999) identifies five elements in each institutional dimension. In the executive-parties dimension, the following five points are critical in categorizing a political system: (1) cabinet system, (2) executive-legislative relations, (3) party systems, (4) electoral systems, and (5) interest groups systems. In the federal-

One possible speculation is that higher degrees of religious fractionalization may indicate religious tolerance. We can assume that religious tolerance and interpersonal trust are positively correlated.
[17] The Gini index for each country has been taken from the World Development Indicator. For Iceland, I substituted the mean value of all countries in the sample.

unitary dimension, the following five points are important: (1) federal system, (2) legislative system (unicameral or bicameral), (3) constitutional rigidity, (4) judicial review, and (5) central bank independence. The distinction between majoritarian and consensus democracies is especially important in the context of multiethnic states, as these elements determine the fate of majorities and minorities in the political system.

In constructing the index, Lijphart (1999) systematically analyzed 36 states that were democratic in the middle of 1996 and that had been continuously democratic since 1977 or earlier. Each democracy is analyzed from its first democratic election in or after 1945 until June 30, 1996; as a result, the time span for the thirty six democracies varies from fifty-one years (1945-96) to nineteen years (1977-96). Lijphart (1999) compiled an index for those countries to determine their location on the continuum of the consensus-majoritarian scale. As the goals in this study is to examine the effects of democratic longevity and its interaction with political institutions, it is necessary to construct an index for new democracies and authoritarian states as well. For that purpose, I have expanded the Lijphart index so that it covers new democracies and authoritarian states in the WVS. Consequently, the new dataset allows us to analyze the effects of political institution interacted with democratic longevity.[18]

Democratic Longevity

To capture the learning effect through political institutions, it is necessary to operationalize the years of experience with democracy. As an indicator of democratic

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[18] For details regarding the expanded Lijphart index, see Appendix A.

longevity, I adopt the years of democratic rule in each country since 1945. Certainly, although it is true that democratic countries existed prior to 1945, the experience of World War II interrupted the process of democratic learning. During the war time, with political agendas dominated by issues related to war, the minority issue was largely marginalized and considered as a secondary issue. Therefore, if we wish to capture the effects of institutional learning on ethnic relations at the domestic level, it is important to operationalize the experience with democracy during the post-World War II era.

As the criterion of democratic regime, I turn to the Polity IV dataset, which was originally developed by the Ted Robert Gurr.[19] The Polity IV dataset annually assigns each country with polity scores, which signifies the general openness of the political regime. The score ranges from the score of -10, which indicates the most authoritarian, to the score of 10, which indicates the most democratic. The polity score is one of the most popular indicators of democracy among scholars. In this study, if a country receives a score of at least 1, I consider the country democratic. Consequently, it follows that the value of each country in longevity is the years of continuous democracy since 1945. For cases that had been authoritarian systems and became democracies after 1945, I measured the number of years since they had become democracy. For instance, according to the Polity IV dataset, Mexico became democratic in 1993, obtaining the score of at least 1 in the Polity score. Because the WVS survey in Mexico was conducted in the 1995, the regime longevity in Mexico is counted as 2 years. For countries that were authoritarian states at the time of survey, I assign a value of 0. In this way, I operationalize respondents' learning effects as the function of the continuous experience with democratic rule in each country since 1945.

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[19] The Polity IV dataset can be downloaded at: http://www.cidcm.umd.edu/inscr/polity/

Control Variables

To estimate the effects of key independent variables, it is necessary to control for potentially confounding factors. The criteria for including control variables are twofold. First, the variable is thought to be correlated with both the dependent variable and independent variables. Second, the control variable has to be causally prior to the independent variable. Variables that are thought to meet these two criteria are included in the analyses as control variables.

Level of Economic Development

I adopt the level of economic development as a control variable. Scholars have demonstrated an empirically robust association between frequency of democracy and level of economic development (Lipset 1959; Jackman 1973; Bollen 1979; Burkhart and Lewis-Beck 1994; Przeworski and Limongi 1997; Przeworski et al. 2000). They argue that the higher the level of economic development, the more conducive the situation tends to be for the sustainability of democracy. However, while the claim that levels of economic development have a causal effect on democracy is widely demonstrated, Robinson (2005) suggests that this may not be the case. He contends that the positive relationship between economic development and democracy is due to an omitted variable,

which he suspects is economic institutions. Yet, more studies are needed to clarify the

issue. Considering the vast literature suggesting the positive relationship between

economic development and the sustainability of democracy, it is safe to control for levels

of economic development.

Also, many scholars suggest that economic development results in shift in

individual attributes. For instance, Inglehart (1997) suggests that economic development

results in "cultural shift," transforming people's value systems. He argues that economic

growth lads to a series of social changes such as occupational specialization, urbanization,

and higher levels of educational attainment, and that these social transformations

subsequently lead to the shift in individual political attitudes. Hence, it is likely that

levels of economic development affects people's tendency to trust others.

Considering these points, it is reasonable to control for levels of economic

development. In this study, I adopt GDP per capita as an indicator of the relative wealth

of a country. Unlike GDP, the variable GDP per capital distinguishes between small

countries that are quite wealthy and larger countries (e.g., Singapore vs. China).[20]

Ethnic Civil War

Scholars have suggested that the experience of political violence, especially ethnic

conflict, will have significant effects on people's attitudes toward others. Chaim

Kaufman (1996) suggests that violence between different ethnic groups hardens their

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[20] The data of GDP per capita (PPP, current international dollars) are available in the World Development
Indicator.

ethnic identity, which will make conflict management extremely difficult. Also, scholars studying ethnic conflict point out the important roles that a history of war plays. Stuart Kaufman (2001) notes that fears of group extinction generated from a history of violence can make symbolic mobilization by political elites much easier. In addition, the history of ethnic violence helps to escalate the ethnic security dilemma (Posen 1993). Fear of extinction among ethnic groups amplifies with the history of ethnic violence (Horowitz 1985). Consequently, the history of ethnic violence is expected to have a significantly negative effect on social capital, and ethnic violence will destroy social capital in the society.[21] Even if higher levels of social capital existed among different ethnic groups before ethnic war, violence between them can result in the total collapse of social capital. It will become much more difficult for people to trust each other and have ties with different ethnic groups. History of ethnic violence is also thought to be correlated with different types of institutional arrangements. As numerous studies have shown, institutional arrangements have been proven highly effective in mediating ethnic conflict. For instance, PR electoral systems or federal arrangements can be pointed out as widely used instruments to deal with ethnic conflict.

Considering these points, it is necessary to control for the history of political violence in each state. As an indicator of political violence, I rely on the rebelling index in the Minorities at Risk dataset (MAR).[22] The MAR dataset codes rebellion activities of ethnic minorities in each country. The coding is as follows: (0) none reported; (1) political banditry, sporadic terrorism; (2) campaigns of terrorism; (3) local rebellions; (4) small-scale guerrilla activity; (5) intermediate guerrilla activity; (6) large-scale guerrilla

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[21] Regarding the destruction of social capital due to violence, see Colletta and Cullen (2000)
[22] The Minorities at Risk dataset can be downloaded at: http://www.cidcm.umd.edu/inscr/mar/

activity; and (7) protracted civil war. As what is important in this context is the history of violent activities between ethnic groups, I coded the maximum levels of rebellion activity from the period of 1945-1998. While other datasets also code incidents of civil war, they also include minor levels of conflicts such as coup attempts other than ethnic violence. The MAR dataset is more appropriate for the purpose of this study.

Political Interest

I control for the respondent's levels political interest. I hypothesize that political interest and social capital are positively correlated. Put differently, those who take great interest in politics tend to trust others. Also, people's political interest is thought to affect democratic longevity. Almond and Verba (1963) demonstrated that people's interest in politics is related with their political efficacy and political support. Therefore, in countries in which people have higher levels of political interest are thought to promote the consolidation of democracy. Therefore, political interest should be controlled for in the analyses. The WVS asks respondents whether they are (1) very interested; (2) somewhat interested; (3) not very interested; and (4) not at all interested in politics. I recoded answers in the WVS so that higher values show stronger interest in politics.

Institutional Confidence

For political institutions to work effectively, the public has to maintain certain degrees of confidence in them. Even though political institutions are well designed so as to foster bridging social capital, they would not achieve their goals if they would not maintain popular legitimacy. As a consequence, institutional confidence is expected to affect the government's ability to foster social capital in their society. If the public does not trust public institutions, any efforts by the governments would be less effective. Therefore, it is important to control for confidence in public institutions.

The WVS asks respondents whether and how much confidence they have in various institutions. Because what we need to measure here is confidence in public institutions, I focused on the following institutions: (v136) the armed forces; (v137) the legal system; (v141) the police; (v142) the government in (capital); (v143) the political parities; (v144) the parliament; (v145) the civil service. I added each response in these questions and created an institutional confidence index.[23]

Political Ideology

I also control for the respondents' political ideology. Studies have shown that people's left-right political ideology is related to a variety of individual attitudes toward the

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[23] The public confidence index is created considering each variable with equal weight. For a confirmatory purpose, I have created factor score generated from those variables that touch people's institutional confidence. The factor analysis has revealed a single dimension. The eigenvalue of the first factor is 3.55 and explains about 51% of the variance. I conducted analyses using the factor score, but the result is essentially the same as the public confidence index with each variable weighted equally.

government and other aspects of political life. Downs (1957) suggested that party competition takes place on the left-right dimension based on positions over the scope of government intervention in the economy. However, Inglehart and Klingemann (1976) argue that the size of the government is not necessarily the only factor defining the meaning of left and right. Inglehart (1971, 1997) contends that postmaterialists who are characterized with distrust toward the government usually identify themselves with leftist ideology. Thus, because political ideology is found to be related to a variety of aspects in political life, respondents' ideology may significantly affect their levels of trust.

Besides the relationship between ideology and trust, there is a possibility that people's left-right ideology may have a strong impact on the form of the government. Huber and Inglehart (1995) found that the main axe of political contention is democracies versus authoritarian in authoritarian states or newly established democracies. Furthermore, Huber and Inglehart (1995) identified that the left-right ideology in some countries is mainly concerned with the issue of centralization of power—such as separatism, federalism, and reunification. Consequently, as we can expect that respondents' left-right ideology affects the types of the political regime and political institutions, it is necessary to control for political ideology. In the WVS, respondents are asked to place themselves on the political scale with 1 representing left and 10 showing right in political ideology. As a consequence, while a lower number indicates more leftist ideology, a higher one more right.[24]

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[24] While the results of my analyses consistently show that people's political ideology has a significant effect on trust, there is a room for debate as to whether or not political ideology is causally prior to interpersonal trust. Therefore, I ran analyses excluding the political ideology variable. The results are essentially the same without the ideology variable.

Demographic Variables

Finally, I also control for the usual sociodemographic variables: education, income, sex, and age.[25] Education is expected to have a positive effect on social capital. Because studies have consistently shown that education boosts the levels of political participation, I hypothesize that education and social capital is positively correlated. In a similar manner, income will have the same effects on social capital. A higher income will increase the levels of education, thus contributing to more social capital in a society. In addition, different studies have shown that income and political participation is positively correlated. Hence, higher levels of income are expected to have a positive effect on social capital.

We need to control for respondents' gender in this study. Previous studies on political behavior demonstrated that gender is one of the most important variables explaining activism in voluntary associations and community group as well as in political participation (Almond and Verba 1963). More recently, Inglehart and Norris (2005) show that gender makes significant differences in the levels of social capital. Therefore, gender can be considered as an important variable. I coded male respondents as 0 and female 1.

Finally, it is necessary to control for age. The link between age and participation has been investigated, and the source of the relationship has sparked intense debates (Miller and Shanks 1996; Teixeira 1992; Wolfinger and Rosenstone 1980). Also, Inglehart (1990, 1997) argues that intergenerational changes are an important aspect of

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[25] See Abramson (1983) and Kanter and Mirvis (1989).

cultural shift, which consequently affects individuals' attitudes toward the government or

traditional authority. Therefore, respondents' age can be thought to affect the levels of

their trust.

As we can see, these demographic variables are closely related to both social

capital and individuals' attitudes toward the government and democracy. Therefore, it is

necessary to control for these demographic variables. Details of these independent

variables are shown in Table 4-3.

Table 4-3 Description of Independent Variables

State-Level Variables	Individual Level Variables
Ethno-Linguistic Fractionalization: Degrees of ethno-linguistic fractionalization in each country. Source: Roeder (2001)[26]	Political Interest: "How interested would you say you are in politics?" very interested=4, somewhat interested=3, not very interested=2, and not at all interested=1. Source: WVS
Gini Index: Degrees of economic inequality. Source: World Development Indicators (WDI)	Confidence in Institutions: "Could you tell me how much confidence you have in (the name of the institution). A great deal=4, quite a lot=3, not very much=2, and not at all=1. This variable is the aggregate index of the confidence in following public institutions: armed force, the legal system, the police, the government (in capital), the political parties, the parliament, and the civil service. Source: WVS
Types of Political Institutions[27]: Standardized indices of four items for each dimension (executive-parties and federal-unitary) showing the degrees of power-sharing. Source: Lijphart (1999)	Ideology: Respondents' self-placement ideology 1 signifying the left and 10 showing right Source: WVS
Democratic Longevity: Years of continuous democracy since 1945 (at least a value of 1 in the Polity IV). Source: Polity IV	Sex: Respondents' sex Male=0, female=1 Source: WVS
GDP per capita: Levels of economic development (PPP, current international dollars) Source: WDI	Age: Respondents' age Source: WVS
Ethnic Civil War: Highest level of ethnic conflict in each state. Source: Minorities at Risk (MAR).	Education: Respondents' levels of education Source: WVS
	Income: Respondents' levels of income in each country Source: WVS

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[26] Roeder, Philip, 2001.

[27] The variable of interest group pluralism in the executive-party dimension in Lijphart index has been excluded in this study. It is extremely difficult to find reliable data for interest groups in developing countries. Therefore, excluding this item from the index makes more sense than assigning new democracies with rough estimated numbers. See Lijphart (1999). Also, the measure of central bank independence in the federal-unitary dimension has been excluded as the variable is theoretically irrelevant for this study. Furthermore, many constitutions do not include the provision of central bank independence.

Disaggregating Ethnicity into Majorities and Minorities

Table 4-4   Survey Questions used to Identify Majorities and Minorities

Country	Question	Country	Question	Country	Question
(democracies)				(authoritarian)	
Argentina	Religion	Macedonia	Ethnic	Armenia	Ethnic
Australia	Ethnic	Mexico	Ethnic	Azerbaijan	Ethnic
Austria	Homogeneous	Moldova	Language	Belarus	Ethnic
Bangladesh	Ethnic	Netherlands	Religion	China	Homogeneous
Belgium	Region	Norway	Homogeneous	Croatia	Self-ethnic
Brazil	Ethnic	Pakistan	Religion	Ghana	Minority
Britain	Ethnic	Peru	Ethnic	Yugoslavia	Self-ethnic
Bulgaria	Language	Philippines	Religion	Nigeria	Minority
Canada	Interview	Poland	Homogeneous		
Chile	Ethnic	Portugal	Religion		
Colombia	Self-ethnic	Romania	Religion		
Denmark	Homogeneous	Russia	Language		
Dominican Rep.	Ethnic	Slovenia	Language		
Estonia	Language	South Africa	Ethnic		
Finland	Language	South Korea	Homogeneous		
France	Religion	Spain	Self-ethnic		
Georgia	Language	Sweden	Religion		
Hungary	Religion	Switzerland	Religion		
Iceland	Homogeneous	Taiwan	Ethnic		
India	Religion	Turkey	Self-ethnic		
Ireland	Religion	Ukraine	Language		
Italy	Religion	Uruguay	Ethnic		
Japan	Homogeneous	USA	Ethnic		
Latvia	Ethnic	Venezuela	Ethnic		
Lithuania	Language				

Note: Questions used to identify majority and minority status from the World Values Survey
"Ethnic"—(v233), "Language"—(v209), "Religion"—(v179),
"Self-Ethnic Identification"—(v208), "Interview"—(v235), and "Region"—(v234)
"Homogeneous" means that almost all the population is homogeneous or there is no data that allows us to distinguish majorities from minorities. "Minority" indicates that no ethnic groups consist of more than half of the population within the country.

To explore how political institutions and social capital interact with ethnonational groups, it is necessary to disaggregate ethnic groups into majorities and minorities. One plausible approach to disaggregate ethnicity into different groups was due to Silver and Dowley (2000). Relying on the WVS, Silver and Dowley (2000) used data of racial/ethnic background, religious denomination, language of interview, and in some cases region. Using these variables regarding ethnic/racial characteristics, they tried to construct ethnic divisions in each country.

However, as they also admit, this method is not perfect. For some countries, Silver and Dowley (2000) were able to devise only imperfect surrogate for ethnicity. Furthermore, according to Silver and Dowley (2005), the lack of standard way of defining ethnicity poses a serious obstacle. While race is an important factor defining ethnicity in some countries, language or religion can be more crucial in other countries. Ethnicity is a complex notion, and the complexity makes it difficult for survey researchers to analyze data according to ethnic groups.

Recognizing the difficulty and ambiguity of reconstructing ethnicity in each country, I focus on the distinction between majorities and minorities, rather than trying to construct specific categories of ethnic groups. Ultimately, what matters essentially in this study is the distinction between majorities and minorities, and we do not have to necessarily know the names of specific ethnic groups to which people belong. Put differently, for the purpose of this study, we only need to know whether respondents in the survey belong to a majority group or a minority group in the society. Therefore, I have tried to select out minority groups within a society relying on available survey questions. For instance, in France we can assume those whose religion is Islam or

88

Buddhism are minorities in the society. Therefore, I coded those respondents as minorities. In a similar manner, with available information from several questions, I have tried to distinguish whether the status of respondents can be considered as majorities or minorities in the society referring to the background knowledge of each country. The questions used to identify their majority/minority status are shown in Table 4-4. Certainly, it is not easy to determine which individuals' attribute is the most politically salient in identifying their status in the society. Therefore, when it is possible to utilize more than one individuals' attribute for the categorization, I relied on the attribute that allows me to identify the ethnic group in the Minorities at Risk (MAR) dataset. For instance, in the case of Lithuania, data on several individuals' attributes are available to distinguish minorities from majorities. Among them, I chose to rely on the language data because they are the most convenient to identify the Poles and Russians in Lithuania following the distinctions in the MAR dataset. As a consequence, minorities I have identified in my study are in most cases close to minorities in the MAR dataset. Also, there are cases in which most of the population can be considered as homogeneous or available information does not allow us to identify minorities in the population. In that case, I coded all respondents in the country as members of the majority. Countries in which the whole population is coded as the majority are as follows: Austria, Denmark, Iceland, Japan, Norway, Poland, South Korea, and China. In a similar manner, in cases where no ethnic group consists of more than half of the population, I coded all respondents in the country as minorities. Accordingly, whole samples of respondents in Ghana and Nigeria are coded as minorities.

Consequently, I have been able to identify each respondent's status in each country. Admittedly, strictly speaking, this method is not partially consistent because of the limitation of the survey studies. For some countries, religion is the only question available, and for others, racial background is the only available information.[28] However, in terms of identifying minority groups within society, this method is the best available. Furthermore, the measurement strategy is transparent and replicable. Making the best of available information from survey studies, I have been able to identify each respondent's status in society. Finally, I am hastened to add that most of these distinctions are in a large part congruent with the ethnic distinctions made by Silver and Dowley (2000), thus indicating that minorities selected by this method are not off the target.

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[28] For a confirmatory purpose, I have created a different dataset in which minorities are defined more strictly. For those countries in which available information from the WVS is limited to identify ethnic minorities, I have coded every respondent as majorities. For instance, as it is not clear how important religions could be to identify minorities in the case of Argentina, I coded all respondents as belonging to the majority. In a similar manner, in the case of Latin American countries, as it could be questionable whether race could be a critical factor distinguishing majorities from minorities, all respondents are coded as majorities. Countries in which all respondents are coded as majorities in a newly created dataset include: Argentina, Brazil, Chile, Colombia, Dominican Republic, France, Hungary, Ireland, Italy, Mexico, the Netherlands, Peru, Portugal, Romania, Uruguay, Venezuela, Sweden, and Finland. The analyses using the new dataset with the restricted definition of minorities produce essentially identical results using the dataset with a broader definition of minorities. The only difference that can be found is the significance of the executive-parties institutions (corresponding to Model 1 in Table 5-2 and Table 5-3). In the analyses of majorities using a new dataset, a significant effect of executive-parties institutions disappears, while the same variable indicates positive and significant effects among minorities. One of the possible reasons for these differences is that people who are newly coded as majorities in the new dataset are indeed minorities. That is why these respondents nullify the positive effect of the executive-parties institutions among the minority sample. However, the new dataset produces essentially the same results as the original one in other analyses, including analyses with interaction terms. These results provide additional evidence for the validity of the coding method of disaggregating majorities and minorities in the initial dataset.

4-4: Overall Dynamics Surrounding Social Capital

Table 4-5 Mean Scores of Interpersonal Trust (yes=1, no=0).

Country	Trust	Country	Trust	Country	Trust
(democracies)				(authoritarian)	
Norway	0.652	Latvia	0.248	China	0.516
Sweden	0.593	France	0.246	Yugoslavia	0.302
Denmark	0.567	Georgia	0.241	Croatia	0.26
Canada	0.53	Russia	0.236	Ghana	0.25
Netherlands	0.523	Lithuania	0.224	Armenia	0.247
Finland	0.485	Moldova	0.223	Belarus	0.247
Ireland	0.473	Portugal	0.22	Azerbaijan	0.209
Iceland	0.432	Uruguay	0.22	Nigeria	0.203
Japan	0.423	Estonia	0.217		
Taiwan	0.417	Chile	0.215		
Australia	0.401	Bangladesh	0.213		
Switzerland	0.381	Pakistan	0.19		
India	0.369	Poland	0.183		
USA	0.359	Argentina	0.18		
Italy	0.355	Romania	0.165		
Belgium	0.346	South Africa	0.162		
Austria	0.328	Slovenia	0.156		
Britain	0.325	Venezuela	0.141		
Spain	0.311	Colombia	0.109		
Ukraine	0.311	Macedonia	0.094		
South Korea	0.303	Philippines	0.058		
Bulgaria	0.294	Peru	0.056		
Mexico	0.282	Turkey	0.056		
Dominican Rep.	0.271	Brazil	0.031		
Hungary	0.249				

Table 4-6 Interpersonal Trust (Majorities and Minorities)

Country	Majority	Minority	Country	Majority	Minority
Norway	0.652		Latvia	0.293	0.190
Sweden	0.592	0.596	Belarus	0.253	0.228
Denmark	0.567		Armenia	0.244	0.444
Canada	0.585	0.344	France	0.237	0.257
Netherlands	0.528	0.521	Georgia	0.244	0.230
China	0.516		Russia	0.231	0.328
Finland	0.489	0.375	Lithuania	0.227	0.203
Ireland	0.469	0.522	Moldova	0.234	0.191
Iceland	0.432		Portugal	0.216	0.236
Japan	0.423		Uruguay	0.218	0.267
Taiwan	0.416	0.417	Estonia	0.214	0.223
Australia	0.416	0.288	Chile	0.222	0.141
Switzerland	0.366	0.440	Bangladesh	0.205	0.307
India	0.387	0.304	Azerbaijan	0.208	0.215
USA	0.389	0.256	Nigeria		0.203
Italy	0.355	0.354	Pakistan	0.203	0.128
Belgium	0.357	0.293	Poland	0.187	
Austria	0.328		Argentina	0.163	0.238
Britain	0.324	0.381	Romania	0.160	0.20
Spain	0.283	0.318	South Africa	0.193	0.122
Ukraine	0.311	0.311	Slovenia	0.157	0.139
South Korea	0.303		Venezuela	0.139	0.143
Yugoslavia	0.297	0.323	Colombia	0.108	0.110
Bulgaria	0.288	0.336	Macedonia	0.057	0.188
Mexico	0.276	0.308	Philippines	0.057	0.066
Dominican Rep	0.242	0.314	Turkey	0.055	0.063
Croatia	0.257	0.539	Peru	0.052	0.068
Ghana		0.25	Brazil	0.034	0.026
Hungary	0.241	0.272			

Source: World Values Survey, 1990-1998.

Having addressed the measurement issues and the ways variables are operationalized, we
are now in a position to examine the relationships between these variables. We begin
with some general descriptive analyses. Table 4-5 shows the mean scores of
interpersonal trust in each country. The range of the mean score in trust is from 0.031

(Brazil) to 0.652 (Norway), with higher values signifying the higher probability of people

trusting others. As these statistics indicate, the probability of one trusting others varies

significantly from country to country. Furthermore, Table 4-6 shows levels of

interpersonal trust majorities and minorities separately. Against our expectation, it is not

necessarily true that all majorities show higher levels of interpersonal trust than

minorities. Among 47 countries that have both majorities and minorities, majorities show

higher trust than minorities in 20 countries (42.5%). Although a simple comparison is

not always possible due to a smaller number of observations among the minority sample,

minorities actually show higher trust than majorities in 27 countries (57.5%).

Figure 4-1
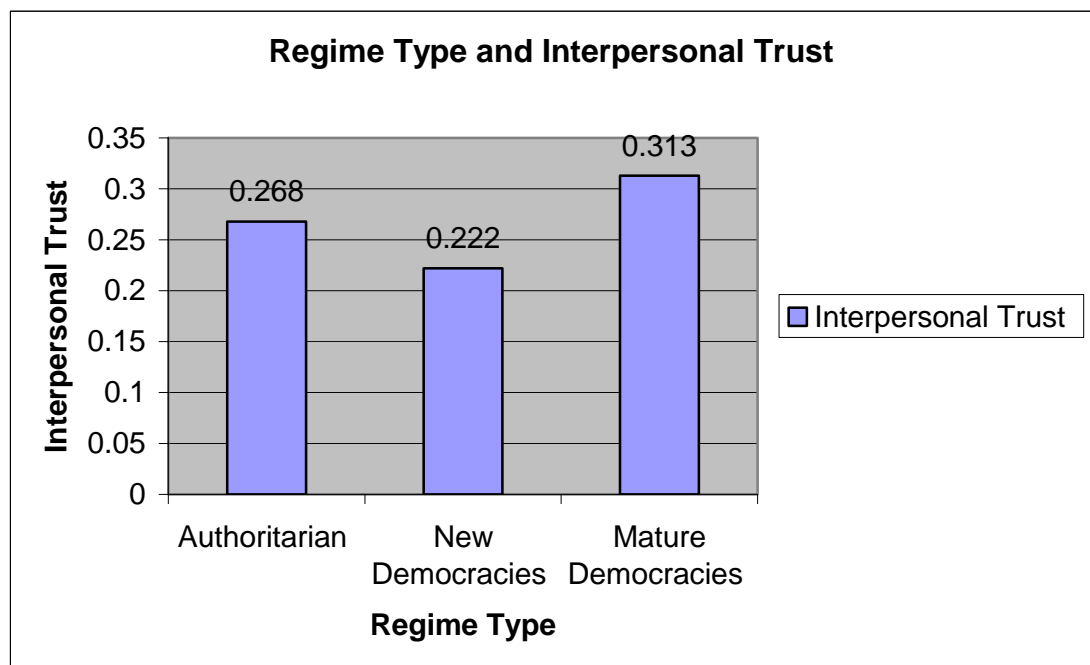
To explore the source of these cross-national variations, I first examine the

relationship between regime types and social capital. For that purpose, I have drawn

figures showing the relationship between these two variables. Figure 4-1 describes the

relationship between regime types and levels of trust. The categorization of regime types

has been made based on the score of the Polity IV dataset. If a country has not received

at least a score of 1 in the Polity score, the country has been categorized as an

authoritarian state. New democracies are the countries whose polity scores are at least 1

but years of continuous democracy is less than 10 years old. Finally, countries that have

been democratic for 10 years or more have been categorized as mature democracies.

As Figure 4-1 indicates, levels of social capital are the highest in mature

democracies. These results are consistent with the previous studies suggesting that

democratic rule encourages more social capital. However, what is critical in the figure is

that the authoritarian states produce more social capital than do new democracies.

Although the number of authoritarian states that are included in the sample is small, their

average score on social capital is higher than that of new democracies. One of the

possible explanations for this is that social stresses or pressures during the process of

regime transition may erode social capital. Previous studies have noted that massive

changes that transitional processes involve may consequently intensify the social tensions

(Linz and Stepan 1996). Consistent with their analyses, the relationship between regime

types and interpersonal trust indicate that democratic rule does not automatically lead to

higher levels of social capital. At least at the aggregate level, the relationship between

democratic longevity and social capital does not seem to be straightforward.

Figure 4-2

Ethno-Linguistic Fractionalization and Interpersonal Trust

Figure 4-3

Economic Inequality and Interpersonal Trust
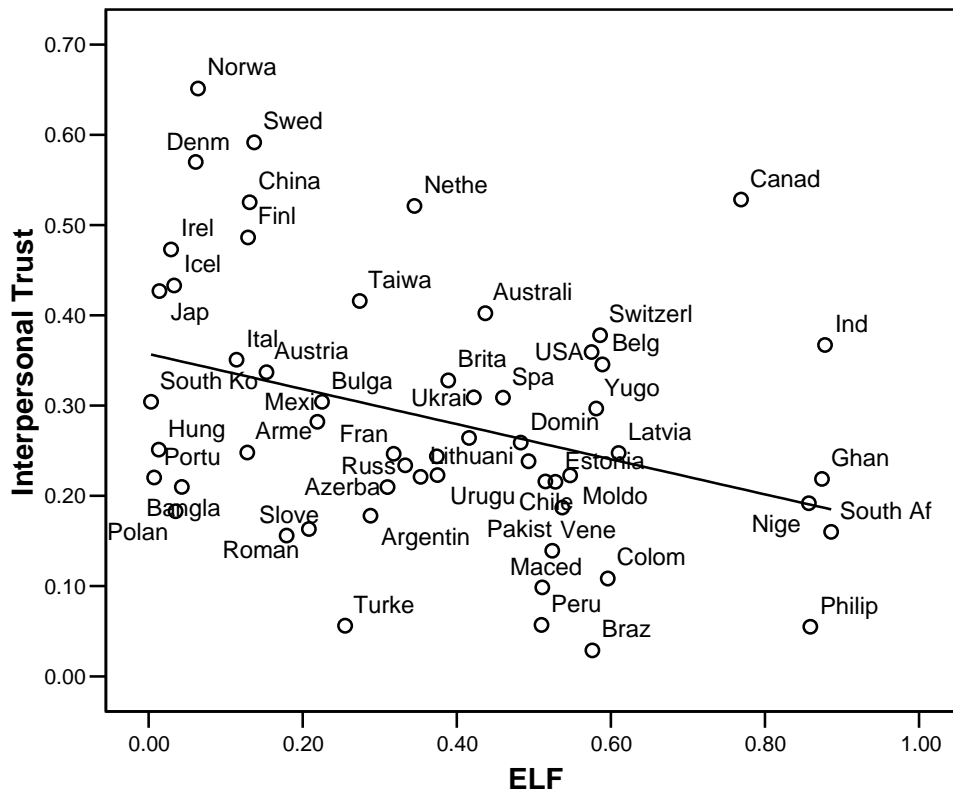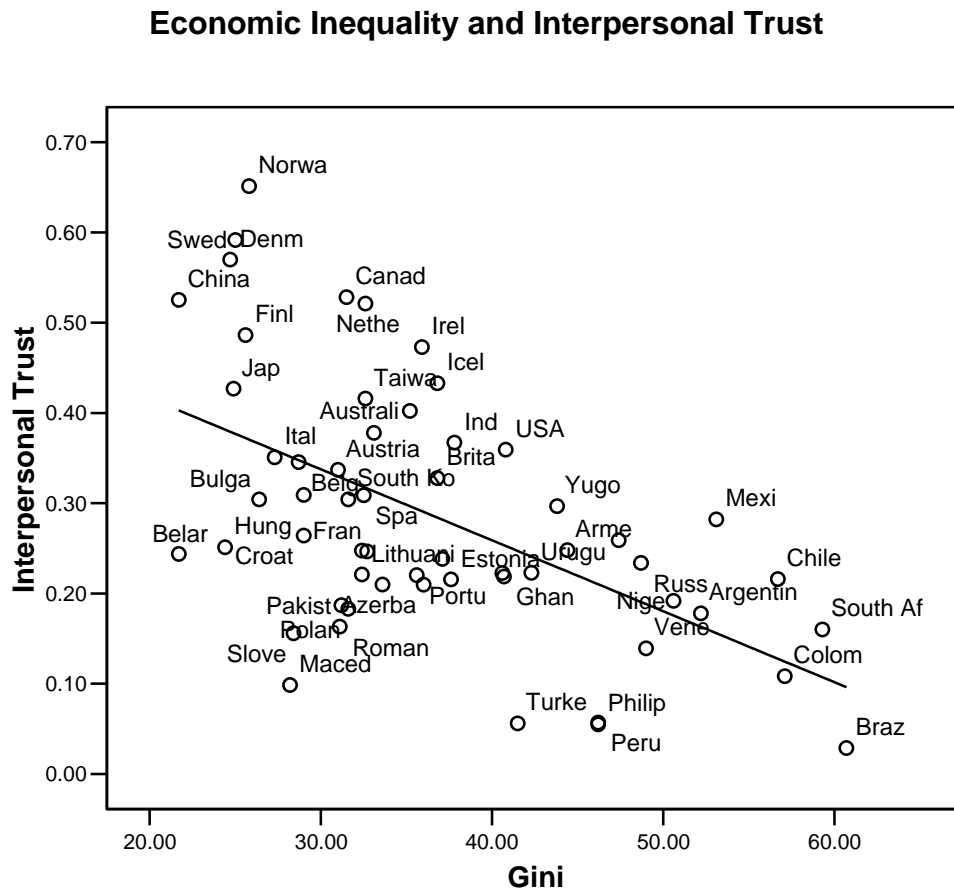
Furthermore, I have examined the relationships between interpersonal trust and other state-level variables. Figure 4-2 is a scatterplot showing the relationship between Ethno-linguistic fractionalization (ELF) and interpersonal trust. As the figure shows, as levels of fractionalization become higher, average levels of interpersonal trust decrease.

Put differently, there is a negative relationship between ELF and trust, and as countries become more heterogeneous, the average levels of trust tend to be lower. The same relationship can be found in the case of economic inequality. Figure 4-3 plots the relationship between economic inequality and levels of trust. The figure clearly shows that, on average, people are less likely to trust others in countries with high levels of economic inequality. On the other hand, people tend to trust others in more equal societies. In sum, at the aggregate level, we can find a negative relationship between social heterogeneities and social capital.

Figure 4-4

Executive-Parties Institutions and Interpersonal Trust
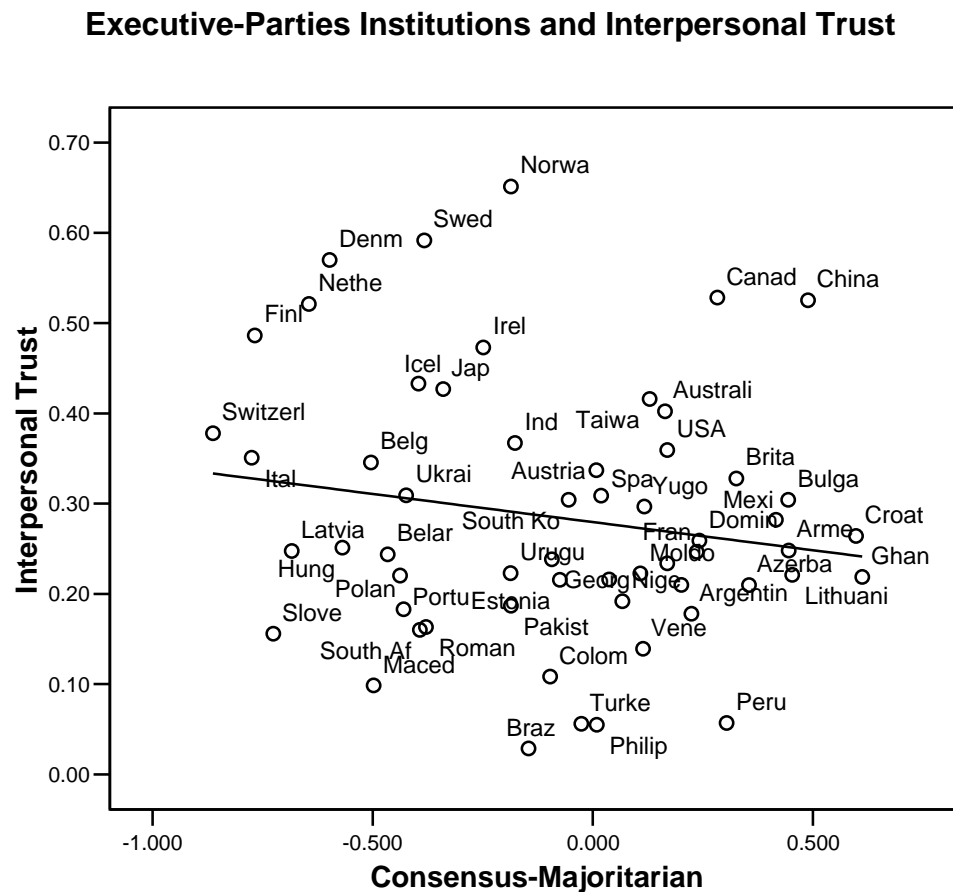
Figure 4-5

Federal-Unitary Institutions and Interpersonal Trust
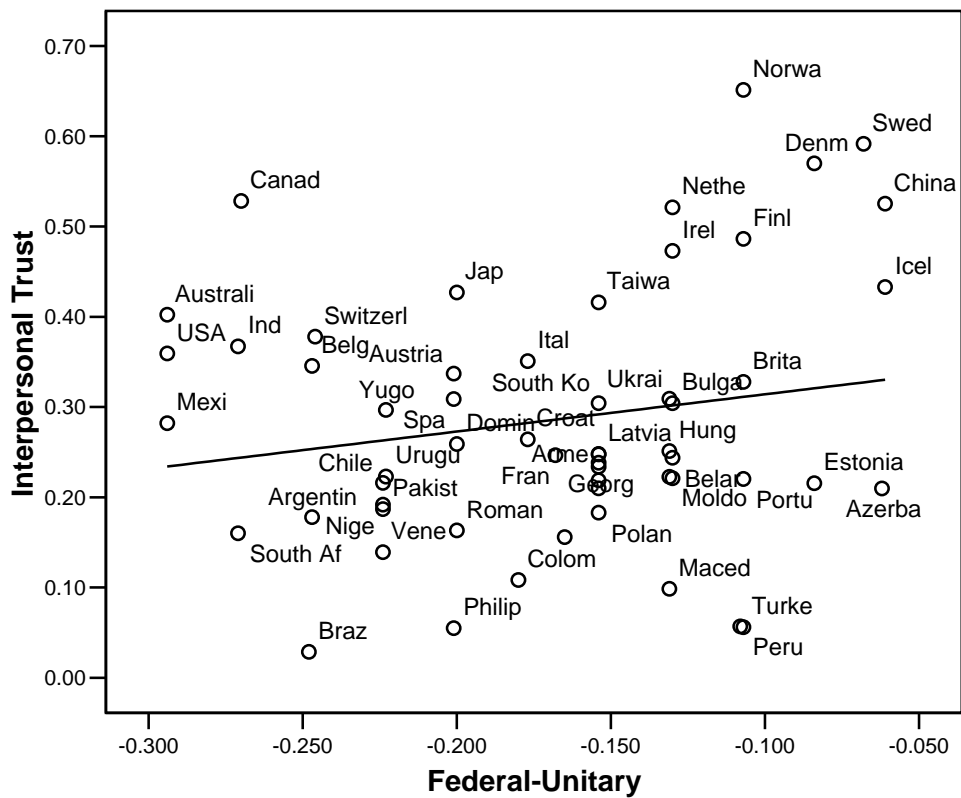
Furthermore, as one of the main purposes of this study is to examine the

relationship between political institutions and social capital, it is important to look at the

relationship between types of political institutions and social capital. Figure 4-4 shows

the relationship between trust and executive-parties political institutions, and Figure 4-5

represents the relationship between trust and federal-unitary institutions. As has been

discussed, the executive-parties dimension is mainly concerned with the degrees of power-concentration or power-sharing in the executive and party politics. Figure 4-4 shows that levels of trust are lower as institutions become more majoritarian in the executive-parties dimension. This in turn suggests beneficial effects of power-sharing institutions on trust in the executive-parties dimension. However, this trend turns opposite in the federal-unitary dimension. The federal-unitary dimension refers to the system of power-constraints through political decentralization. As we can see in Figure 4-5, in the federal-unitary dimension, levels of trust tend to be higher as institutions become more unitary. These figures in two different dimensions suggest that the relationship between political institutions and social capital is not straightforward.

Table 4-7 Interpersonal Trust: Comparing Majority and Minority—T-test

Group	N	Mean	Standard Error	Standard Deviation	Confidence Interval (95%)	
Minority	24458	0.2543	0.0027	0.4355	0.2489	0.2598
Majority	66068	0.2834	0.0018	0.4507	0.2800	0.2869
Difference		-0.0291	0.0033		-0.0357	-0.0226

Note: p-value for t-test (two-tails) between these two groups is less than 0.0000

Furthermore, I will examine whether these values vary depending on the status of the respondent within a society. Table 4-7 shows the result of t-test in interpersonal trust by group status. The mean value for the minority group is 0.254, while that for the minority group is 0.283, suggesting that the majority groups tend to have higher trust than minority groups. As the p-value for the t-test is less than 0.000, the difference in levels of trust between these groups is statistically significant.

99

This brief survey of the relationships between interpersonal trust and other state-level variables shows that there are significant cross-national variations. Also, the analyses indicate that the relationships among these variables are generally consistent with the hypotheses suggested in Chapter 3. In the next chapter, to further explore the dynamics surrounding social capital, I turn to multivariate analyses.

Chapter 5: Empirical Analysis 1

Introduction

In previous chapters, I have already specified theories and hypotheses regarding the effect of democratic longevity on social capital. I have also explained the strategy of measuring variables of interest. Bivariate analyses based on these measures have suggested that relationships among these variables are fairly consistent with the hypotheses. In this chapter, I conduct statistical analyses that estimate the hypothesized relationship in a more rigorous manner. Specifically, relying on survey data, I implement multivariate analyses. The main purpose of this chapter is to statistically test the hypotheses suggested in Chapter 3. By so doing, I demonstrate that democratic longevity does matter in determining levels of social capital, and that the effect varies depending on the institutional context.

I begin this chapter by showing the specification of each model. Next, relying on the probit model, I test the hypotheses and further dissect the results focusing on the effect of democratic longevity across institutional dimensions. Then I estimate the same equations separating the sample into majorities and minorities. These separate analyses help to specify the differential effects of democratic longevity on trust among majorities and minorities. Finally, I briefly summarize the findings and discuss the implications.

5-1: Probit Analysis

The dependent variable of this study is interpersonal trust, operationalized by the dichotomous measure described earlier (non-trust=0, trust=1). As the dependent variable is dichotomous, a probit model is appropriate. Probit models estimate the change of probability of trusting others given a unit increase in independent variables. The basic specification of the additive model to be estimated is as follows:[29]

Model 1

Interpersonal Trust (Y) = β0 + β1(sex) + β2(age) + β3(education) + β4(income) + β5(political interest) + β6(institutional confidence) + β7(ideology) + β8(majority) + β9(GDP per capita) + β10(Gini) + β11(ELF) + β12(Ethnic civil war) + β13(executive-parties institutions) + β14(federal-unitary institutions) + β15 (democratic longevity) + ε

Model 2 includes the appropriate multiplicative terms capturing the interaction of institutional variables and democratic longevity:

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[29] The data for analyses take place at two-levels—individuals and country levels. Scholars have suggested that ignoring the multilevel nature of the data could cause significant bias, such as underestimating the standard errors of the coefficients of the country-level variables. To overcome this problem, the Hierarchical Linear and non-linear Model (HLM) can be used. HLM allows us to analyze a single, comprehensive model isolating the independent effects of both individual and country-level variables. For confirmatory purposes, I estimated all the probit models presented below with HLM. The results are substantially identical with those from probit analyses estimated by the STATA (for results of the HLM analyses, see Appendix B). Only a few variables show different effects from those generated by the probit analyses. Regarding the details of the HLM, see Raudenbush and Bryk (2002) and Kreft and de Leeuw (1998). For a recent discussion of its application to political science, see Steenbergen and Jones (2002).

Model 2

Interpersonal Trust (Y) = β0 + β1(sex) + β2(age) + β3(education) + β4(income) + β5(political interest) + β6(institutional confidence) + β7(ideology) + β8(majority) + β9(GDP per capita) + β10(Gini) + β11(ELF) + β12(Ethnic civil war) + β13(executive-parties institutions) + β14(federal-unitary institutions) + β15 (democratic longevity) + β16 (executive institutions*democratic longevity) + β17(federal-unitary institutions*democratic longevity) + ε

Table 5-1 Probit Analysis (Majority and Minority),
Dependent Variable: Trust

Regressor	Model1 Coefficient (SE)	Model2 Coefficient (SE)
Sex	0.028 (0.014)*	0.033 (0.014)*
Age	0.001 (0.001)	0.002 (0.001)*
Education	0.028 (0.008)***	0.037 (0.008)***
Income	0.035 (0.006)***	0.03 (0.006)***
Political Interest	0.087 (0.012)***	0.09 (0.012)***
Institutional Confidence	0.022 (0.003)***	0.022 (0.003)***
Ideology	-0.016 (0.003)***	-0.015 (0.003)***
Majority	-0.044 (0.041)	-0.015 (0.038)
GDP per capita	0.00005 (0.000007)	0.000002 (0.000007)
Gini	-0.022 (0.004)***	-0.028 (0.005)***
ELF	-0.144 (0.195)	0.060 (0.18)
Ethnic Civil War	-0.002 (0.019)	-0.013 (0.02)
Executive-parties Institutions	0.190 (0.094)*	0.546 (0.147)***
Federal-unitary Institutions	-0.408 (0.763)	-2.469 (0.95)**
Democratic Longevity	0.007 (0.003)*	0.018 (0.005)***
Executive-parties*Longevity		-0.012 (0.004)**
Federal-Unitary*Longevity		0.068 (0.021)**
Constant	-0.796 (0.178)***	-1.020 (0.18)***
N	90526	90526
R-squared	0.06	0.067

Note: *p<0.05, **p<0.01, ***p<0.001. Standard errors are clustered by country.

Table 5-1 presents the results of the basic probit estimates for the pooled sample including both majorities and minorities. Among state-level variables, the Gini index is associated with reduced levels of trust, while the effect of ethno-linguistic fractionalization (ELF) is not significant. As a consequence, we cannot confirm the finding from previous studies suggesting a negative relationship between ethnic heterogeneity and social capital. Regarding the influence of the institutional variables, consistent with expectations, the coefficient for executive-parties institutions is negative and significant, which suggests that more consensus types of political institutions generate more trust. Also consistent with expectations, democratic longevity has a

104

positive and significant effect on trust, indicating that a longer period of democratic rule

produces higher levels of trust. However, the effects of GDP per capita and experience

of civil war are not statistically significant.

In addition, some of individual-level variables indicate significant effects on trust.

Among demographic variables, sex, education and income have significant effects on

trust. Being female and having higher levels of income and education increase the

probability of trusting others. Political interest and institutional confidence have been

shown to have positive effects on trust, meaning that stronger interest in politics or higher

levels of institutional confidence cause more trust among people. The effect of political

ideology is negative and significant, meaning that a trend toward right reduces trust.

However, against the expectation, what is most noteworthy in this analysis is that being a

member of an ethnic majority or minority does not matter for determining levels of trust.

Figure 5-1

Marginal Effect of Longevity on Trust across Executive-Parties Institutions

Dependent Variable: Trust (Majority and Minority)
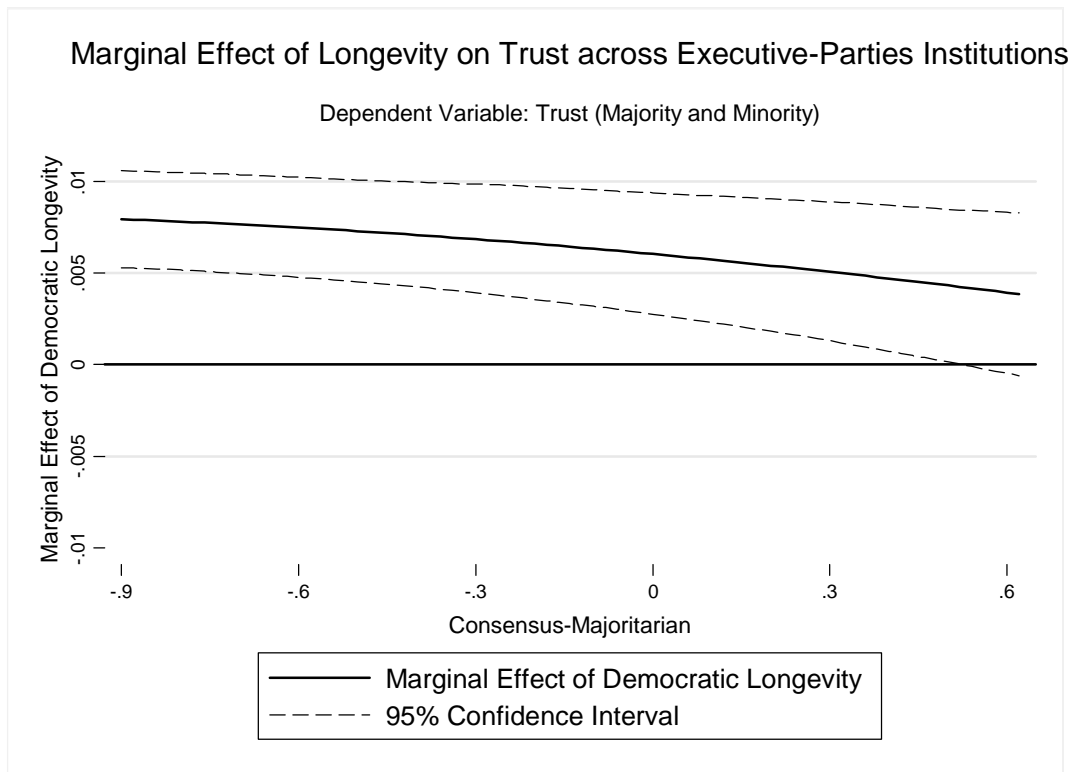
Model 2 includes the interaction terms between democratic longevity and the

institutional variables. Almost all variables show the same effects as model 1. What is of

particular interest here is the interaction terms included in the model. More specifically,

two of the interaction terms between institutional variables and democratic longevity

have been included to evaluate the learning effects of political institutions, *executive-*

parties *longevity* and *federal-unitary*longevity*. To properly interpret the interaction

terms, it is necessary to plot the marginal effect of longevity on trust across the

institutional dimensions (Brambor, Clark, and Golder 2006). As the analyses here are

probit, we need to run simulations to obtain the marginal effect of democratic longevity

across institutional dimensions.[30] For that purpose, I simulate the effect of a one year

increase of longevity from its mean on trust. Figure 5-1 indicates the marginal effect of

democratic longevity across executive-parties institutions. Basically, this figure tells us

what happens to interpersonal trust when democracy becomes older by one year from its

mean value along the institutional dimension. Specifically, what the solid line represents

is the marginal effect of longevity when the democracy which is 19.96 years old (mean

value) turns one year older. For instance, at the left end of the institutional dimension,

the solid line indicates a positive effect on trust. More specifically, a one year increase of

democratic longevity at the left end of the institutional continuum increases the

probability of respondents trusting others by approximately 0.8%.[31] Because the left end

of the institutional dimension signifies the most consensus institutions, the figure

indicates that democratic longevity has a positive effect on trust in institutions with high

degrees of power-sharing arrangements. Also, as this is the marginal effect of a one year

increase, when democracy becomes 10 years older, the positive effect also amplifies by

10 times. Accordingly, when a democratic regime of 19.96 years old sustains itself for

another 10 years under highly consensus institutions, the expected probability of trusting

others will increase by approximately 8%. This positive relationship between longevity

and trust holds across most of the executive-parties institutions. However, as the

institutions become more majoritarian, the marginal effect of democratic longevity on

trust gets smaller, and the effect of longevity becomes indistinguishable from 0 around

the institutional point of 0.5. What this suggests is that in countries with more

[30] Marginal effects of democratic longevity across two institutional dimensions are computed by simulations keeping the values of the other variables at their mean. According to convention, values of dichotomous variables are set at their mode. Specifically, I set the sex variables as female and the respondent's status as the majority.
[31] As the value of the marginal effect is 0.008 in the figure, the predicted probability is 0.8%.

majoritarian institutions that are located beyond the point of 0.5 on the executive-parties institutional continuum, we cannot detect a statistically significant effect of democratic longevity on trust. In other words, under majoritarian institutions in the executive-parties dimension, the age of democracy does not matter in determining levels of interpersonal trust. Consequently, the analysis suggests the superiority of consensus institutions in the executive-parties dimension in generating trust over the long term.

Figure 5-2

Marginal Effect of Longevity on Trust across Federal-Unitary Institutions

Dependent Variable: Trust (Majority and Minority)
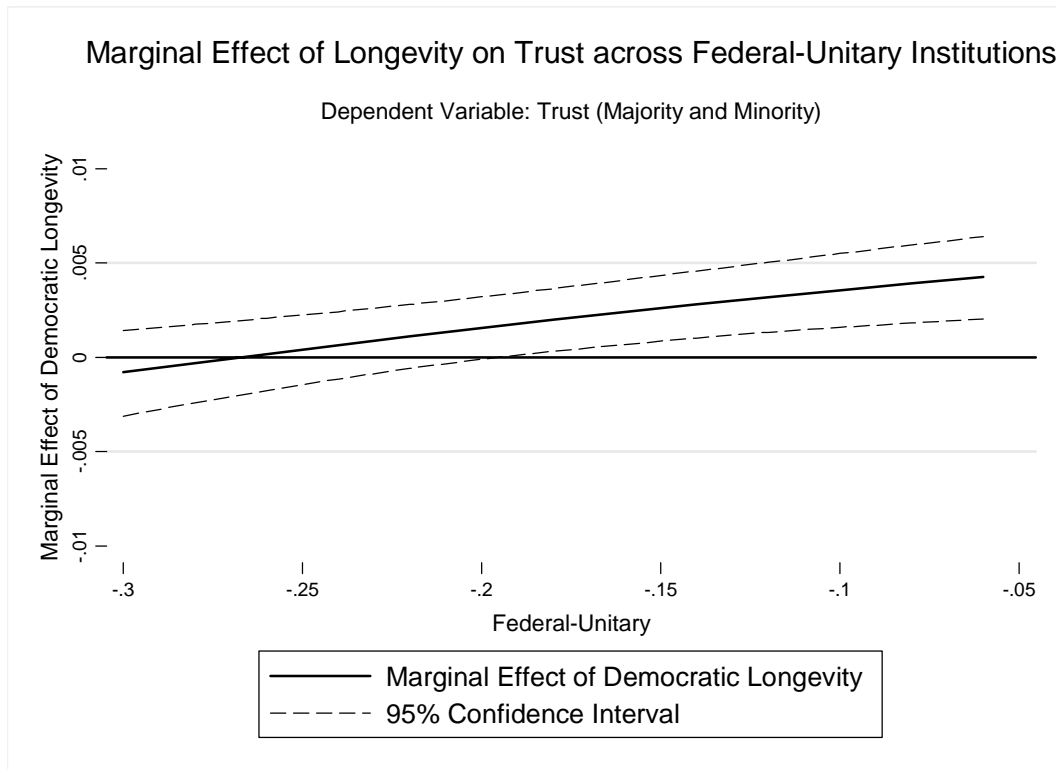
The analysis of the interaction term between democratic longevity and federal-unitary institutions shows a rather different picture. Figure 5-2 represents the marginal effect of democratic longevity on trust across federal-unitary institutions. The interpretation of this figure is similar to that of Figure 5-1. The solid line indicates the marginal effect of longevity when the democracy becomes one year older than its mean value. For instance, at the left end of the institutional continuum, the marginal effect of democratic longevity is indistinguishable from 0, indicating that longevity has no effect on trust. In other words, in federal institutions with high degrees of decentralization, the experience with democracy does not affect trust. However, as institutions become more unitary, we observe a statistically significant effect of longevity on trust. At the point around -0.2 in the federal-unitary institutional continuum, the effect of longevity turns into significant with a positive effect of 0.002, meaning that a one year increase of democratic longevity boosts the probability of respondents trusting others by approximately 0.2%. As a consequence, it follows that 10 years of democratic rule under the same institutions increases the probability of trusting others by about 2%. Furthermore, the positive effect on trust becomes even stronger as institutional context become more unitary. At the right end of the institutional continuum, the marginal effect of democratic longevity on trust reaches close to 0.005 or 0.5%, thus demonstrating favorable effects of unitary institutions interacting with democratic longevity. In this way, Figure 5-2 reveals that unitary institutions are better at generating trust than federal institutions in the long term.

Table 5-2 Difference in Predicted Probability on Interpersonal Trust

Variable[32]	Difference in predicted probability (one standard deviation increase in each independent variable[33])
Sex	0.011 (0.005)
Age	0.01 (0.005)
Education	0.03 (0.007)
Income	0.027 (0.005)
Political Interest	0.03 (0.004)
Institutional Confidence	0.032 (0.004)
Ideology	-0.011 (0.003)
Gini	-0.087 (0.013)
Democratic Longevity (interacted with executive-parties institutions)[34]	**0.185 (0.036)**
Democratic Longevity (interacted with federal-unitary institutions)[35]	**0.09 (0.026)**

Note: These values are calculated by the software "Clarify." See King et al (2000).

Having confirmed that the effect of democratic longevity varies depending on the type of political institutions, it is necessary to compare the relative strength of the effects with other variables. For this purpose, I have calculated differences in the predicted probability of trusting others when the value of each independent variable increases by one standard deviation. Table 5-2 summarizes the differences of the predicted probability for each independent variable. For instance, when the value of political interest increases by one standard deviation, there is a 3% increase in the predicted probability of trusting others. Other variables should be interpreted in the same manner.

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[32] Only variables that are shown to have significant effects on trust in the previous analyses have been included in this table.

[33] Values of other variables are set as their mean, while those of dichotomous variables are at their modes. As the sex variable is dichotomous, I have calculated the change in the predicted probability when the variable moves from male to female.

[34] The value of executive-parties institutions is set at -0.863 in which the marginal effect of democratic longevity on trust becomes the largest.

[35] The value of federal-unitary institutions is set at -0.061 in which the marginal effect of democratic longevity on trust becomes the largest.

Judging from the table, we can tell that sex, age, education, income, political interest, and institutional confidence have positive effects of similar magnitudes. Among variables that have a negative effect on trust, the Gini index is shown to have a strong negative effect on interpersonal trust.

In this table, the variables of particular interest are the effects of democratic longevity interacted with institutional dimensions. For a comparative purpose, I have set the institutional value at the point where the effect of democratic longevity on trust becomes the largest, and I have calculated the differences of the predicted probability when the longevity variable increases by one standard deviation. As the table shows, when longevity increases by one standard deviation interacted with executive-parties institutions, the predicted probability of trusting others increases by approximately 18.5%. Compared with the effect of other variables, the effect of longevity interacted with executive-parties institutions is especially strong. In a similar manner, in federal-unitary institutions, the difference in the predicted probability is approximately 9%. Although these effects of longevity interacted with institutional variables are the maximum effects that can be envisaged by simulations, we can confirm strong effects of longevity on interpersonal trust compared with those of other variables. Consequently, we can conclude that the effects of democratic longevity interacted with institutional variables are fairly important in predicting levels of trust.

5-2: Probit Analyses Separating Majorities and Minorities

The main question in this study is how democratic longevity interacted with political institutions can generate trust in the context of heterogeneous environments. It is therefore important to directly address the question of how majorities and minorities in society may differentially foster trust toward others. As majorities and minorities tend to perceive interest in the political system and society differently, it is essential that we conduct analyses taking into account people's status in society. For this purpose, I divide the sample into majorities and minorities and run the same models separately.[36]

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[36] Because the sample has been divided into majorities and minorities, the dummy variable representing people's status in society (majority) has been excluded from the models.

Table 5-3 Probit Analysis (Majority Sample)
          Dependent Variable: Trust

Regressor	Model1 Coefficient (SE)	Model2 Coefficient (SE)
Sex	0.029 (0.015)*	0.034 (0.014)*
Age	0.002 (0.001)	0.002 (0.001)*
Education	0.031 (0.008)***	0.039 (0.009)***
Income	0.037 (0.007)***	0.033 (0.007)***
Political Interest	0.078 (0.012)***	0.081 (0.012)***
Institutional Confidence	0.024 (0.003)***	0.024 (0.003)***
Ideology	-0.015 (0.004)***	-0.014 (0.004)***
GDP per capita	0.000004 (0.000008)	0.000002 (0.000008)
Gini	-0.023 (0.005)***	-0.028 (0.006)***
ELF	-0.186 (0.214)	0.042 (0.219)
Ethnic Civil War	0.001 (0.02)	-0.011 (0.021)
Executive-parties Institutions	0.215 (0.107)*	0.547 (0.168)**
Federal-unitary Institutions	-0.448 (0.781)	-2.266 (1.067)*
Democratic Longevity	0.009 (0.003)**	0.018 (0.006)**
Executive-parties*Longevity		-0.012 (0.005)*
Federal-Unitary*Longevity		0.059 (0.025)*
Constant	-0.884 (0.213)***	-1.076 (0.211)***
N	66084	66084
R-squared	0.067	0.072

Note: *p<0.05, **p<0.01, ***p<0.001. Standard errors are clustered by country.

Table 5-4 Probit Analysis (Minority Sample)

Regressor	Model1 Coefficient (SE)	Model2 Coefficient (SE)
Sex	0.023 (0.027)	0.027 (0.027)
Age	0.0003 (0.002)	0.001 (0.002)
Education	0.022 (0.014)	0.031 (0.012)*
Income	0.029 (0.008)***	0.025 (0.007)***
Political Interest	0.108 (0.021)***	0.108 (0.02)***
Institutional Confidence	0.016 (0.005)***	-0.016 (0.004)***
Ideology	-0.019 (0.006)**	-0.018 (0.006)**
GDP per capita	0.000006 (0.000007)	-0.000002 (0.000006)
Gini	-0.02 (0.005)***	-0.029 (0.004)***
ELF	-0.189 (0.216)	-0.075 (0.131)
Ethnic Civil War	-0.007 (0.019)	-0.016 (0.017)
Executive-parties Institutions	0.103 (0.12)	0.551 (0.117)***
Federal-unitary Institutions	-0.643 (1.035)	-3.26 (0.871)***
Democratic Longevity	0.003 (0.002)	0.021 (0.006)***
Executive-parties*Longevity		-0.016 (0.004)***
Federal-Unitary*Longevity		0.100 (0.024)***
Constant	-0.682 (0.21)**	-0.853 (0.182)***
N	24442	24442
R-squared	0.045	0.055

Note: *p<0.05, **p<0.01, ***p<0.001. Standard errors are clustered by country.

Table 5-3 shows the result of the probit analysis among the majority sample, and Table 5-4 is the result among the minorities. As expected, the result of the majority sample is very similar to that of the whole sample. In model 1 in the majority sample, the variable of executive-parties institutions is positive and significant, showing that a trend toward majoritarian institutions has a positive effect on trust among majorities. Also, the effect of democratic longevity is positive and significant (Table 5-3). In the minority sample, however, neither institutional variables nor democratic longevity show a statistically significant result (Table 5-4). What this means is that institutional arrangements or democratic longevity do not appear to have any effect on interpersonal trust among the minority sample.

114

Figure 5-3

Marginal Effect of Longevity on Trust across Executive-Parties Institutions

Dependent Variable: Trust (Majority)
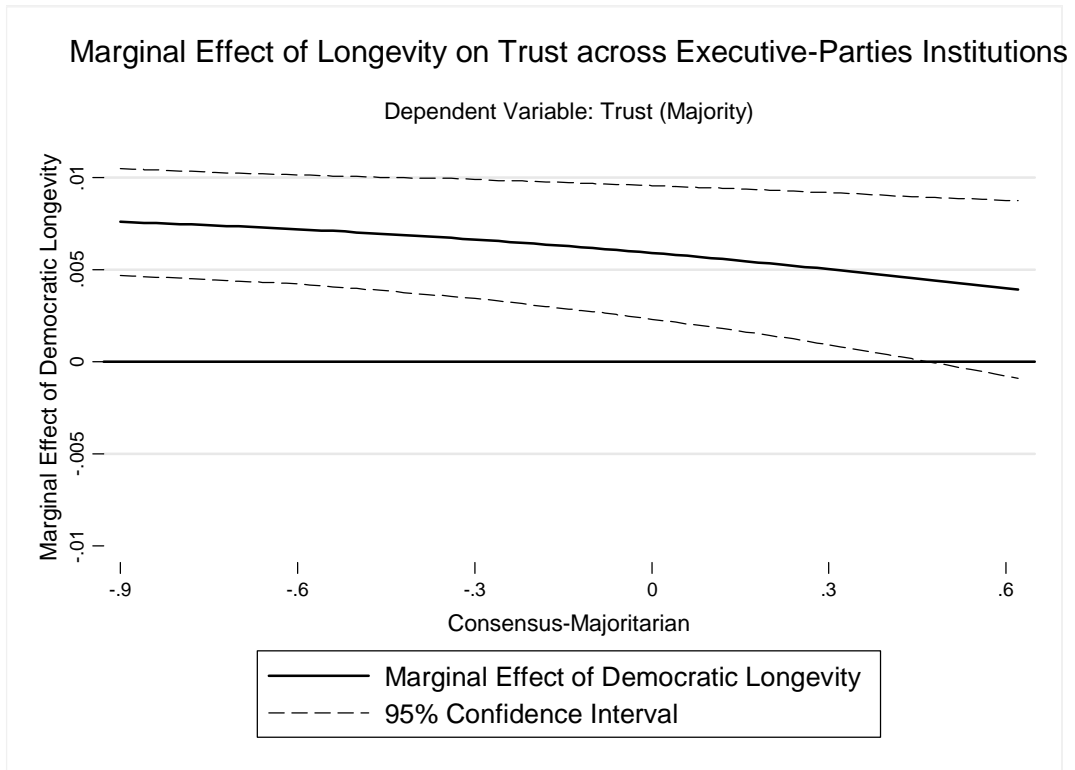
Descriptive statistics for executive-parties institutions (majority)
Mean: -0.08
Standard deviation: 0.365
Min: -0.863
Max: 0.598

Figure 5-4
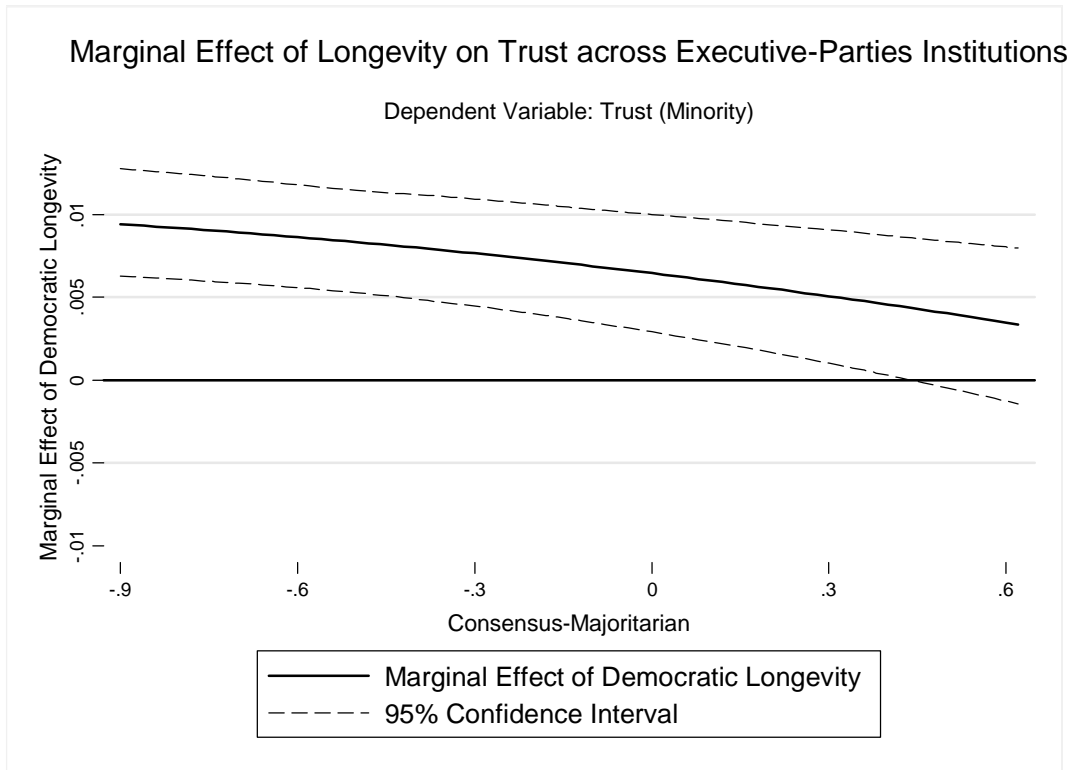
Descriptive statistics for executive-parties institutions (minority)
Mean: -0.1
Standard deviation: 0.293
Min: -0.863
Max: 0.612

Regarding the interaction terms in Table 5-3 (majority) and Table 5-4 (minority),

I have computed marginal effects of democratic longevity across two institutional

dimensions to interpret these interaction terms for majorities and minorities separately.

Figure 5-3 is the figure that represents the marginal effect of democratic longevity across

executive-parties institutions among the majority sample. Specifically, the solid line

indicates the marginal effect of democratic longevity when the democracy of 20.81 years

old (the mean value of longevity among the majority sample) becomes one year older.

116

The figure shows that while democratic longevity has a positive effect in consensus types of institutions, the effect gradually becomes lower as the institutional setting becomes more majoritarian. Then, the effect eventually disappears in highly majoritarian institutions. In the case of the minority sample, while institutional variables and democratic longevity without interaction term fail to show statistically significant results, the interaction terms between them are shown to have significant effects. As in the case of the majority sample, I have plotted the marginal effect of democratic longevity across the executive-parties institutional dimension. Figure 5-4 is the marginal effect of democratic longevity across executive-parties institutions among the minority sample. Specifically, it shows the marginal effect of longevity when the democracy of 17.66 years old (the mean value of democratic longevity among the minority sample) becomes one year older. The shape of the marginal effect is very similar to that of the majority sample. Democratic longevity has a positive effect on trust in consensus institutions but the effect also disappears as the institutions become more majoritarian.

Figure 5-5

Marginal Effect of Democratic Longevity across Executive-Parties Institutions
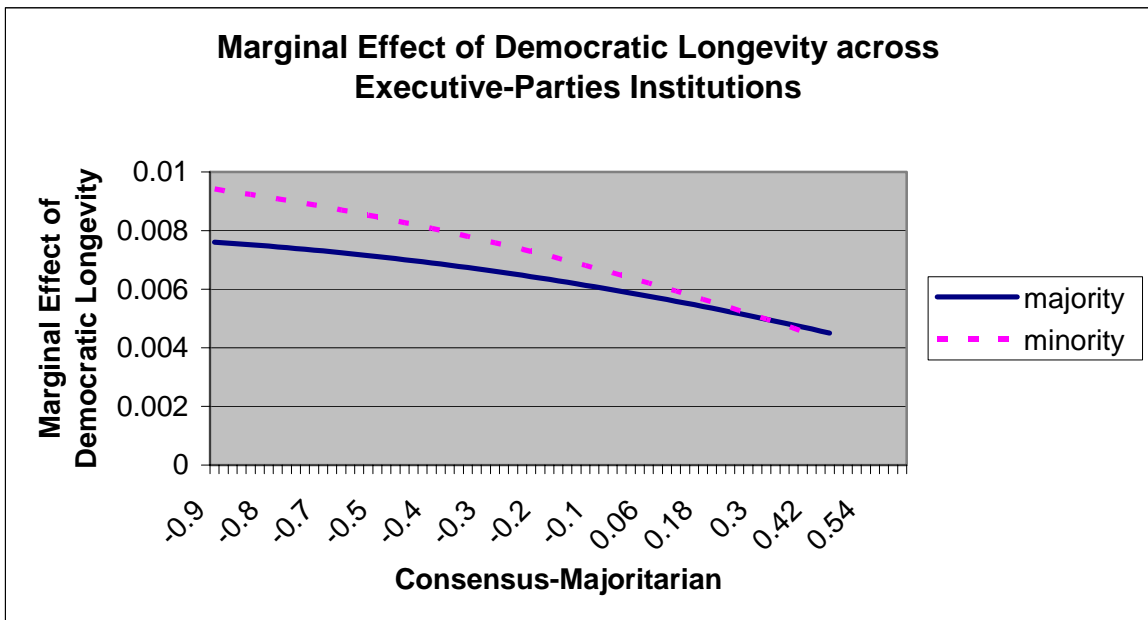
Highest value of the upper confidence interval
Majority: 0.011
Minority: 0.013

To compare the marginal effects of democratic longevity between the majority and minority samples, I have drawn Figure 5-5. In the figure, the upper line represents the marginal effect among the minority sample and the lower one represents the effect among the majority sample. As we can see, the positive effect of democratic longevity is stronger for minority groups under consensus institutions. However, the effect disappears both for majorities and minorities beyond the point of 0.53 in the executive-parties dimension. In this way, although minorities are more favorably affected, Figure 5-5 suggests that democratic longevity has a more beneficial effect on trust under consensus institutions both for majorities and minorities.

Figure 5-6

Marginal Effect of Longevity on Trust across Federal-Unitary Institutions

Dependent Variable: Trust (Majority)
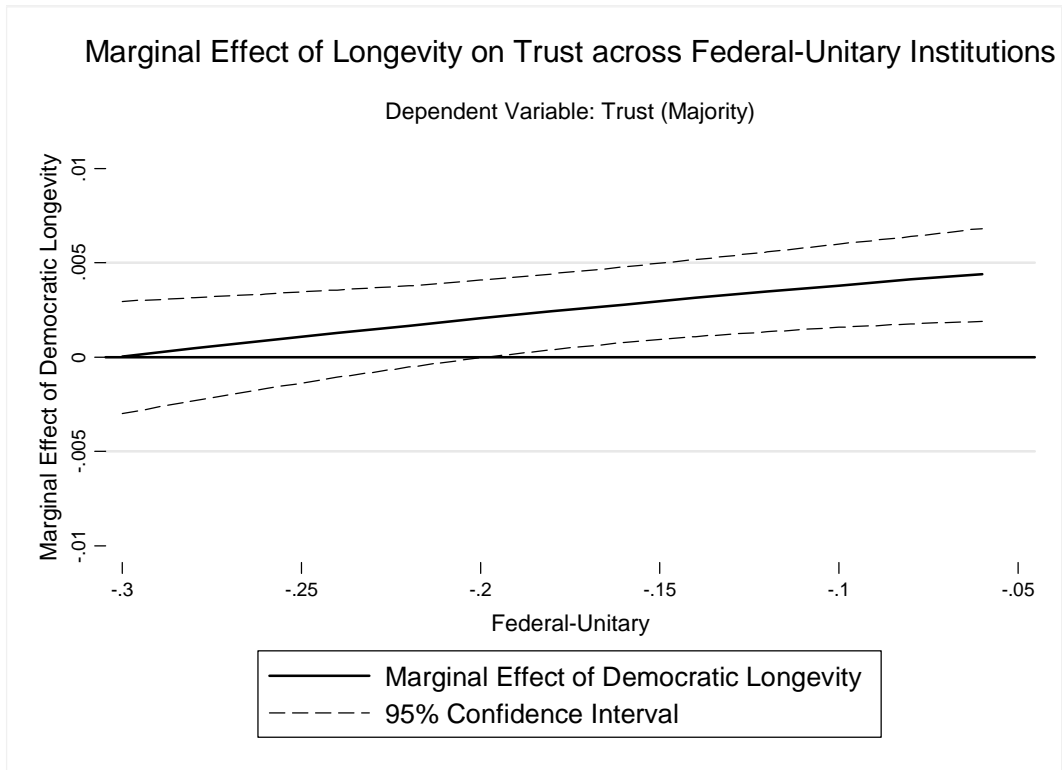
Descriptive statistics for federal-unitary institutions (majority)
Mean: -0.173
Standard deviation: 0.064
Min: -0.294
Max: -0.061

Figure 5-7

Marginal Effect of Longevity on Trust across Federal-Unitary Institutions

Dependent Variable: Trust (Minority)
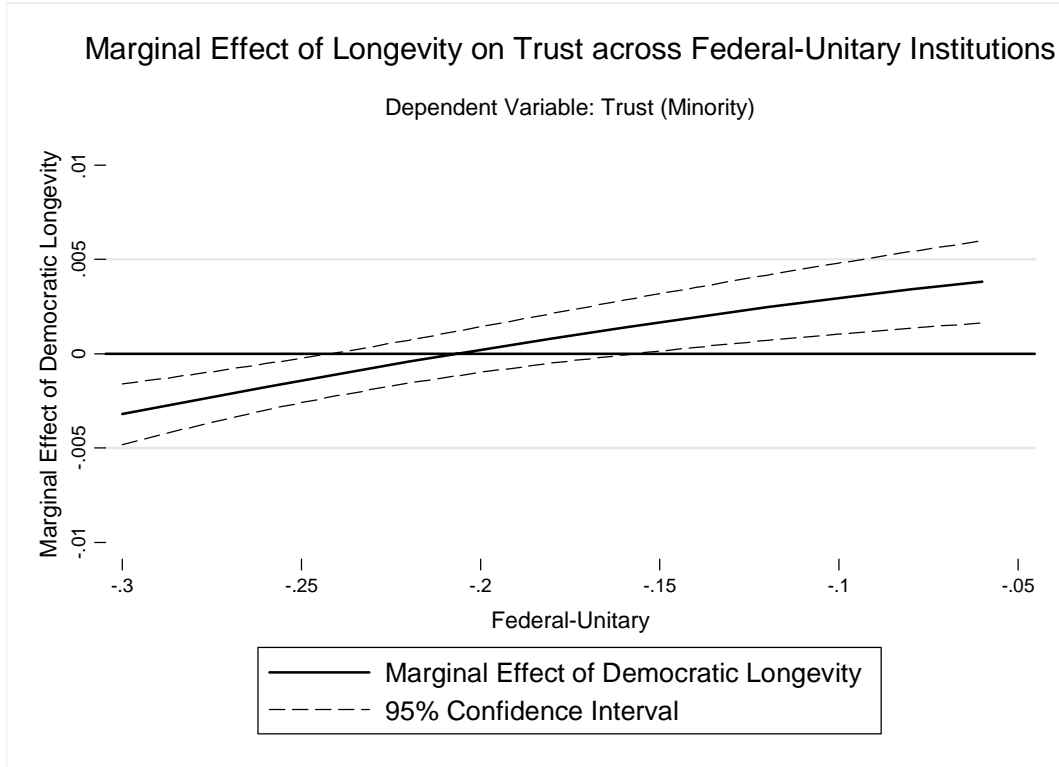
Descriptive statistics for federal-unitary institutions (minority)
Mean: -0.192
Standard deviation: 0.052
Min: -0.294
Max: -0.061

Figure 5-8

Marginal Effect of Democratic Longevity across Federal-Unitary Institutions
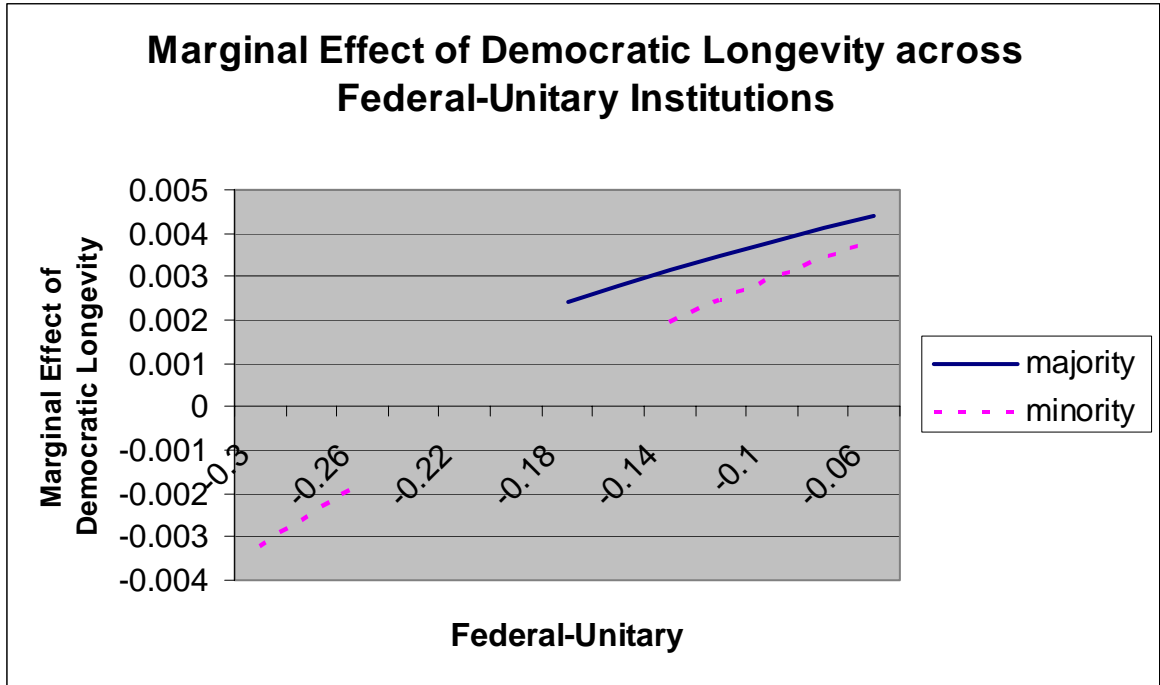
Higher value for upper confidence interval
Majority: 0.0068
Minority: 0.006

Similarly, I show the marginal effect of democratic longevity across the federal-unitary institutions in Figure 5-6 (majority) and Figure 5-7 (minority). Among the majority sample, the marginal effect of democratic longevity is positive under unitary institutions, suggesting that that longevity fosters interpersonal trust in unitary institutions for majorities. The same trend can be found among the minority sample. Figure 5-7 indicates that longevity has a positive effect under unitary institutions in the federal-unitary dimension. However, unlike in the majority sample, among the minority sample, democratic longevity has a negative effect under highly federal institutions. This result

suggests that federal institutions that have gone through a long period of democratic rule

can hinder interpersonal trust for minorities. To compare the results between majorities

and minorities, I have drawn Figure 5-8. While longevity has a positive effect under

unitary institutions for both groups, the effect is stronger for majorities. Also, although

the effect of longevity disappears around the middle point of the institutional continuum

both for majorities and minorities, it has a negative effect under highly federal institutions

for minorities. In this way, analyses have shown that the effect of democratic longevity

varies depending on the institutional dimensions (executive-parties or federal-unitary), on

the locus of the dimensions, or on people's status in society.

5-3: Summary

As the analyses have confirmed that political institutions and democratic longevity have

significant effects on interpersonal trust, the main findings can be summarized as follows.

First, in the executive-parties dimension, democratic longevity has a positive effect in

consensus institutions both for majorities and minorities. Among the hypotheses

suggested in the previous chapter, this result supports the power-sharing-learning

hypothesis. Because both majorities and minorities develop interpersonal trust in

consensus institutions, we can confirm that consensus institutions have a beneficial effect

of making peaceful relations in society, increasing interpersonal trust. Furthermore, what

is noteworthy in the analyses is that the positive effect of democratic longevity under

consensus institutions is significantly higher among minorities than majorities. In the

sense that consensus institutions offer special political protections to minorities, the results lend partial support to the direct-translation-learning hypothesis.

Second, in the federal-unitary dimension, the results have shown that democratic longevity has a positive effect in more unitary institutions both among majorities and minorities. Because levels of trust increase under unitary institutions both among majorities and minorities as democracies get older, this should be interpreted as a sign indicating the consolidation of the political system and society. Therefore, evidence in the analyses lends support for the consolidation-learning hypothesis. Also, the results from the analyses indicate that the positive effect of longevity under majoritarian institutions is higher among the majority sample than the minority one. As majorities foster more trust than minorities under unitary institutions, the analyses partially support the direct-translation-learning hypothesis.

Third, the analyses in the federal-unitary institutions suggest that democratic longevity has a negative effect among the minority sample in highly decentralized institutions. This finding suggests that longevity in highly decentralized federal systems tends to fragment the political system and society, thus hurting interpersonal trust among minorities. Therefore, the analyses support the proposition of the fragmentation-learning hypothesis. What is noteworthy is that the same effect is lacking among the majority sample. One of the possible explanations of the negative relationship between high degrees of decentralization and trust among minorities could be attributed to the institutionalization of ethnic minorities' identity. Some of previous studies have suggested that federal arrangements can strengthen ethnic minorities' identity and therefore exacerbate ethnic tensions. There is a possibility that federal arrangements can

123

lead to a separatist movement by ethnic minorities. Consequently, it follows that simply granting high degrees of autonomy to minority groups does not necessarily foster interpersonal trust among minorities.

To sum up, in the executive-parties dimension, the analyses support the power-sharing-leaning hypothesis. This finding suggests that the underlying key dynamics in the executive-parties institutions is how the issue of power-distribution in society. In other words, what determines levels of social capital in this dimension is how majorities monopolizes or share power with minorities in the political system. Regarding this point, the analyses clearly indicate that power-sharing arrangements generate better outcome both for majorities and minorities in a long term. In the federal-unitary dimension, the findings support both the consolidation-learning hypothesis and the fragmentation-learning hypothesis. What these results suggest is that the key dynamics in the federal-unitary dimension is the issue surrounding social cleavages. Depending on how decentralization or constitutional restraints in the federal-unitary dimension are formulated, the learning outcome tends to vary. Furthermore, the findings lend partial support the direct-translation-learning hypotheses, showing that minorities develop more trust under consensus institutions while the opposite applies under unitary institutions. In this way, we can conclude that more beneficial political and social learning takes place in more mature democracies. In this way, the statistical analyses have successfully dissected a complicated relationship between democratic longevity, political institutions, and social capital.

124

Chapter 6: Empirical Analysis 2—An Instrumental Variable Approach

Introduction

The purpose of this chapter is to address a potential problem of the statistical analyses conducted in Chapter 5. Specifically, the main concern in this chapter is whether we can obtain correct estimates of the hypothesized relationships without the endogeneity problem. In Chapter 5, I confirmed several hypotheses by conducting probit analyses. In the executive-parties institutions, I have demonstrated the validity of the power-sharing-learning hypothesis. In the federal-unitary dimension, the analyses supported the fragmentation-learning and consolidation-learning hypotheses. Also, results from the probit analyses partially support the direct-translation hypothesis. However, there is a possibility that these findings are significantly biased. The source of potential bias comes from the problem of endogeneity between democratic longevity and social capital. While it is correct to think that democratic longevity affects social capital, it is also reasonable to assume that the existence of social capital affects democratic longevity. In this way, due to the problem of endogeneity, it is possible that the influence of longevity on social capital is misestimated in the analyses in Chapter 5.

In this chapter, therefore, I address the issue of endogeneity. Specifically, by adopting instrumental variables based on theory from international relations, I correctly estimate the effect of democratic longevity on social capital. Consequently, analyses in

this chapter show more accurate dynamics surrounding social capital, political institutions, and democratic longevity. I first explain the strategy to identify valid instruments. Then, adopting these instruments, I conduct instrumental variables 2 stage-least squared analyses (IV-2SLS). Finally, I discuss the implications from the analyses and reconsider the validity of our hypotheses.

6-1: Identifying Appropriate Instruments

In the previous chapter, we found that democratic longevity and its interactions with political institutions have significant effects on social capital. The analyses confirmed that the influence of democratic longevity on social capital depend on the institutional context in which political and social learning takes place. The impacts of democratic experience on social capital vary by the type of character of the executive-parties institutions and the centralization of political authority within the political system.

However, the estimated relationships between democratic longevity and social capital are potentially misleading due to endogeneity. Although democratic longevity is considered an independent variable in previous analyses, we could also imagine the reverse causal relationship: social capital contributes to democratic longevity. The social capital thesis originally formulated by Putnam (1993) suggests that the causal direction goes from social capital to democratic governance, noting that the existence of social capital makes democracy effective and sustainable. According to Putnam's view, it is conceivable that high levels of social capital make democracy last longer. This concern should be particularly relevant to the estimation for the majority respondents. Where the

bulk of the population exhibits high social capital, we would expect democracy to endure more easily than when the majority group lacks trust in their fellow citizens and other attributes of social capital. Consequently, there is a possibility that the research design in the previous analyses suffers from the endogeneity problem, particularly in the models estimated with the majority sample.

Estimating the relationships while ignoring the endogeneity problem can cause biased estimates of all the coefficients in the model, particularly the key variables regarding democratic longevity and its interaction terms. Therefore, to correctly estimate the effect of democratic longevity on social capital, we need to re-estimate the hypothesized relationships correcting for the potential reverse causality.

In this chapter, I address the endogeneity problem by adopting the 2 stage-least square method with instrumental variables (IV-2SLS). To conduct the IV-2SLS method, I need to identify valid instruments for democratic longevity that are correlated with democratic longevity and its interactions but otherwise uncorrelated with the dependent variable. More specifically, the instruments must have a significant partial correlation with *Democratic Longevity* and *Democratic Longevity*Political Institutions* controlling for all the other exogenous determinants of interpersonal trust. Furthermore, the instruments must only relate to the dependent variable (social capital) through their impact on the endogenous regressors (democratic longevity and its interaction terms). By identifying these instruments, it becomes possible to estimate the model without bias.

As a strategy to identify instruments for democratic longevity and its interactions with political institutions, I rely on theory from international relations. Specifically, I turn to the theory of democratic peace and democracy promotion by the United States in

127

the world. Liberal theories of international relations argue that regime types are important factors predicting state behaviors in international relations. Among them, the so-called "democratic peace" theory has emerged as one of the most popular theories in international relations. Democratic peace theory centers on the empirical finding that no two democracies have fought each other in the modern era (Small and Singer 1976). A large number of studies have verified this claim especially in democratic dyads (Bremer 1992, 1993; Chan 1984; Levy 1988; Oneal and Russett 1997, 1999; Ray 1993; Russett 1993; Weede 1984, 1992).

Furthermore, other scholars have suggested that democratic regimes diffuse across countries. For instance, Przeworski et al. (1996) argued that the presence of democracies both regionally and globally predicts the survival of democracies better than domestic factors such as wealth and institutions. Furthermore, Gleditsch and Ward (2002) have developed a theory of democratic diffusion based on peaceful norms and collective security. According to them, the presence of democracies in the region can lead to the emergence of democracy in a different state, making a conquest by an aggressive autocratic power highly unlikely. The main contention of the democratic diffusion literature is that democracies form and endure with the aid of neighboring democracies. In a similar manner, Huntington (1984) notes, "External influences may be of decisive importance in influencing whether a society moves in a democratic or non-democratic direction (pp. 205-206). Thus, previous studies emphasize the importance of external forces as one of critical factors for successful democratization.

These external influences can come from diverse sources from diverse agents. International organizations such as the United Nations, the World Bank, or the Amnesty

International can exert enormous influence on regime transition in a country. Also, a hegemon in the international system such as the United States can be an extremely powerful actor influencing the chance of democratization. As evidence, in no small part due to its economic and military strength, the United States has been the leader of the liberal democracy camp in the post-WWII world (Owen 2001). As a leader of the liberal camp, one of the goals of the United States' foreign policy has been the spread of democracies in the world. For instance, when the threat of the former Soviet Union had begun to emerge following the end of World War II, George Kennan called for the application of "counter force at a series of constantly shifting geographical and political points, corresponding to the shifts and maneuvers of Soviet policy" (Kennan 1950). This idea quickly developed into the much broader policy of containment against the Soviet Union. The US has continued to play the same role even after the end of the Cold War. Regarding the role of the United States, Huntington (1981) notes:

> The nature of the U.S. has left it little or no choice but to stand out among nations as the proponent of liberty and democracy. Clearly, the impact of no other country in the world affairs has been as heavily as weighted in favor of liberty and democracy as has that of the United States (p. 255, cited by Zarate 1994).

As can be represented by this view, scholars have recognized the powerful role of the United States as the strongest contender for democracy. In the international system, as

the leader of the liberal camp, the United States has vigorously pursued its goal of promoting democratization and also sustaining them.

This stance of spreading and protecting democracies and liberal values in the world still dominate US foreign policy. In his speech in the 1992 presidential campaign, then-Governor Bill Clinton called for a US foreign policy of engagement for democracy. Since he became the president, Clinton continued to pursue the goal of democracy promotion in the world. President Clinton's administration referred to a variety of policy issues such as economic security, international engagement in multilateralism and "new global issues" (Carothers 2004, p. 23). Yet, democracy promotion is the issue that Clinton repeatedly emphasized in his speeches on foreign policy issues. Anthony Lake, the president's national security advisor, noted in 1993 that "the successor to a doctrine of containment must be a strategy of enlargement—enlargement of the world's free community of market democracies."[37] For the Clinton administration, democracy promotion was a comprehensive policy framework in foreign issues. Furthermore, as can be seen in the cases of Afghanistan or Iraq, the priority of democracy promotion in the world has been taken over by the Bush administration, and there is no sign that the goal would shift in the near future.

Based on these insights from the democratic peace theory and the practice of democracy promotion by the United States, I argue that countries that have benefited from economic and military ties with the United States should enjoy more stable democratic regime than those that have not enjoyed its support.[38] One of the good

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[37] Lake Anthony, 1993, "From Containment to Enlargement," speech delivered at Georgetown University, Washington, D.C., December 12, 1991, cited by Carothers (2004), p. 23.
[38] Not all scholars agree that the democracy promotion has always been the most important goal in US foreign policy. Reflecting the complicated natures of the international system, it is necessary for US

examples in which the US foreign policy has had a decisive effect on the prospect of democratization is Japan during the post-World War II period. Following the end of the World War II, the United States had implemented a series of policies aiming at democratizing the country. The basic motivation for this policy was to transform Japan into a country that would belong to the liberal camp and would not threat the United States. Based on this idea, the United States thoroughly democratized Japan. Also, the United Sates offered a significant amount of economic aids to Japan. From 1945 to 1948, the United States channeled $ 750 million for direct economic assistance for Japan. By the end of the occupation period, which took place in 1952, the economic aid given to Japan amounted to $ 2 billion.[39] Even after Japan regained independence 1951, Japan and the United States had maintained a close tie both in terms of economic and military issues. Japan had received a tremendous amount of benefits from the close alliance with the United States throughout the period of the Cold War. Due to the security alliance with the United States, Japan did not have to direct its scarce resource for military purposes, thus making it possible for Japan to achieve high levels of economic growth during the Cold War.[40] Consequently, along with high levels of economic growth, Japan has successfully consolidated its democratic institutions. The case of West Germany after World War II is a very similar case to Japan. In both cases, the United States imposed a democratic political system and secured the development of the democratic regime.

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policy-makers to pay attentions to a variety of issues. Yet, the issue of democracy promotion has been doubtlessly one of the most important policy objectives that are deeply concerned with national interest for the United States.

[39] See Dunn (1963).

[40] Regarding the economic effects of the US-Japan alliance, see Okimoto (1982).

Furthermore, evidence showing that the US foreign policy was critical in promoting and sustaining democracy in the world is ample. Studies have shown that, as powerful hegeomon with overwhelming economic and military power, the United States has shaped the trajectories of regime transition in other countries. In the context of Central America, Zarate (1994) has clearly demonstrated that the United States critically influenced the direction and sustainability of democratic transition by relying on such strategies as diplomatic recognition, economic sanction, election supports or military force. Consequently, these studies suggest that countries that have been under the strong influence of US foreign policy tend to enjoy long prosperity of their democracy. In this way, these points suggest that the degrees of US influence can be used as good instruments for democratic longevity. In other words, valid instruments for democratic longevity must touch on the degrees of US commitment in promoting and securing democracies in the world. It follows that while countries with deep ties with the United States tend to have experienced a long period of democratic rule, countries that only have weak ties with the Untied States has not experienced a long period of democratic rule.

To capture a country's relationship with the United States, I have created a US influence index. This index is composed of two components. The first one is concerned with whether a country was a beneficiary of the Marshall Plan or not. After World War II, to support the reconstruction of Europe, the United States provided a large amount of financial aid to mainly Western European countries. Besides concerns for the economic situations in Europe, motivations for the Marshall Plan clearly included the military dimension (Milward 1984). Although the Soviet Union and Eastern European countries were also invited to join the Marshall Plan, Stalin viewed it as a threat and did not allow

countries under his influence to join the Marshall Plan.[41] Consequently, the Marshall Plan

contributed to divide Europe into the Western and Eastern blocks led by the Untied States

and the Soviet Union respectively. Importantly, the Marshall Plan successfully helped

Western European countries to recover from the debris of war. As a short term benefit,

the Marshall Plan helped Western European countries quickly recover from the damages

from war. For instance, by 1949, French industrial and agricultural production both

exceeded the levels of 1938 for the first time. In a similar manner, other western

European countries also achieved significant economic recovery.[42] Also, due to the

provision of dollar credits, the Marshall Plan significantly alleviated the problems of the

fuel shortages, food shortages, cotton shortages, and other commodity shortages.[43]

Furthermore, according to Judt (2005), the long-term effect of the Marshall Plan was that

the program motivated Western European countries to cooperate after World War II.

Reacting to Marshall's invitations, European states that were mutually suspicious sat

together and tried to coordinate their responses together with other actions. Ultimately,

scholars have argued that the Marshall Plan directly and indirectly contributed to the

future process of the European integration (Milward 1984). In this way, the Marshall

Plan not only solved the harsh economic problems following the end of World War II, it

also established the foundation for the European liberal camp. As we can see in the later

development of the process of the European integration, countries that received the

benefits of the Marshall Plan have been quite successful in sustaining their democratic

regimes as well as keeping peace with neighboring democracies.

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[41] See Judt (2005).
[42] See Judt (2005)
[43] See Judt (2005)

As the second component of the US influence index, I adopt the variable that measures the number of foreign visits made by US presidents.[44] With no doubt, US presidents are the most powerful figures in the world, and their trips to foreign countries always have significant impacts in the political landscape in the international arena. One of the most important goals of foreign visits is to construct a secure relationship with the country, and if the country is a US ally, the visit can be an important occasion to secure the existing alliance pact. For instance, US presidents have often visited the United Kingdom, the most important ally in Europe, and have repeatedly emphasized the importance of the traditional Anglo-American tie. Furthermore, the importance of their foreign visits can become more salient in times of crises. For instance, in June of 1963, the US President John F. Kennedy visited five Western European countries to demonstrate the unity among the American allies to the other parts of the world. His famous speech made in Berlin eloquently shows his commitment to freedom and democracy, thus consolidating the unity of the Western block at that time. In this way, this measure can be theoretically used as a proxy of the democratic alliance led by the United States. Consequently, these two components make up the US influence index.[45]

To examine whether the US influence index is significantly correlated with *Democratic Longevity* and its interactions (*Longevity*Executive-Parties Institutions and Longevity*Federal-Unitary Institutions*), I estimated separate OLS regressions for each of these variables. The independent variables include the exogenous variables used in the models for social capital in Chapter 5 and the US influence index in place of the endogenous regressors. Note that the interaction terms that are endogenous are replaced

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[44] This data has been taken from the homepage of the Department of the State: (http://www.state.gov/)
[45] To construct an index, I standardize these variables and add them up.

134

by the interaction of the US influence index and the institutional component (e.g. executive-parties and federal-unitary institutions). These regressors are the dependent variables in the first-stage in the IV-2SLS. If appropriate, they will generate instrumental variables used to substitute for democratic longevity and its interaction terms in the second-stage interactions where the dependent variable will be social capital (as in Chapter 5).

Table 6-1 First Stage OLS Analyses for Endogenous Variables (Majority Sample)
Dependent Variable: Democratic Longevity

Regressor	Endogenous Variable 1: Democratic Longevity Coefficient (SE)	Endogenous Variable 2: Longevity* Executive-Parties Coefficient (SE)	Endogenous Variable 3: Longevity* Federal-Unitary Coefficient (SE)
US Influence	6.303 (2.72)	1.958 (1.452)	-0.372 (0.653)
US Influence*Executive-Parties	-3.41 (1.294)	8.107 (1.293)	0.952 (0.337)
US Influence*Federal-Unitary	25.642 (15.983)	8.978 (8.941)	-0.322 (4.522)
Executive-Parties	-0.816 (3.972)	18.665 (2.453)	-1.011 (0.978)
Federal-Unitary	12.103 (38.581)	-24.407 (16.543)	22.73 (9.805)
GDP	0.002 (0.0002)	-0.0003 (0.0001)	-0.0003 (0.00006)
Gini	0.053 (0.333)	-0.104 (0.078)	0.052 (0.071)
ELF	25.167 (8.92)	2.001 (4.555)	-6.46 (2.116)
Ethnic Civil War	-0.77 (0.704)	-0.486 (0.226)	0.181 (0.149)
Political Interest	0.262 (0.251)	-0.042 (0.087)	-0.049 (0.056)
Institutional Confidence	0.012 (0.106)	-0.013 (0.02)	0.002 (0.023)
Ideology	0.67 (0.183)	-0.071 (0.045)	-0.133 (0.039)
Sex	-0.765 (0.309)	0.256 (0.095)	0.125 (0.065)
Age	-0.079 (0.031)	0.031 (0.012)	0.012 (0.007)
Education	-0.463 (0.335)	0.357 (0.152)	0.038 (0.083)
Income	-0.942 (0.379)	-0.059 (0.078)	0.208 (0.084)
Constant	0.308 (9.774)	-0.668 (2.994)	2.196 (2.201)
F-statistics of excluded elements	4.74 (3, 54)	30.12 (3, 54)	7.07 (3, 54)
F p-value	0.0052	0.0000	0.0004
Partial R-squared	0.1198	0.6005	0.0938
N	66068	66068	66068

Note: Standard errors are clustered by country.

Figure 6-1

Marginal Effect of US Influence Index across Executive-Parties Institutions

Dependent Variable: Democratic Longevity (Majority) IV-2SLS Analysis (1st Stage)

Figure 6-2

Marginal Effect of US Influence Index across Federal-Unitary Institutions

Dependent Variable: Democratic Longevity (Majority) IV-2SLS Analysis (1st Stage)
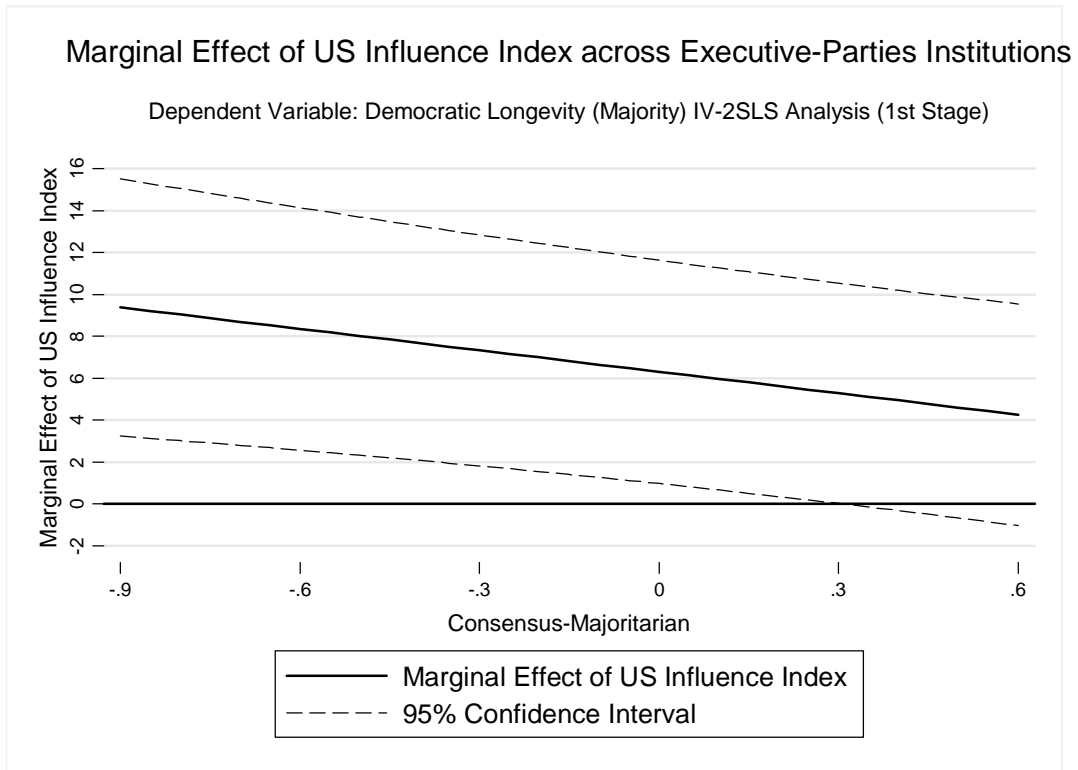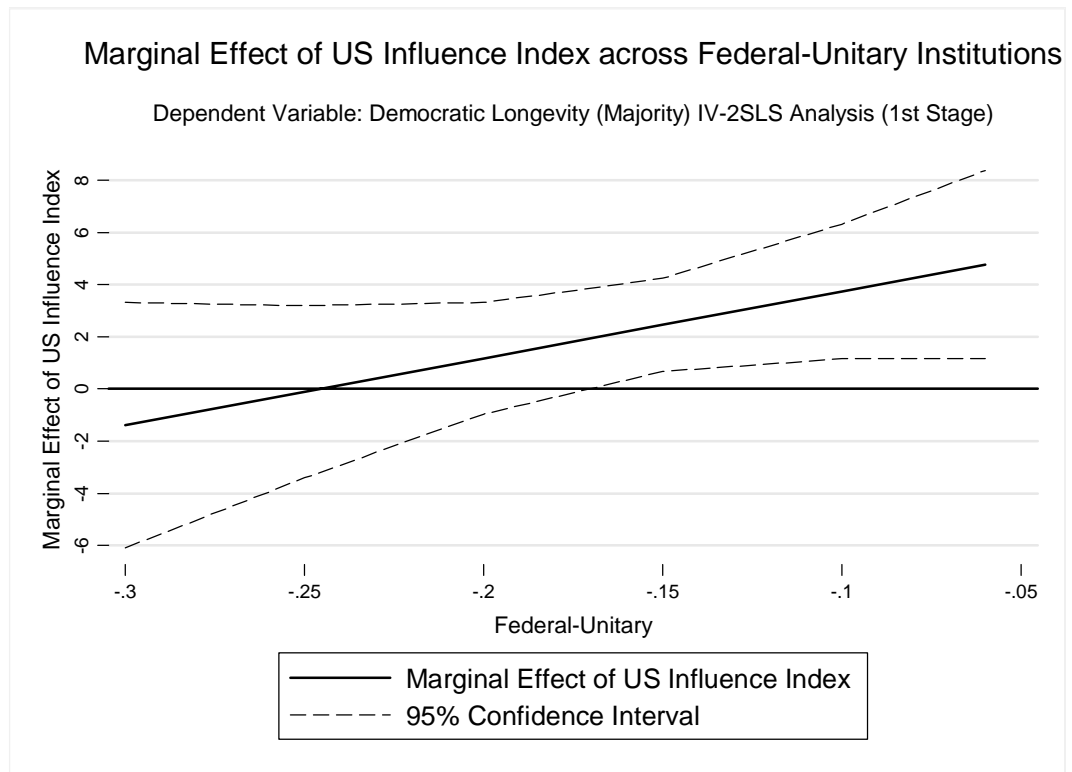
The result among the majority sample is presented in Table 6-1. The key issue is whether the instruments are significantly correlated with the *Democratic Longevity* in the expected direction after controlling for the included exogenous variables. For that purpose, the F-test adjusted for clustering is relevant. In the majority sample, the value of $F_{(3, 54)}$ equals to 4.74, which is significant at the 0.005 level. Also, the F-scores generated from OLS analyses on the interaction terms with political institutions also remain significant at the level of less than 0.001 (Table 6-1). Judging from the relationship between *democratic longevity* and instrument variables (the first column of Table 6-1), the US influence index has a positive and significant effect on democratic

longevity, showing that the United States contributes to the survival of democracies. In addition, to interpret the interaction terms between the US influence index and institutional variables (executive-parties and federal-unitary), I have plotted the marginal effect of the US influence index on longevity across institutional dimensions. Figure 6-1 shows the marginal effect of US influence across the executive-parties dimension. As expected, the figure clearly suggests that US influence has a positive and significant effect on democratic longevity at most values of institutional dimension. In a similar manner, Figure 6-2 represents the marginal effect of the US influence index across the federal-unitary dimension. While the marginal effect of US influence is not significant in federal institutions, it becomes positive and significant under more unitary institutions. This result suggests that interaction terms between the US influence index and institutional dimension have an expected effect on democratic longevity. In addition, exogenous variables including instruments jointly explain other endogenous variables (*longevity*executive-parties institutions, longevity*federal-unitary institutions*), with the F-score for longevity*executive-parties institutions of 30.12 and that for longevity*federal-unitary institutions of 7.07. Thus, these results indicate the instruments perform reasonably well although only one of the F-scores exceeds 10, which is the benchmark for a strong instrument.

Table 6-2 First Stage OLS Analyses for Endogenous Variables (Minority Sample)
Dependent Variable: Democratic Longevity

Regressor	Endogenous Variable 1: Democratic Longevity Coefficient (SE)	Endogenous Variable 2: Longevity* Executive-Parties Coefficient (SE)	Endogenous Variable 3: Longevity* Federal-Unitary Coefficient (SE)
US Influence	4.197 (4.254)	0.198 (1.362)	0.595 (0.954)
US Influence*Executive-Parties	-3.226 (2.175)	9.449 (1.1)	0.674 (0.487)
US Influence*Federal-Unitary	-4.978 (23.16)	4.991 (7.711)	8.222 (5.584)
Executive-Parties	-3.775 (6.988)	17.506 (1.635)	0.424 (1.522)
Federal-Unitary	26.274 (63.225)	-19.374 (17.166)	15.349 (15.139)
GDP	0.001 (0.0005)	-0.0001 (0.0001)	-0.0002 (0.0001)
Gini	0.333 (0.497)	-0.097 (0.068)	-0.023 (0.106)
ELF	10.088 (12.165)	-2.994 (4.859)	-2.456 (3.198)
Ethnic Civil War	-0.6 (1.047)	-0.326 (0.194)	0.097 (0.239)
Political Interest	-0.004 (0.372)	-0.107 (0.099)	0.0007 (0.086)
Institutional Confidence	0.032 (0.057)	-0.001 (0.011)	-0.012 (0.014)
Ideology	0.692 (0.215)	-0.059 (0.044)	-0.154 (0.049)
Sex	-0.523 (0.382)	-0.03 (0.102)	0.128 (0.082)
Age	-0.047 (0.03)	0.012 (0.005)	0.008 (0.006)
Education	-0.238 (0.292)	0.13 (0.05)	0.023 (0.065)
Income	-0.98 (0.384)	0.047 (0.059)	0.212 (0.084)
Constant	-1.231 (13.375)	1.943 (2.886)	2.804 (2.799)
F-statistics of excluded elements	4.97 (3, 48)	36.34 (3, 48)	3.27 (3, 48)
F p-value	0.0044	0.0000	0.0292
Partial R-squared	0.1857	0.7352	0.1764
N	24458	24458	24458

Note: Standard errors are clustered by country.

Figure 6-3

Marginal Effect of US Influence Index across Executive-Parties Institutions

Dependent Variable: Democratic Longevity (Minority) IV-2SLS Analysis (1st Stage)

Marginal Effect of US Influence Index

Consensus-Majoritarian

—— Marginal Effect of US Influence Index
– – – – 95% Confidence Interval

Figure 6-4

Marginal Effect of US Influence Index across Federal-Unitary Institutions

Dependent Variable: Democratic Longevity (Minority) IV-2SLS Analysis (1st Stage)

In a similar manner, I conducted the OLS analyses for endogenous variables for

the minority sample (Table 6-2). The F-score for democratic longevity is 4.97 and it is

significant at less than the p-value of 0.01. Furthermore, to confirm the validity of

instruments for the interaction terms, I have plotted marginal effect of the US influence

index on longevity across institutional dimensions. Figure 6-3 indicates the marginal

effect of longevity in the executive-parties dimension, and Figure 6-4 shows the marginal

effect in the federal-unitary dimension. In Figure 6-3, although the US influence index

does not have any significant effect on democratic longevity, the effect of US influence is

positive throughout the institutional dimension. In a similar manner, Figure 6-4 indicates

141

that the effect of the US influence index is constantly positive across the federal-unitary dimension. These figures demonstrate that the US influence index conforms to the theoretical expectation. F-scores for other two endogenous variables are 36.34 (*longevity*executive-parties institutions*, $p<0.0000$) and 3.27 (*longevity*federal-unitary institutions*, $p<0.05$). Although two of the F-scores for endogenous variables fail to achieve a level of 10, all of them are significant at less than the p-value of 0.05.

Another requirement for valid instruments is that the US influence index has to be exogenous in the first stage equation. Put differently, the US influence index should not directly affect social capital, or be caused by it, and the only relationship with social capital should be through democratic longevity. The US influence index meets these conditions in a systematic way. I am not aware of any evidence that the receipt of Marshall Plan money or Presidential visits directly affect social capital in these countries. Factors that influence social capital are primarily domestic, and international factors should be recognized as marginal with this regard. Therefore, the US influence index can be considered as exogenous in the first stage equation. Also, I have no reason to believe that the level of social capital in a country directly influences US foreign and economic relations with the country.

In sum, my strategy for identifying valid instruments for democratic longevity appears valid based on the empirical analysis. Before estimating the second stage regressions, it is important to recall that the endogeneity issue should be most relevant in the majority sample analyses. That means that we would expect that any bias due to endogeneity in the analysis in Chapter 5 to be most pronounced in the majority sample. And, since we would expect a longer democratic longevity to cause an increase social

capital, this means that the endogeneity bias should lead to an over-estimation of the effect of democratic longevity on social capital in Chapter 5, particularly for the majority sample. As a result, purging democratic longevity of its endogenous component should result in a weaker relationship between longevity and social capital and we would expect that to be more consequential to the results for the majority sample.

6-2: Instrumental Variables 2SLS Estimate

Having identified instruments for democratic longevity, I now turn to the actual analyses. To deal with the problem of endogeneity, democratic longevity and its interaction with institutional variables are the dependent variables in the first stage:

(First Stage)

Democratic Longevity (Y_1) = β0 + β1(sex) + β2(age) + β3(education) + β4(income) + β5(political interest) + β6(institutional confidence) + β7(ideology) + β8(GDP per capita) + β9(Gini) + β10(ELF) + β11(Ethnic civil war) + β12(US influence index)+ β13(US influence index* executive-parties institutions) + β14(US influence index*federal-unitary institutions + ε

Democratic Longevity*Executive-Parties Institutions (Y_2) = β0 + β1(sex) + β2(age) + β3(education) + β4(income) + β5(political interest) + β6(institutional confidence) +

β7(ideology) + β8(GDP per capita) + β9(Gini) + β10(ELF) + β11(Ethnic civil war) +

β12(US influence index)+ β13(US influence index* executive-parties institutions) +

β14(US influence index*federal-unitary institutions) + ε

Democratic Longevity*Federal-Unitary Institutions (Y₃) = β0 + β1(sex) + β2(age) +

β3(education) + β4(income) + β5(political interest) + β6(institutional confidence) +

β7(ideology) + β8(GDP per capita) + β9(Gini) + β10(ELF) + β11(Ethnic civil war) +

β12(US influence index)+ β13(US influence index* executive-parties institutions) +

β14(US influence index*federal-unitary institutions) + ε

As these endogenous variables are continuous, I have used OLS to estimate the

equations. Subsequently, I substitute the predicted values of these variables for the

endogenous regressors in the second stage analysis. More specifically, the second stage

equation is as follows:

(Second Stage)

Interpersonal Trust (Y) = β0 + β1(sex) + β2(age) + β3(education) + β4(income) +

β5(political interest) + β6(institutional confidence) + β7(ideology) + β8(GDP per

capita) + β9(Gini) + β10(ELF) + β11(Ethnic civil war) + β12(predicted US influence

index)+ β13(predicted US influence index* executive-parties institutions) +

β14(predicted US influence index*federal-unitary institutions) + ε

The endogenous variable of the second stage, interpersonal trust, is a dichotomous

variable. Consequently, one variable estimation strategy is to substitute the instruments

for the first stage OLS to the second stage by using a probit model. This can be done by

relying on statistical software with corrected standard errors. For instance, one of the

STATA's commands, "ivprobit", is designed to deal with a dichotomous endogenous

variable in the second stage. However, due to the complicated nature of the model with

three endogenous variables in the first stage, the probit models fails to converge, thus

making it impossible to rely on the ivprobit method. While the method of correcting

standard error in the second stage by using non-linear two stage analyses is available, this

method requires strong specification assumptions and it is not always realistic (Achen

1986). Considering this situation, I adopt the IV-2SLS method. This method is typically

preferred even in cases in which the dependent variable is dichotomous (see Angrist and

Kreuger 2001; Wooldridge 2002). Therefore, I estimate the model by using the IV-2SLS

model (or a linear probability IV model).[46]

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[46] Leigh (2006) encounters a similar situation in which most of the models in this study do not converge with the ivprobit command in STATA. He consequently adopts IV-2SLS model for his analyses. He suggests that for those models that do converge, the results are qualitatively similar to the IV-2SLS model.

Table 6-3 Instrumental Variables 2SLS Analysis (Majority Sample)
            Dependent Variable: Trust

Regressor	Coefficient (SE)
Sex	0.0072 (0.0057)
Age	0.0003 (0.0004)
Education	0.0105 (0.0050)*
Income	0.0043 (0.0083)
Political Interest	0.0259 (0.0046)***
Institutional Confidence	0.0089 (0.0012)***
Ideology	-0.0004 (0.0037)
GDP per capita	0.00001 (0.000008)
Gini	-0.0098 (0.0064)
ELF	0.2100 (0.3039)
Ethnic Civil War	-0.0081 (0.0101)
Executive-parties Institutions	0.2268 (0.2195)
Federal-unitary Institutions	-1.2959 (2.1785)
Democratic Longevity	0.0051 (0.0095)
Executive-parties*Longevity	-0.0057 (0.0065)
Federal-Unitary*Longevity	0.0468 (0.0746)
Constant	0.0350 (0.2082)
N	66068
Centered R-squared	0.0564

Note: *p<0.05, **p<0.01, ***p<0.001. Standard errors are clustered by country.

Table 6-4 Instrumental Variable 2SLS (Minority Sample)
            Dependent Variable: Trust

Regressor	Coefficient (SE)
Sex	0.0076 (0.008)
Age	0.0002 (0.0005)
Education	0.0098 (0.0046)*
Income	0.0052 (0.0029)
Political Interest	0.0340 (0.0082)***
Institutional Confidence	0.0048 (0.0013)***
Ideology	-0.0037 (0.002)
GDP per capita	0.000004 (0.000004)
Gini	-0.0073 (0.002)
ELF	-0.0309 (0.0456)
Ethnic Civil War	-0.0059 (0.0055)
Executive-parties Institutions	0.1619 (0.0468)**
Federal-unitary Institutions	-1.0387 (0.4259)*
Democratic Longevity	0.0053 (0.0026)*
Executive-parties*Longevity	-0.0057 (0.0016)**
Federal-Unitary*Longevity	0.03610 (0.0137)**
Constant	0.1522 (0.0834)
N	24458
Centered R-squared	0.0561

Note: *p<0.05, **p<0.01, ***p<0.001. Standard errors are clustered by country.

Figure 6-5

Marginal Effect of Longevity on Trust across Executive-Parties Institutions

Dependent Variable: Trust (Majority) IV-2SLS Analysis
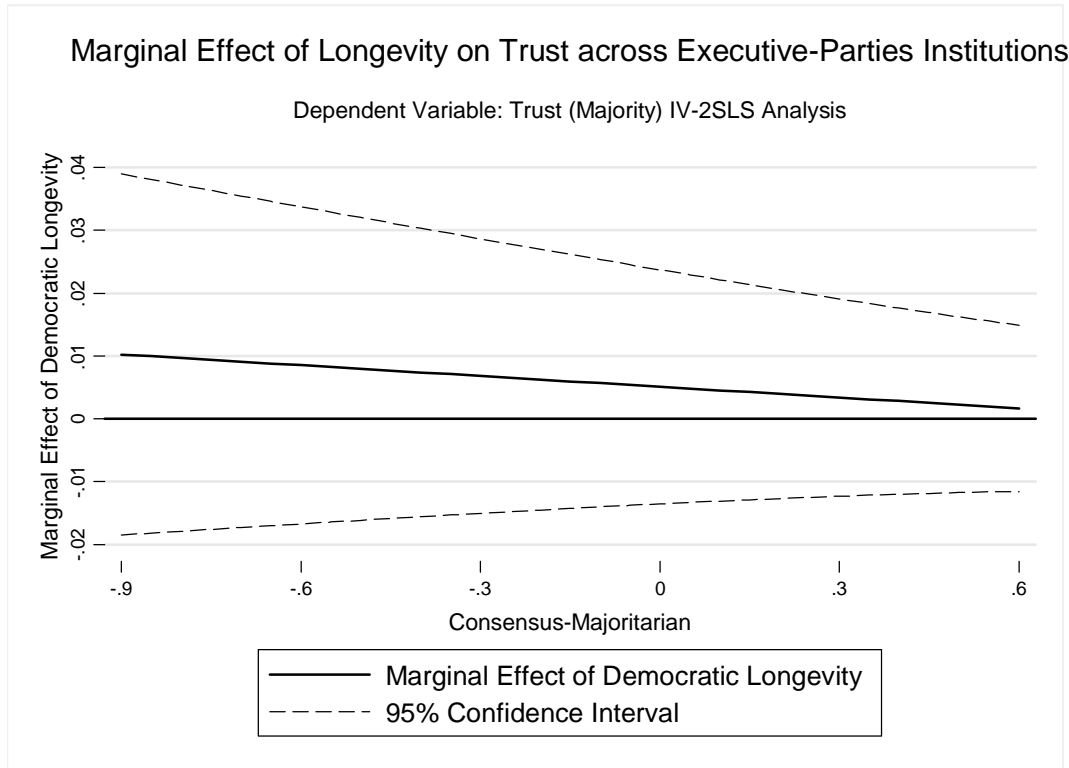
I estimated the IV-2SLS model on the majority sample and the minority sample

separately. Table 6-3 shows the result for the majority sample, and Table 6-4 displays

the result for the minority sample. As the instrumental variables approach has been

adopted to correctly estimate the exogenous effect of democratic longevity on trust, the

variables of interest are the interaction terms between longevity and institutional

variables. As in the probit analyses in Chapter 5, to better interpret the interaction terms,

I plotted the marginal effect of democratic longevity across institutional dimensions.

Figure 6-5 represents the marginal effect of longevity across executive-parties institutions for majorities. As can be seen in Figure 6-5, democratic longevity does not have any statistically significant effect on trust among the majority sample. This result is consistent with the theoretical expectation. Due to their dominant status in society, I suspect that trust among the majority plays more important roles for determining the sustainability of democracies than trust among members of the minority. Therefore, the problem of overestimation due to endogeneity should be more serious among the majority sample. Therefore, after the longevity is purged of the endogenous component, we would consequently observe a weaker relationship between longevity and social capital. Hence, the result is the non-significant effect of longevity on trust among the majorities.

Figure 6-6

Marginal Effect of Longevity on Trust across Executive-Parties Institutions

Dependent Variable: Trust (Minority) IV-2SLS Analysis

149
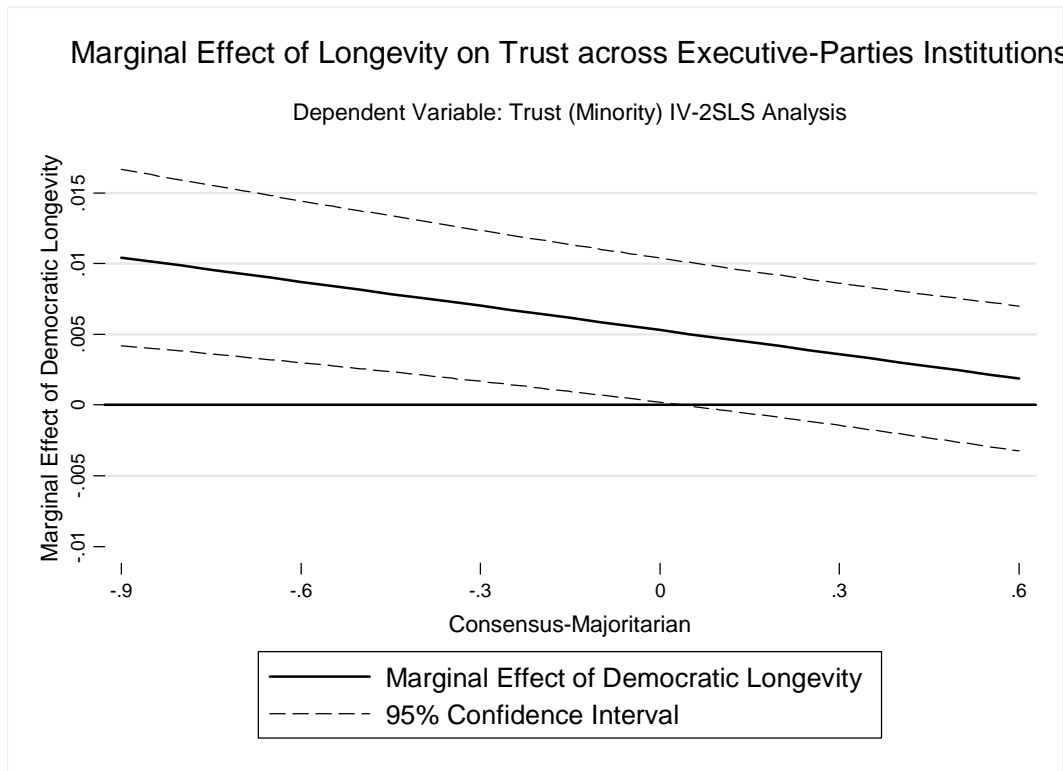
However, among the minority sample, the result indicates that longevity under consensus institutions has a positive and significant effect on trust (Figure 6-6), which is consistent with the probit analyses in Chapter 5. According to Figure 6-6, the positive effect of longevity on trust becomes indistinguishable from 0 around the point of 0 on the institutional continuum. Put differently, countries that are located on the left side of 0 on the continuum are more likely to see growing levels of trust as democracies become older. For instance, Switzerland, the Netherlands, Belgium, and India fall within the range of countries that have consensus institutions. What is especially noteworthy about these countries is that they maintain relatively high levels of interpersonal trust despite their ethnic heterogeneities. Also, it is not a coincidence that these countries are well known for their power-sharing arrangements and the relative stability of their democratic regimes. About 44% of the respondents of all the minority sample fall within the range of institutional continuum over which longevity is shown to have a positive and significant effect on trust.[47] Therefore, the significant result among the minority sample can be applied to relatively a wide range of countries.

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[47] The number of minority respondents that belong to the countries whose institutions are less than 0 in the executive-parties institutional continuum is 10802.

Figure 6-7

Marginal Effect of Longevity on Trust across Federal-Unitary Institutions

Dependent Variable: Trust (Majority) IV-2SLS Analysis

Marginal Effect of Democratic Longevity

Federal-Unitary

Marginal Effect of Democratic Longevity
95% Confidence Interval
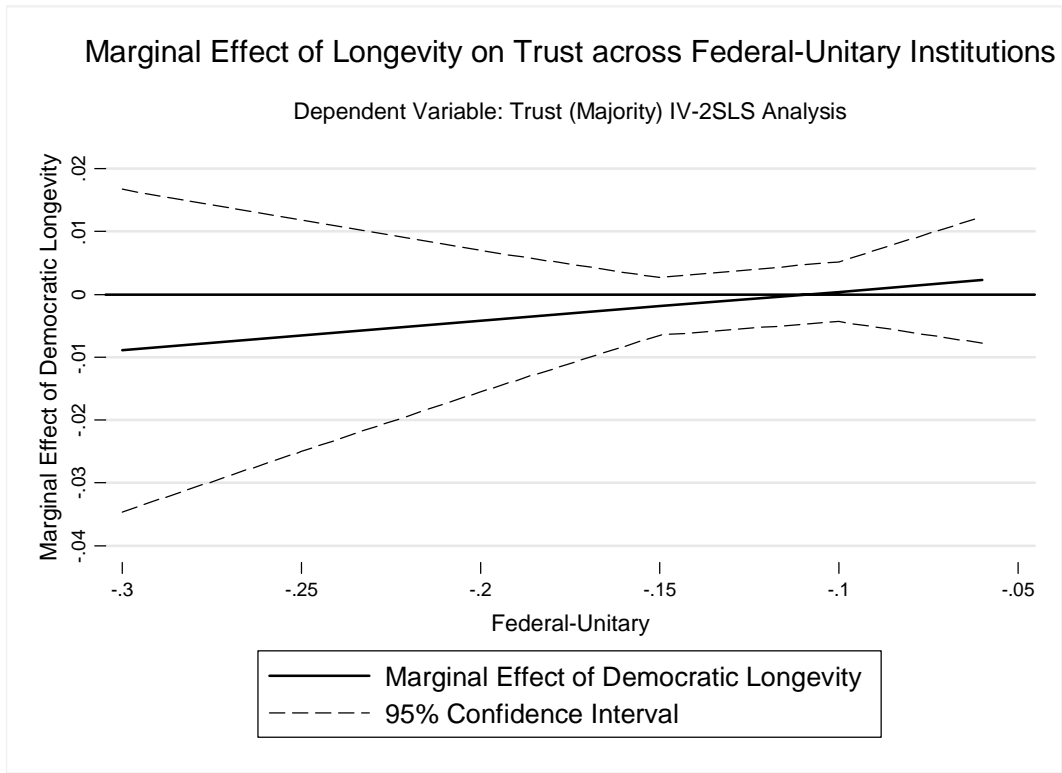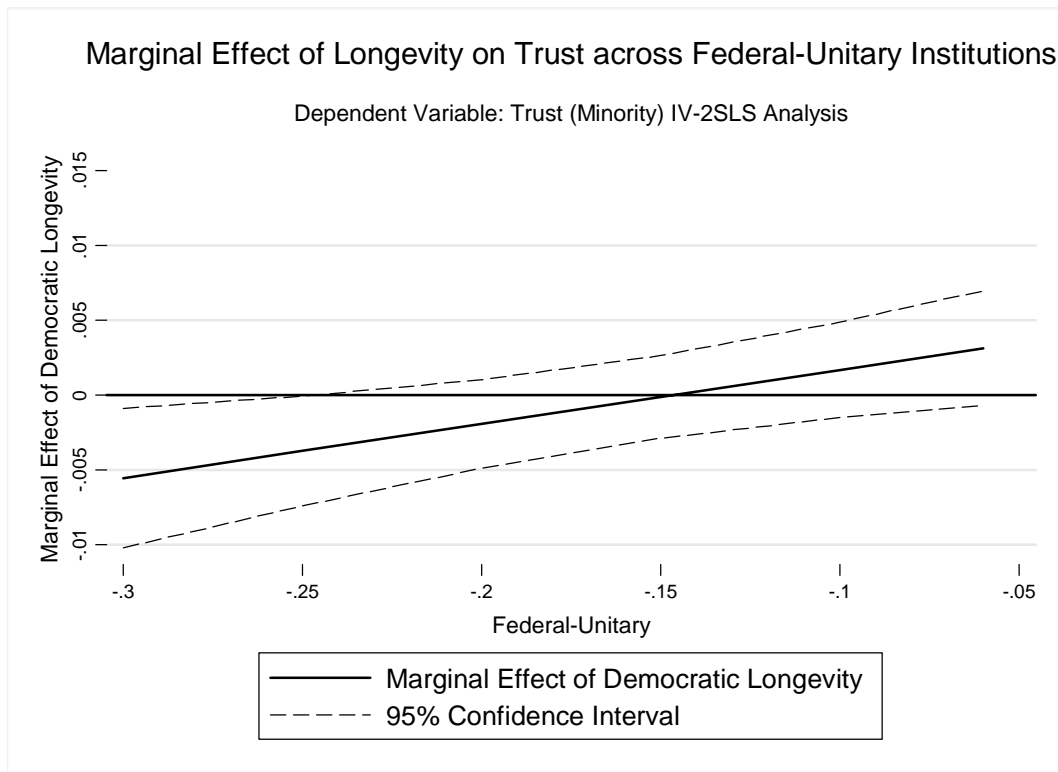
Figure 6-8

In a similar manner, I have plotted the marginal effect of democratic longevity

across the federal-unitary dimension. The plot for the majority sample is Figure 6-7. As

the figure shows, there is no statistically significant effect on trust among the majority

sample in the federal-unitary dimension. As in the analysis in the executive-parties

dimension, this result is also consistent with the theoretical expectation. Hence, the

finding that longevity after purged of its endogenous component has no effect on trust

seems to hold regardless of institutional dimension. On the other hand, among the

minority sample, the result shows that longevity has a significant effect (Figure 6-8).

Consistent with the analysis in Chapter 5, the figure indicates that longevity under highly

federal institutions reduces trust among minorities. In Figure 6-8, longevity shows a

negative effect at points of lower than -0.25 on the federal-unitary institutional

dimension. Countries that fall in this range are following six countries: United States,

Australia, Canada, India, Mexico, and South Africa. The sample from these 6 counties

makes up about12% of the whole sample, and these countries are well known for their

wide ranges of federal arrangements.[48] Considering that the area where longevity has a

negative effect is confined to the very end of the continuum, we can tell that countries

with highly decentralized political institutions are the key for driving the negative effect

of longevity on interpersonal trust. However, while the finding that longevity in highly

decentralized institutions reduces trust is consistent with the analyses in Chapter 5, we

have not been able to observe any statistically significant effect of longevity under

unitary institutions in the IV-2SLS analyses. After we have purged the endogenous

component of the longevity in the minority sample, only the negative effect of longevity

in highly decentralized institutions remains.

6-3: Summary

In this chapter, to address the problem of endogeneity, I adopted an instrumental variable

solution. I have identified instruments for democratic longevity relying on theories from

international relations about how the relationship with the United States influences the

endurance of democracies. The results of the analyses indicate that endogeneity bias

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[48] The number of minority respondents from these 6 countries is 2981.

leads to some significant problems in the statistical inference in Chapter 5. Specifically, although I have found that democratic longevity has the hypothesized effects on social capital, the effects only apply for the minority sample. Once democratic longevity is purged of its endogenous component, the effect of longevity on social capital reduces to zero for citizens that are in the majority status.

This change in results is consistent with how we would expect endogeneity to matter. Specifically, since an increase in democratic longevity boosts levels of social capital, the effect of democratic longevity has been overestimated. Because social capital among majorities is more important in determining the sustainability of democracies than that among minorities, the bias tends to be more serious in the analyses of the majority sample. As a consequence, when the endogeneity problem is addressed by the instrumental variables approach, the effect of longevity among the majority sample disappears. On the other hand, since the endogeneity bias is thought to be small among the minority sample, some of the effect of longevity is still significant in the analyses of minorities even after the endogeneity bias is corrected. Therefore, the IV-2SLS that I have conducted in this chapter has led to a bigger correction among the majority sample than among the minority sample. This outcome has consequently confirmed the validity and soundness of the IV-2SLS approach conducted in this chapter.

The IV-2SLS approach has confirmed several hypotheses suggested in Chapter 3 (Table 3-1). As testable hypotheses regarding the issue of power-distribution in society, I have presented three hypotheses: the direct-translation-learning hypothesis, the power-sharing-learning hypothesis, and the dominant-learning hypothesis. Also, as hypotheses regarding the social cleavage issues, I have suggested the fragmentation-learning

hypothesis and the consolidation-learning hypothesis. Among these hypotheses, in the executive-parties institutions, the results of the IV-2SLS approach have confirmed the direct-translation-learning hypothesis and the power-sharing-learning hypotheses. Although the effect is confined to the minority sample, analyses indicate that longevity has a positive effect on trust under consensus institutions. The results relying on the instrumental variables have firmly confirmed that a long period of democratic rule under consensus institutions has a beneficial effect on trust among minorities. In the federal-unitary dimension, the results indicate that longevity has a negative effect on trust in highly decentralized institutions. As we observe that levels of trust among minorities tend to decrease in highly decentralized systems, we can interpret this finding as support for the fragmentation-learning hypothesis. These results suggest that high degrees of decentralization cause the fragmentation of the political system and society and consequently reduce levels of interpersonal trust among minorities.

In this way, the IV-2SLS approach has clarified our understanding of the dynamics surrounding democratic longevity, political institutions, and social capital. The IV-2SLS approach has purged the endogenous component of the longevity and revealed that the effect of longevity on trust is confined only to the minority sample. Put differently, the link connecting democratic longevity and social capital can be found only in the minority sample. To understand the process through which minorities are integrated into the political system and society, this is an important finding. In the following chapter, I will further explore the causal mechanism through minorities develop or lose trust in heterogeneous environments.

155

Chapter 7: Case Studies

Introduction

In previous chapters, I have examined the relationship between social capital, political institutions, and democratic longevity through statistical analyses. The statistical analyses have revealed that democratic longevity, interacted with political institutions, does systematically influence levels of social capital. Furthermore, by adopting the method of IV-2SLS, I have confirmed that this relationship still holds after we address the potential problem of endogeneity between social capital and democratic longevity. Thus, the statistical analyses have clearly established the causal relationship between social capital, democratic longevity, and political institutions.

However, while statistical analyses, or large-N studies, are effective in establishing a causal relationship, they are not adept at looking into the actual causal mechanism. Although we may be able to know that some variables have a certain relationship in a statistically significantly way, we still do not know exactly through what process the independent variable affects the dependent variable. In this chapter, therefore, I address the shortcoming of large-N studies. The main purpose of this chapter is to demonstrate that suggested relationships between these variables hold in concrete political settings. By examining how democratic longevity affects social capital across institutional dimensions in concrete settings, I further verify the hypotheses. As case studies allow us to follow transitions of political events with details regarding the causal

mechanism, my case studies in the Baltic countries, the Canadian province of Quebec, and Malaysia give us a better understanding of how these variables should be related to each other. First, I explain the advantages of case studies compared with statistical analyses. Second, in the analyses of executive-parties institutions, I look at the effects of democratic longevity in the cases of the Baltic countries. Third, to explore the effect of longevity in the federal-unitary institutions, I turn to the case of the Quebec separatist movement in Canada. Fourth, I examine more complicated power-sharing arrangements in the case of Malaysia. In the case of Malaysia, I analyze why institutions that intensify inequality and ethnic identity would not work to build social capital in society. Finally, by briefly summarizing the findings from these case studies, I discuss their implications for theories and hypotheses.

7-1: Conducting Case Studies

The statistical analyses conducted in previous chapters have revealed fairly robust relationships between political institutions, democratic longevity, and social capital among the minority population. Specifically, in the executive-parties dimension, democratic longevity under consensus institutions has a positive effect on trust. Hence, the results support either the direct-translation-learning hypothesis or the power-sharing-learning hypothesis. In the federal-unitary dimension, however, longevity has a negative effect in highly decentralized institutions. Hence, the analyses lend support to the fragmentation-learning hypothesis. In addition, what is especially noteworthy in the

statistical analyses is that these relationships hold only among the minority sample. We do not find a statistically significant effect of longevity on trust among the majority sample.

Although the IV-2SLS analyses demonstrated that these effects are absent among majority groups, these interaction effects between longevity and political institutions on social capital are substantively important nevertheless. There is a danger that democratic institutions could cease to function properly when a peaceful relationship among ethnic groups cannot be maintained. Persistent distrust among minority groups leads to social turmoil, and the social tensions make it difficult for citizens to develop fundamental democratic values, such as minority protection, civil liberties, or political tolerance. Social capital among minority groups can have serious consequences for all the citizens in the political system and society. Hence, although minorities may constitute only a small portion of the whole population, it is still important for the minority groups to demonstrate certain levels of trust toward other constituent members in society. Therefore, building social capital among minority groups is one of the important tasks that democracies have to achieve.

A case study method is highly effective in analyzing how political institutions and democratic longevity can affect social capital among minority groups. Depending on the goal of a study, case studies can be more useful than statistical analyses in drawing causal inference. Advantages of case studies over statistical analyses are mainly twofold. The first advantage is that case studies make it possible for us to look into the detailed causal mechanism through which trust is generated. Although statistical analyses, or large-N studies, may indicate that certain variables have statistically significant effects, they

158

would not tell us how these variables are related to one another in a concrete political setting. As a consequence, statistical analyses fail to show us the detailed causal mechanism. Considering the shortcoming of large-N studies, therefore, I intend to show the detailed process through which political institutions and democratic longevity affect minorities' trust.

The second advantage of case studies is that they allow us to analyze how political and social phenomena go through changes over a certain period. While statistical analyses are useful in drawing generalization, it is not the best method to follow the transitions of a series of events. This is particularly true of the statistical analyses in Chapter 5 and Chapter 6, where the data adopted in the analyses were cross-sectional. The cross-sectional data are useful in answering the counterfactual question such as "how would social capital in country A change if it had experienced a different length of democratic rule and different political institutions?" through comparisons with other countries that differ on these dimensions. But we cannot compare country A with itself in a different period or with different institutions. Therefore, to complement the weakness of statistical analyses, I adopt the case study strategy. An in-depth examination of specific cases helps us to trace the dynamics of how political institutions and democratic longevity matter for social capital in a way that the statistical analyses would not be able to analyze. In this way, the case study approach enjoys several advantages over large-N statistical analyses to uncover the causal mechanism between social capital, democratic longevity, and political institutions.

Conducting case studies, one of the most critical issues is how we can measure the variable of our interest. Although we had access to survey studies in statistical

analyses, we cannot rely on the same measure in conducting case studies. Instead, we need to focus on a different indicator as a measure of social capital. In this study, I choose to measure levels of social capital by tapping citizens' actions, assuming that citizens' political actions are a reflection of their attitudes. The assumption that citizens' attitudes determine their actions is not new. Actually, most studies in the field of comparative political behavior are conducted based on the same assumption. Discovering what citizens' attitudes is not the only motivation for conducting comparative studies. Rather, the reason why these studies are valuable is because they subsequently provide insights on how citizens behave politically. For instance, Inglehart (1997) contends that those who are called postmaterialists tend to participate in more unconventional forms of political participation. In a similar manner, Norris (2002) explores the sources of unconventional political actions focusing on citizens' attitudes in each country. Other studies investigating citizens' attitudinal variables emphasize their implications for citizens' actual behavior (see Inglehart 2003; Norris 1999; Inglehart and Norris 2003; Putnam 1995). These studies presume that there is an attitudinal dimension underlying certain behavior. Those who agree with democratic values are more likely to take actions supportive of a democratic regime; on the contrary, those who do not care about democratic values are less likely to engage in actions conducive to democratic governance. Considering these points, it is reasonable to adopt citizens' actions as an indicator of their attitudes. Observing actual behavior is an effective means to measure social capital, because citizens' behavior directly represents their attitudinal dimension in the political system and society. Consequently, case studies in this study examine

citizens' behavior, assuming that their actions are the reflection of social capital in the society.

Having specified that we follow citizens' political actions, another challenge in the measurement issue in my case studies is to determine what kinds of political actions are relevant for measuring social capital. According to Putnam (1993) social capital refers to trust, norms, and social networks that can facilitate cooperation in society. Certainly, to measure the core concept of social capital, survey studies are one of the most effective means as they can capture citizens' attitudes. However, in case studies, I look for different evidence. Specifically, I focus on actions that represent levels of social capital. For instance, political protest by minority groups can clearly reflect racial relations in society. Some scholars have recognized political protest as a political tool used by those who are disenfranchised from the political system (Gurr 1970). Other scholars have noted that for protest to have a substantial effect on public policy, it must disrupt the normal politics (Piven and Cloward 1968; McAdam 1983). Especially, when protest activities are directed at ethnic issues, ethnic relations can be severely disrupted. In this way, citizens' actions are clear indicators of their attitudes in society. Therefore, evidence in case studies complements the findings from the statistical analyses.

7-2: Case Study 1—Baltic Countries

7-2-1: Case Selection

The main purpose of the first case studies is to analyze the relationships between political institutions, democratic longevity, and social capital in the executive-parties institutional dimension. In concrete political settings, I test the validity of hypotheses that have been confirmed in the statistical analyses. Specifically, I examine how the direct-translation-learning hypothesis or the power-sharing-learning hypothesis fare well in specific contexts in which minorities have to struggle for their own survival in heterogeneous environments. If the statistical analyses are correct, we should observe an increase of social capital among minorities under consensus institutions along with a certain period of democratic rule. On the other hand, we should not be able to see any significant effect of democratic rule on social capital under majoritarian institutions.

To test these theories and hypotheses, I have selected the post-independence Baltic countries: Estonia, Latvia, and Lithuania. There are several reasons why I have chosen these Baltic countries as the objects of the first case studies. First, we observe significant cross-national variations in the executive-parties institutions, and these variations make a meaningful comparison possible. Among the Baltic countries, differences in political institutions are the most acute in their citizenship rules toward Russian minorities. While Estonia and Latvia adopted more exclusive citizenship rules toward Russians, Lithuania decided to adopt the citizenship rules with more inclusive

162

natures. As a consequence, while Russians in Estonia and Latvia were excluded from the

decision-making system, those in Lithuania were generally allowed to participate in the

political system as legitimate citizens. Thus, because citizenship rules in the Baltic

countries clearly featured the characteristics of the political institutions in each country, I

adopt citizenship rules as a proxy of the political institutions. Consequently, variations in

citizenship policies allow us to analyze how democratic longevity leads to different

consequences under different political settings.

Second, the Baltic countries provide optimal quasi-experimental settings to test

the theories and hypotheses. Specifically, historical experiences that the Baltic countries

have shared make it possible for us to effectively operationalize key variables, while

controlling for potentially confounding factors. For instance, all of the Baltic countries

experienced a brief period of sovereignty after World War I, and all of them possessed

well consolidated national identities. They also shared the experiences of being

incorporated and controlled by the Soviet Union during the period of 1944 and 1991.

Furthermore, declaring their independence between the period of1990 and 1991, all of the

Baltic countries simultaneously began to democratize their political institutions.

Therefore, we can reasonably assume that the values of democratic longevity and other

confounding factors are constant across the Baltic countries. The only significant

difference we can observe is the difference in their political institutions, citizenship rules.

As a consequence, the similarity in their historical experiences among the Baltic

countries allows us to effectively test theories and hypotheses of this study.

Third, related to the second point, all of the Baltic countries are unitary states with basically no provisions of federal arrangements.[49] Although we need to consider effects of two different institutional dimensions, executive-parties and federal-unitary institutions, it is not an easy task to examine these two dimensions in the same political setting. Therefore, in this section, I focus on the effects of executive-parties institutions. As institutional arrangements in the federal-unitary dimension are almost identical among the Baltic countries, we can attribute the different outcomes in the dependent variable, which is social capital, to the difference in the executive-parties institutions. In other words, the fact that the all Baltic countries are the unitary states effectively controls for a confounding factor of federal institutions.

Finally, variations in the independent variable among the Baltic countries allow us to test the suggested hypotheses. Although the value in democratic longevity is constant among the Baltic countries, values in institutional variables indicate some variances. Regarding the stance toward Russian minorities, Estonia and Latvia adopted rather majoritarian approaches with an objective of excluding them. To the contrary, Lithuania has implemented a more consensus approach toward Russian minorities. Therefore, as the course of a democratic rule, the variances in institutional variables should generate different outcomes in the dependent variable among the three countries. In this way, considering these points, I have adopted the Baltic countries as objects of case studies.

Evidence that I should be looking for in these case studies is whether or not Russian minorities in the Baltic countries have developed interpersonal trust as they experience a longer period of democratic rule. The findings from the statistical analyses suggest that if minorities are placed under consensus institutions, levels of their trust tend

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[49] The Polity III data categorizes Estonia, Latvia, and Lithuania as unitary states.

to be higher as democratic rule prolongs. Hence, we would expect that social capital among Russian minorities in Lithuania will increase as years of democratic rule accumulate. On the other hand, the statistical analyses indicate that minorities would not develop interpersonal trust under majoritarian institutions which are dominated by majorities. Therefore, we would not expect that the experience of democracy fosters trust among the Russian minorities in Estonia and Latvia. Instead, because executive-parties institutions in Estonia and Latvia are dominated by majorities, we should observe actions from Russian minorities expressing their distrust toward the political system and their fellow citizens. Of course, it is hardly surprising that one would see social capital—and interpersonal trust in particular—fail to develop among minorities who are denied fundamental rights to participate in the political system. Yet, the question of whether social capital would develop when such rights are bestowed and protected is far from clear. In previous chapters, I have described and tested theories that state it should under specific circumstances. The comparison of these three cases allows us to test the relationship between political institutions, democratic longevity, and social capital while controlling for other confounding factors.

As an indicator of social capital, I focus on protest activities from Russian minorities. In this study, I measure levels of social capital by tapping citizens' protest actions. Especially, the kind of actions I am interested in is protest activities launched by Russian minorities that address ethnic or cultural issues. When minorities turn to unconventional forms of political actions such as protest, they often suffer from significant levels of grievance (Gurr 1970). To claim their rights in the political system in which they are disadvantages, minorities tend to rely on political protest. Therefore,

assuming that minorities' actions reflect their attitudes in society, I investigate minorities'

protest movements as a measure of social capital.

7-2-2: Background—History of the Soviet Control and the Independence of the Baltic Countries

The Baltic countries share a number of historical experiences. At the end of the 18th

century, the Baltic countries were under the harsh rule of the Russian czar. Following the

Russian revolution, these three countries declared and gained independence in 1918.

However, their independence was short-lived. In 1940, as a result of the Molotov-

Ribbentrop Pact, the Soviet troops invaded the Baltic countries. During this period,

thousands of people were arrested and sent to the Siberian labor camp. In 1941, Hitler's

Nazi intruded the Baltic countries. During the Nazi occupation, thousands of Jews

perished. Once the Russians came back in 1944, thousands more Balts fled to the West

as refugees.

The Soviet Union came back to the Baltic countries in 1944 driving the Germans

out of the territories. During the Soviet era following the end of World War II, the Baltic

countries functioned as constituent Soviet Socialist Republics. Although Moscow

maintained ultimate power, each republic possessed its own legislative body, the local

Supreme Soviet. These legislative bodies were responsible for administrating local

issues. Voters for the local Soviet were citizens of each republic regardless of their

ethnicity. Power in each republic was yield by the local branch of the Communist Party

(CP). However, to make sure that the CP in each republic would remain loyal to the

Soviet Union, Moscow delegated communist officials to serve the most important

positions in the republics.[50]

The Soviet rule imposed significant demographic changes on the Baltic countries.

A large number of Russians immigrated into the Baltic regions of the Soviet empire and

consequently changed the ratio of ethnic Balts to ethnic Russians. Especially, Estonia

and Latvia suffered from the drastic demographic changes. By the end of the 1980s, the

Estonians and Latvians barely maintained a majority status in their respective states, and

the percentage of the Russian population exceeded 30%.[51] For many Russians, Estonia

and Latvia were favored sites for settlements. Russians were brought to these republics

to aid in postwar industrialization and construction, and many of them chose to stay there.

Unlike Estonia and Latvia, however, the percentage of the Russian population had never

exceeded 10% in Lithuania. Levels of industrialization in Lithuania were still low, and

Lithuania was known to be traditionally less hospitable toward Russian settlers.[52]

Although Moscow had maintained a firm grip on the Baltic countries since their

annexation to the Soviet Union, the policy of *perestroika* introduced by Michael

Gorbachev drastically changed the political landscape in the Baltic countries. Political

opening initiated by *perestroika* allowed the Baltic countries to enjoy certain levels of

political freedom. As a consequence, the Balts had begun to explicitly condemn forceful

annexation by the Soviet Union. Furthermore, a series of events that happened in the

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[50] See Petersen (2002). Whenever possible, Moscow tried to delegates "Russified" ethnic Balts who had grown up in the Soviet Union (Petersen 2002). Although they were not accepted by local residents, those Russified Balts assumed enormous political power especially in Estonia and Latvia (Taagepera 1993; Dreifelds 1977). In the case of Lithuania, however, ethnic Lithuanians were better represented in the CP (Petersen 2002).

[51] These figures are taken from Harris (1993).

[52] See Petersen (2002).

Soviet Union pushed the Baltic countries toward their independence. Following the disintegration of the Soviet Union after the failed coup by Communist hard-liners in August 1991, a democratic force in domestic politics and the international community quickly mobilized for the independence of the Baltic Republics of Estonia, Latvia, and Lithuania. Consequently, the Soviet Union recognized their independence in September 1991.

Because the Baltic countries experienced a short period of sovereignty following World War I, these countries considered the task ahead of them as nation-restoration. Asserting their memory of independent states, they did not even consider themselves as "Soviet-successor" states at all (Koisto 1996). The disintegration of the Soviet Union meant for them the restoring their own countries. As a consequence, on their independence, symbols of statehood dating from the interwar period—flags, anthems, insignia—were quickly reinstitutionalized. Thus, having regained their independence, the Baltic countries were to launch their efforts of nation-restoration.

However, the task of nation-restoring did not come easily for them. For those countries in Eastern Europe going through the process of transition from authoritarian rule to democracies, three different projects were required: state-building, nation-building, and the development of autonomous civil spheres (Arter 1995; Linz and Stapan 1996). To reconstruct their nation-states, the Baltic countries had to go through these difficult tasks simultaneously. One of the major difficulties that the Baltic countries faced in the task of nation-restoration was the existence of ethnic minorities in each state. Due to the massive influx of Russian settlers during the Soviet era, the Baltic countries include a significant number of Russians within their populations. The presence of a

formerly dominant ethnic minority can be a potential source of social conflict for all the

newly independent states from the Soviet Union. Certainly, compared with the problems

of mass exodus of ethnic Russians in Muslim republics or the violent crash in Trans-

Dniester, the situations in Baltic countries seemed to be relatively peaceful. However,

the issue of Russian minorities was one of the most difficult issues that the Baltic

countries had to solve in stabilizing their democratic regimes. This issue has been always

a focus of heated debates within each Baltic state. Furthermore, besides controversies at

the domestic level, political negotiations with the Russian federation have been strained

at times due to the sensitivity of this issue.[53] In this way, following their independence,

the Baltic countries were in a position to determine their stances toward Russian

minorities. Specifically, the issue of citizenship had emerged as one of the most critical

issues to deal with. As this issue could determine the overall direction of political

landscapes in the Baltic countries, a number of actors showed a significant amount of

concerns with this issue.

7-2-3: Citizenship Rules—A Fundamental Component of Executive-Parties Institutions

In reconstructing their nation-states, one of the most immediate issues that the Baltic

countries had to address was the issue of citizenship. Put differently, they had to decide

who would constitute the legitimate citizens in restored states. In this context, three

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[53] See for example, Taagepera (1993), Klatt (1994), Girnius (1994, 1996), Park (1994, 1995).

questions emerged. Who could become citizens in the newly independent Baltic countries? What conditions would people have to meet to become citizens? What would happen to those who were excluded from the process? (Melvin 2000, p. 130). These questions were critical for those ethnic minorities who resided in the Baltic countries all their lives. Furthermore, depending on the country, minorities were even considered as foreigners with their citizenship stripped. While Lithuania adopted citizenship laws with more inclusive natures, Estonia and Latvia decided to exclude Russian minorities with more exclusive citizenship policies. Consequently, Russian minorities in Estonia and Latvia faced a number of difficulties in newly independent states.

For any nation-state, the issue of citizenship is extremely important because the distinction between citizens and non-citizens fundamentally determines who are eligible for receiving the benefits of political and social rights. Janoski (1998) defines citizenship in a following manner: "Citizenship is passive and active membership of individuals in a nation-state with certain universalistic rights and obligations at a specified level of equality" (p. 9). Starting from this definition, he summarizes citizenship in the following four points. The first aspect of citizenship is to determine membership in a nation-state. Internally, citizenship establishes "personhood" within a realm of defined geographical territory. In a territorial arena, citizens are given certain rights. Furthermore, the external approach is concerned with rights for those who reside outside of the territorial unit. Second, citizenship entails active and passive rights and obligations. While passive rights are mainly concerned with citizens' existence, active rights include present and future capacities to influence decision-making (see Thompson 1970). Third, citizenship rights are universalistic rights which are enacted into law and exercised for all citizens;

therefore, they are not informal, unenacted or particularistic rights. According to this definition, citizenship rights have to be equally enacted by the state for all citizens. Fourth, citizenship refers to a statement of equality, in which rights and obligations are balanced within certain limits. Equality among citizens may not always complete, but it is often guaranteed at a procedural level. Yet, to secure the equality, citizens need to fulfill their obligations in the forms of payment or service. As these four points show, citizenship is a critical factor defining scope of rights that citizens can enjoy within a territorial boundary.[54] Consequently, non-citizens are in many cases deprived of various rights. They may be denied the rights to run for office, form political parties, or even to vote. Therefore, if an ethnic group is excluded from the eligibility for citizenship, the status of the group in the political system tends to be extremely unstable. Obviously, the political rights associated with citizenship provide one with opportunities to participate in the political system, to make legitimate demands on the government institutions, and to hold politicians accountable (Carens 1989).[55]

Political inequalities between citizens and non-citizens are especially acute in Estonia and Latvia. In Estonia, a law passed in the Estonian Supreme Council states that only citizens would be able to vote in national elections. The attempt to amend the law to open the franchise to non-citizens permanent residents was defeated.[56] What this meant

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[54] Janoski's (1998) definition of citizenship is rather broad incorporating rights and obligations. Other scholars adopt different definitions of citizenship. For instance, legal definitions of citizenship places an emphasis on simple membership that turns to naturalization processes (Brubaker 1992; Hollifield 1992). Other definitions are mainly concerned with "being a good citizen," which refers to knowing citizenship rights but also to volunteering for activities (Roelofs 1957). Furthermore, Turner (1990) includes "competence" in this definition of citizenship though the requirement for competence differs in "active" rights and "passive" rights.

[55] Citizenship also includes the provisions of social rights. In many cases, having citizenship guarantees an access to essential needs in daily lives (Ginsburg 1990). Concerns for social rights were even more intense in post-communist societies due to deteriorating living situations (Barrington 1995).

[56] "State Assembly Passes Law on Elections", 1992, FBIS Daily Report: Central Eurasia, 8 April, p. 71

was that non-citizens were suddenly stripped of their right to vote in March 1990.

Consequently, the citizenship rules in Estonia had a significant impact on the 1992

presidential policy (Barrington 1995). Similarly, excluding non-citizens form the

electoral process had a severe impact on the outcome of the first national election since

independence (Linz and Stepan 1996). As further restrictions on political rights, non-

citizens in Estonia are not allowed to hold a national or local political office or join

political parties (Bungs, Girnius and Kionka 1992, p. 39). As a consequence, although

non-citizens are allowed to vote in local elections, their choices are limited. Those

political restrictions imposed on Russian minorities make it difficult for Russian

candidates to form their party and win seats in the legislature. Therefore, it is unlikely

that claims made by non-citizens would affect public policies in the legislature.

In the case of Latvia, restrictions for non-citizens are even harsher. Non-citizens

are not allowed to vote even in local elections. Non-citizens are prohibited from holding

state office, from serving as judges, and from working for diplomatic and consular

service. In addition, non-citizens face severe restriction in serving police force or

security related positions. Various social rights are also restricted for non-citizens. For

instance, they are not allowed to own lands and other natural resources. Although these

issues have been addressed in a series of subsequent draft laws, discriminatory policies

against non-citizens still remain (Barrington 1995). Political and social rights for non-

citizens are severely limited.

Certainly, it is true that citizens and non-citizens are treated differently in any

country. However, what is particularly critical in the context of the Baltic countries is

that even Russians who resided in the states all their lives were suddenly stripped off

172

their political and social rights. Consequently, Russian minorities were excluded from the political system, and in some cases, they were denied their rights to live in the country where they were born. Considering these points, the citizenship issue in the Baltic countries is concerned with one of the most fundamental principles of liberal democracy in the most acute sense: guarantee and protection of minority rights. Obviously, just taking away citizenship without any safety measures means the violation on minorities' rights. On the other hand, granting citizenship to minority groups means sharing some portion of power in the political system. Therefore, the citizenship issue in the Baltic countries has a strong and direct impact on the nature of political institutions. Specifically, the citizenship issues can determine whether the political institutions adopt majoritarian or consensus characteristics.

While many studies adopt electoral systems as a variable representing the nature of political system, electoral rules are not certainly the only factor determining the nature of a political system. According to Lijphart (1984, 1999), effects of constitutional choice have to be judged by a broader political framework. More specifically, as elements of democracies that distinguish political systems in the executive-parties dimension, he raises another four points besides electoral systems: party systems, cabinet composition, executive-legislative relations, and interest group pluralism. These factors obviously determine the exclusive or inclusive nature of a political system. Besides these institutional factors, however, citizenship rules sometimes can be more crucial on the conceptual definition of majoritarian/consensus institutions. For instance, PR electoral systems cannot be consensus institutions if only one group in a segmented society can

vote. Acting on the fundamental aspect of a political system, citizenship rules can

significantly curtain the effect of electoral rules.

Figure 7-1

Executive-Parties Institutions and Interpersonal Trust for Minority Groups
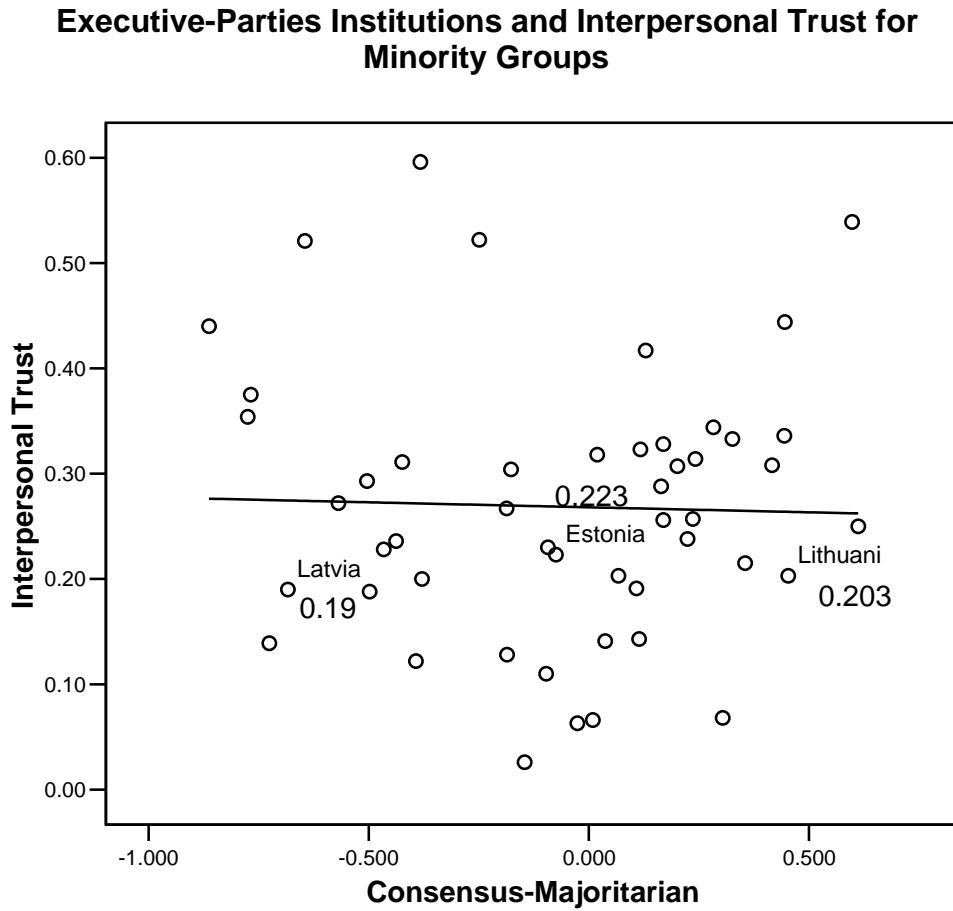
Figure 7-1 indicates the relationship between executive-parties institutions and

interpersonal trust among the minority sample. Against our expectation, Lithuania is

located at the right end of the institutional continuum, meaning that its political

institutions are more majoritarian. On the other hand, Estonia and Latvia show more

consensus features of their political institutions, located toward more left on the

continuum. What is noteworthy in this figure is that minority respondents in Estonia and

Latvia exhibit less interpersonal trust than we would expect from the statistical model,

whereas minorities in Lithuania show higher levels of trust. Why do we observe this

discrepancy? One potential reason for this discrepancy can be attributed to measurement

errors in independent variables—consensus or majoritarian institutions. While political

institutions in Estonia and Latvia appear to be more consensus types at a glance, it is

possible that exclusive citizenship rules in these countries significantly restrict the entry

of minorities into the decision making systems. Therefore, it would make more sense to

move these two countries toward more right on the institutional continuum, thus

narrowing the gap between the theoretical prediction and actual levels of trust.

Regarding Lithuania, the opposite can be done. Because Lithuania adopts fairly inclusive

citizenship rules, its political institutions should possess more consensus characteristics

than they look in the figure. As a consequence, moving Lithuania somewhat toward left

gives us a better prediction. Yet, one should note that impacts of citizenship rules in

these three countries are much stronger than in other countries. Because the proportions

of Russian minorities in the Baltic countries are significantly high, fundamental political

landscapes depend on the types of citizenship rules in these countries. This situation does

not usually hold in other countries where the definition of legitimate citizens is by large

part agreed among people.

In this way, citizenship rules are a powerful factor to regulate the exclusive or inclusive nature of a political system. This is especially the case in the case of the Baltic countries, which launched the task of nation-building following the collapse of the Soviet Union. Therefore, I adopt citizenship rules in each country as a proxy of overall executive-parties institutions. Using citizenship rules as a measure of political institutions, I examine how democratic rule has affected the attitudes of Russian minorities in each country. In the following sections, I closely look at citizenship rules that each country adopted.

7-2-4: The Case of Estonia

Estonia approached the issue of citizenship based on the concept of restored state. That is, because the occupation of Estonia by the Soviet Union was illegal, Russians and other ethnic groups who migrated to Estonia during the Soviet era should not have any inherent rights. According to this notion, the legal basis of citizenship can be found only in the interwar republic. Therefore, only those Russians who came to Estonia during the interwar period and their descendents were qualified for Estonian citizenship. This exclusive nature of Estonian citizenship laws became a focus of intense controversies.

The argument that Estonians adopted regarding citizenship rules took on an emotional note. The Soviet occupation of Estonia resulted in destruction and mass killings. The Russians came to Estonia with the Soviet force and had controlled it for several decades. Considering levels of atrocities committed by Russians, it is not

surprising that Estonians emotionally dealt with Russian minorities. Petersen (2002) explains the origins of exclusive citizenship rules in terms of emotions. He argues that Estonians tried to exclude Russians from the political system because they were resented due to the experience of forceful occupation by the Soviet Union.

At the same time, however, Russians now living in Estonia had a reason to fight against the exclusive citizenship laws. The majority of these Russians came as economic migrants in search of better lives, and they did not come as military, police, or administrative officials. For them, moving to Estonia was not like moving to another country. Russians regarded the Baltic republics as a mere extension of the "Russian motherland" (Boeck 1993). Also, many of the Russians living in Estonia were either born there or had lived there for decades. Therefore, the Russian minorities argued that they should be given automatic citizenship in the former republics (Chinn and Kaiser 1996). In this way, the two sides had high emotional stakes regarding the citizenship rules in Estonia.

In this situation, one of the first issues that the legislature of newly restored states had to address was to establish new citizenship rules. Right after independence, Estonia was represented by a legislature that had been elected under Soviet election rules. The Estonian National Front, whose position concerning Estonian Nationalism and independence was more moderate than other parties, won the most votes in the last Soviet election in March 1990. They won 49 seats in the 105-seat Estonian Supreme Soviet. The Free Estonia Association, whose position was more radical, won 29 seats, and the remaining 29 seats were taken by hard-line Soviet candidates under the workers'

collective umbrella called Intermovement.[57] Following the failed Soviet coup, a special

commission on citizenship submitted Estonia's first draft law on citizenship to the

legislature (Barrington 1995). The nature of the initial draft was inclusive and contained

the following provisions:

- Citizens from the interwar state and their descendants would be granted automatic
  citizenship
- Permanent residents during the transition period to independence would apply for
  citizenship and waive the two-year naturalization period, language exam, and ten-
  year residency requirement.
- For others, the requirements listed above and an oath of loyalty would be
  required.
- Elimination of automatic citizenship for spouses of citizens, but allowed parents
  to pass on citizenship to their children (Citied by Peterson 2002, p. 143).

The inclusiveness stipulated in these provisions sparked a controversy, and the legislature

was to amend the draft on the floor.

As a consequence of heated floor debates, the legislature decided to reenact the

Estonian citizenship law of 1938 with a few amendments (Kolstoe 1995). This new law

was to provide citizenship only for pre-1940 citizens and their descendants. Also, the

special waiver for permanent residents during the transition period was eliminated. As a

result, the citizenship law actually enacted in Estonia was strictly exclusive for Russian

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[57] Regarding these figures, see Petersen (2002).

minorities. The citizenship law prevented about 75% of the non-Estonians from receiving citizenship.

The implications of this citizenship law had significant impact on the political and social conditions for Russians. Because the Estonian legislature declared that only those with restored citizenship have a right to vote in national elections, a large number of Russian speakers were excluded from the voting process for the referendum on the new Estonian constitution.[58] Although the new Estonian constitution allowed non-citizens various social protections including pensions, unemployment benefits, and the right to conduct business, they were conditional and these rights could be restricted by later legislative acts (Kolstoe 1995). With the provisions, the citizenship rules in Estonia rendered the political system in Estonia extremely majoritarian favoring the majority group, ethnic Estonians. Consequently, the majoritarian nature of the political system caused serious neglects for Russian minorities.

Facing the exclusive citizenship rules, Russian minorities in Estonia took actions. The Russian-speaking community launched a protest in Tallinn on March 21, 1992. Approximately 4000 people participated in the protests and demanded ethnic, linguistic, cultural, and religious protections and rights for minorities.[59] In this demonstration, the Russian minorities expressed their dissatisfaction toward the political system and asked for the recognition as an ethnic minority with legitimate rights.

The effect of the new citizenship legislation and constitutional changes on the political landscape was immediate and obvious. The outcome of the first post-independence elections in September 1992 clearly reflects the intentions of the exclusive

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[58] FBIS-SOV-92-059, p. 80.
[59] FBIS-SOV-92-059, p. 81.

citizenship rules in Estonia: Estonians successfully excluded Russians from the political system. As a result of the election, the Popular Front ceased to exist as a tangible political force because they demanded that the legislature should adopt more inclusive citizenship laws in the citizenship debate.[60] Instead, the Fatherland Party, whose stance was more nationalistic emerged as a dominant political force in the legislature. Despite the large Russian population in Estonia and the 23 Russian representatives in the former Supreme Soviet, not a single Russian representative was able to gain a seat in the new Riigikogu.[61] Russian minorities expressed their concerns that the new parliament might strictly regulate the scope of rights for non-citizens.[62] Witnessing the new political landscape dominated by Estonians, Russian minorities feared that they would face harsh discriminatory policies because they did not have representatives sympathetic to the conditions for Russians (Barrington 1995). Thus, exclusive citizenship laws strictly prevented Russian minorities from entering the decision-making process in Estonia.

Among several legislations regarding the citizenship rules, the law on alien residents, which was agreed in the summer of 1993, had a large impact on the destiny of Russian minorities.[63] The law on aliens required that all non-citizens apply for five-year residency permits, regardless of how long they lived in Estonia during the Soviet period. Furthermore, former Soviet military personnel and KGB officers were excluded from the eligibility for applying for a residency permit. This legislation severely threatened the

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[60] See Petersen (2002).

[61] "Russian Envoy Says Elections Not Democratic", 1993, FBIS Daily Report: Central Eurasia, 27 January, p. 64.

[62] "Citizenship Law, Russian Problem Examined" FBIS Daily Report: Central Eurasia, 23 April, 1992, p. 55.

[63] Among a series of legislations regarding the citizenship laws, the legislature expanded the definition of citizens at times. For instance, on March 23, 1993, the legislature amended the citizenship law so that it could expand those individuals that were qualified for citizenship. The March 1993 legislations stipulated that if one of the individuals' parents is Estonian citizen, their children were also granted citizenship. See FBIS-SOV-933-055, p83.

legal status of Russian-speakers who had been born and raised in Estonia. The Russian

community perceived this legislation as a serious violation of their social and political

rights.

This legislation in 1993 outraged the Russian-speaking community in Estonia.

On June 23, 1993, Russian Foreign Minister Andrei Kozyrev compared Estonia's

citizenship rules to apartheid and claimed that this stance would lead to the "ethnic

cleansing" of non-Estonians through quiet means.[64] As a reaction to a harsh legislation,

predominantly Russian towns of Narva and Sillamae launched a secessionist movement

demanding immediate autonomy. On July 16 and 17, the referenda were held. Among

those who participated in the Narva plebiscite, more than 97% voted for autonomy from

Estonia, and 98.6% of the Sillamae voters supported the territorial autonomy from

Estonia.[65] However, the Estonian government declared the referenda illegal, on the basis

that the constitution does not allow for autonomous territorial units. Regardless of the

outcome of these referenda, the fact that Russian minorities explicitly expressed their

desire to secede from Estonia clearly showed the failure of political and social integration

of Russian minorities. Inevitably, a bitter and awkward atmosphere lingered both among

ethnic Estonians and Russians. This incidence symbolically represents the divided civil

society in Estonia.

Although the action for autonomous regions did not achieve its end, it pressed the

government to adopt softer stances toward Russian minorities. The Estonian government

adopted the amendment on the law of resident aliens, which guaranteed that non-citizens

living in Estonia prior to July 1990 would receive residency permits. Also, instead of

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[64] "Russia Sharpens Rhetoric Against Estonia" Summer of Daily News Brief, Central and Eastern Europe, RFE/RL, vol. 2, no. 27, 1993, p. 17.
[65] FBIS-SOV-93-140, pp. 78-79.

expiring passports of the former Soviet Union, the Estonian government issued a document called an "Alien Passport" that would allow non-citizens to travel freely and enter Estonia with no need for a visa.

In the late 1990s, the Estonian government continued to soften its stance toward the Russian-speaking minority. In July 1998, the Estonian Citizenship and Migration Board agreed to accept application for permanent residence permits, which would replace the policy of granting only five-year residence permits.[66] Furthermore, on December 8, 1998, the Estonian government decided to liberalize requirements for naturalization.[67] The amendment grants eligibility for Estonian citizenship to those children under fifteen who were born after February 26, 1992. This new law stipulates the mechanisms in which the eligible children's parents could apply for citizenship on the child's behalf.[68] This legislation increased the Estonia's chance of being accepted to the European Union and settled the potential conflict with Russia over the citizenship issues for the Russian minorities (Petersen 2002).

7-2-5: Summary (Estonia)

Despite the fact that there was an option of adopting an inclusive citizenship rules immediately after independence, Estonia instead chose to adopt exclusive citizenship rules. Inclusive citizenship rules could not stand democratic force that was dominated by

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[66] "Estonia Begins to Recognize its Noncitizens" the Current Digest of the Post-Soviet Press, vol. 50, p. 16.
[67] "Estonian Parliament Passes Amendments to Citizenship Law" RFE/RL Newsline, December 9, 1998.
[68] However, the opponents of this bill expressed their concern that this process would not guarantee the situation where applicants for citizenship have fluency in Estonian. They argue that applicants have to pass a language proficiency exam.

ethnic Estonians (Petersen 2002). Ironically, it was a democratic system with popular

input that prevented Russians from entering the political system. As a result, the

citizenship rules in Estonia excluded a large portion of Russian minorities from the

political system, thus rendering the political institutions predominantly majoritarian. In

the face of the difficult situation, Russian minorities protested against the exclusive

citizenship rules by demanding autonomy from Estonia. Consequently, these social

conflicts undermined social capital in the newly independent state. Although the

principle of exclusive citizenship rules later became softened due to the pressures from

Russian minorities and the international community, the wounds the debates over

citizenship rules were deep in society.

7-2-6: The Case of Latvia

As in the case of Estonia, Latvia's independence movement was mainly led by a popular

front party, the Latvian Popular Front (PFL). Supporting *perestroika*, the PFL tried to

reform the society within the existing legal framework. Therefore, they did not intend to

supplant communist rule.[69] The PFL did not pose any direct threat on the Russian-

speaking minorities in Latvia during the early years of its rule. In the last election during

the Soviet era in 1990, the PFL obtained 139 out of 201 seats in the Latvian Supreme

Soviet, which was a greater proportion than that of ethnic Latvians (Lievan 1993).

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[69] The self-description of the PFL notes that PFL seeks to take initiate "in the radical restructuring of our society in accordance with the principles laid down in the resolution of the 27th CPSU Congress and the 19th all-union party conference" (FBIS-SOV-88-223; see Petersen (2002), p. 145-146).

Similarly, in Riga, a mainly Russian speaking city, the candidates from the PFL captured 31 out of 69 seats. In this way, the PFL received support not only from Latvian nationalists but also from Russian minorities.

Due to its dominant power in the legislature, the first initiative regarding the citizenship issue was led by the PFL. Initially, PFL leaders called for an inclusive citizenship rules, in which all permanent residents would be granted citizenship in the new state. For instance, Andrejs Pantelejevs, the chairman of the Human Rights Commission in the Parliament and Anatolijs Gorbunovs, the chairman of the legislature, demanded a five-year residence and no language requirement for the process of naturalization (Kolstoe 1995 p. 123).

Yet, there were other politicians claiming a more exclusionary approach. For instance, Visvaldis Lacis, the leader of the Latvian National Independence Movement, noted that Russians in Latvia were politically "nobodies" (Petersen 2002, p. 146). He contended that although Russians should have social rights, "they should not have no more [political] rights than he himself would have if he were to take a trip to Sweden."[70] This kind of exclusive postures had been dominant in the Latvian debate over the citizenship issue in the following several years (Petersen 2002). Due to the history of Soviet control of Latvia, there was a strong atmosphere against granting a wide range of political rights to Russian minorities.

In October 1991, the Latvian government adopted the first resolution on a law regarding citizenship and naturalization. The proposed law stated that Latvia was a restored state and that its August 23, 1919 law on citizenship still existed. According to

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[70] Cited by Kolstoe, Russians in the Former Soviet Republics from "Vivaldis Lacis: 'Vy ne grazhdane vtorgo sorta, vy nikto'" Sovetskoe Molodezh, September 11, 1991.

the resolution, naturalization would require 16 years of residence for those applicants

who were neither interwar citizens nor direct descendants of a Latvian citizen.

Furthermore, applicants for citizenship were required to take an oath of loyalty to the

Latvian Constitution and pass a Latvian proficiency exam. Although the law passed the

first reading in Parliament, it eventually failed because it did not receive the second and

third readings as required in the Constitution.[71] What was clear at this point, though, was

that non-citizens—those who could not trace their origins to the interwar republic—

would not be allowed to vote in the June 1992 election (Petersen 2002).

The 1993 election, the first election after Latvian independence, drastically

transformed the distribution of power in Latvia. The Latvian Popular Front disappeared

from the political scene and splintered into smaller parties. Among them, only the

moderate Democratic Center Party managed to capture some seats. The focus of the

electoral competitions was the citizenship issue for Russians. Specifically, there was a

heated debate over who would be qualified as legitimate citizens in Latvia. Parties

including the Latvian Way, the LNNK, the Latvian Farmer's Union, the Christian

Democrats, and the Democratic Center Party demanded some kind of residence

requirements and language proficiency in the electoral campaign. As a consequence of

the 1993 election, the Latvian Way became the dominant political force with a coalition

of the Farmer's Union. However, the election of 1993 revealed the cumulative problems

that the non-Latvian community was facing. Because of the law that allowed only

citizens to be eligible to vote, 34% of the population was disenfranchised. The

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[71] The reason why this law did not pass the reading process in the parliament was because the Latvian parliament, which was elected under the Soviet system at that time, decided that only the reconstituted Saeima could rule on the passage of a citizenship and naturalization law. As a result, there was a period of uncertainty regarding the citizenship policy, and this caused serious concerns among the Russian community about their future status in Latvia (Petersen 2002, p. 147).

composition of the electorates was skewed favoring ethnic Latvians, with about 78% of the eligible voters being ethnic Latvians (Pettai and Kreuzer 1999). Due to the restrictions imposed on non-citizens, the electoral process was highly majoritarian favoring ethnic Latvians.

In June 1994 the Saema passed a citizenship and naturalization law that went through the required three readings in the legislature. However, President Guntis Ulmanis urged the reconsideration of the bill by returning it to the legislature. The main issue in these debates was strict quotas assigned in the process of citizenship application. These quota provisions sparked protests among the local Russian-speaking population and Russian politicians. Also, the Council of Europe and the United States also expressed concerns for the provisions of strict quotas and subsequently pushed President Ulmanis to reject the bill (Petersen 2002). Following the debate, on August 11, 1994, Ulmanis finally signed a revised version of the law that did not contain strict numerical quotas. According to this version, residents of Latvia who meets the following conditions can apply for naturalization:

- Have permanently resided in Latvia for at least five years, counting from May 4, 1990 of from the date of a permanent residence permit.
- Have a command of the Latvian language.
- Know the basic principles of the Latvian constitution.
- Know the national anthem and the history of Latvia.
- Have a legal source of income.
- Have taken an oath of loyalty to Latvia

- Have officially renounced any previous citizenship.

- Individuals who served in foreign security forces or have been convicted of serious crimes cannot become naturalized citizens. (cited by Petersen 2002, p. 148).

Additionally, the 1994 citizenship law stipulates the "window" system, limiting who may apply for naturalization at any given time. According to this system, during the first "window" for naturalization in 1996, only those who were born in Latvia and whose ages were between 16 and 20 were allowed to apply for citizenship. In 1997, the window allowed those born in Latvia after 1972. Because of this restriction imposed on the window system, a significant number of non-citizens were not permitted to apply for citizenship and consequently excluded from the political system.

Although the bill was approved by the OSCE and other international organizations that were concerned with the minority issue in Latvia, the window system sparked a series of protests from the Russian Federation and Russian-speaking minorities in Latvia. For instance, Boris Tsilevich, a Popular Front activist and an ethnic Russian member of Parliament, noted that Latvia's post-independence policy on citizenship and naturalization was a "betrayal of those Russians who campaigned for Latvia's independence."[72] He claimed that the law unfairly limited the opportunity for Russian speakers to obtain naturalization, thus hindering their entry into society and the political system (Petersen 2002). In this way, exclusive citizenship rules adopted in Latvia resulted in serious distrust among Russian minorities.

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[72] From John Ginkel's interview with Boris Tsilevich on November 30, 1998, cited by Petersen (2002. p. 148).

In the spring of 1998, the debate over the citizenship issue caused an even more controversial consequence. In March, elderly Russians had two rallies over low living standards and strict citizenship rules. The first rally took place on March 3, 1998, and the number of demonstrators was approximately 1000. The police relied on force to disperse the protesters, and police violence resulted in resentment among Russian speakers.[73] Russian minorities organized the second rally on March 17, 1998, and more than 2000 elderly Russians participated. This time, the rally concluded peacefully. Over these incidents, the Russian Federation Council expressed support for the Russian-speaking population living in Latvia and called for the Russian government to freeze trade and impose economic sanctions against Latvia if "discrimination against the Russian-speaking population" continued.[74] As can be seen in these incidents, the debate over the citizenship issue resulted in serious social tensions, and the turmoil over the issue attracted wide attentions from international actors.

Actions from international actors pressed the Latvian government to soften its citizenship rules against Russian minorities. On June 22, 1998, the Latvian Parliament approved amendments to the citizenship law. The main changes were the following three points: (1) citizenship would be extended to the children of non-citizens born after August 21, 1991, (2) the window policy for naturalization would be abolished, and (3) language tests for applicants of the age over 65 would be simplified.[75] However, the

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[73] Press coverage of the rallies is well documented in the RFE/RL Newsline. See especially, "Police Use Force to Disperse Demonstrators in Riga" March 4, 1998; "Russia, Latvia Spar Over Riga Police Action" March 6, 1998; Paul Goble, "Playing the Ethnic Card" March 10, 1998; "Russian-Speakers rally Again in Riga" March 18 1998; Paul Goble, "Trapped by Democracy?" March 18, 1998; Petersen (2002).
[74] "Russian Federation Council Slams Latvia" RFE/RL Newsline, March 13, 1998. Other violence incidences includes the bombing on the Russian embassy near Riga and the participation of a number of leading politicians in a march that characterized Latvian veterans of the Waffen-SS. See Economist Intelligence Unit, Latvia (Country Profile) London, June 22, 1998.
[75] "Latvian lawmakers Adopt Citizenship Law Amendments" RFE/RL Newsline, June 23, 1998.

opponents of these amendments were successful in delaying the promulgation of these laws until they could determine whether the public wanted to vote on the amendments through a referendum. For the referendum to happen, at least 10% of the eligible voters must sign a petition in support of a referendum.[76] Consequently, more than 224,000 signed the petition, which was far more than the required 131,000. As a result, the referendum was scheduled to be held on October 3, 1998, alongside Parliamentary elections.[77]

The outcome of the referendum barely confirmed the amendments on the citizenship laws of June 22, 1998. About two-thirds of the electorates participated, and 53% voted in favor and 45% against.[78] While there was some concern that this did not reflect the actual ethnic relations in Latvia, these amendments have been passed. As a consequence, these amendments lowered the hurdles for ethnic Russians to apply for citizenship in Latvia.[79] As a consequence, it became much easier for the Russian minorities to apply for citizenship in Latvia.

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[76] "Latvian deputies demand Delay in Publishing Amended Citizenship Law" RFE/RL Newsline, June 29, 1998.
[77] Jan Cleave, "Latvia to Hold Referendum on Citizenship Law Amendments" RFE/RL Newsline, August 25, 1998.
[78] The Baltic Times Staff, "Latvians Voters Say 'yes' to Amendments," The Baltic Times, October 8-14, 1998, pp. 1 and 9.
[79] Tsilevich expressed some concerns for the wording of the referendum. The question in the referendum reads "do you want the law of 22 June 1998, 'The Amendments to the Citizenship Law to be repealed?" In this case, a vote of "no" actually means a desire to change the existing laws on citizenship and naturalization. From John Ginkel's interview with Boris Tsilevich on November 30, 1998; see Petersen (2002).

7-2-7: Summary (Latvia)

As in the case of Estonia, although there was an option for inclusive citizenship rules, a heated debate over the issue eventually led to the adoption of exclusive citizenship rules with some discriminatory provisions for Russian minorities. Ironically, the democratic force which was overwhelmingly composed of ethnic Latvians made it impossible for the legislature to adopt inclusive citizenship rules. In this situation, Russian minorities reacted to the exclusive citizenship rules by expressing their dissatisfaction with and distrust towards the political system. Consequently, protests by Russians led to the clash with police force, and a series of protests seriously divided civil society in Latvia along ethnic lines. In this way, as in the case of Estonia, democratic force under majoritarian institutions dominated by ethnic Latvians excluded Russian minorities from the political system, and the democratic rule consequently destroyed social capital among Russian minorities.

7-2-8: The Case of Lithuania

The citizenship rules in Lithuania took on a rather different note. In November 1989 when Lithuania was still part of the USSR, the Supreme Soviet of the Lithuanian Republic passed a law on citizenship. This law included a provision granting automatic citizenship to those who had resided during the pre-Soviet Period. According to this law,

all people who had been citizens prior to June 15, 1940 and all their descendents residing

in Lithuania were to be citizens of Lithuania automatically.[80] The law also provided

automatic citizenship for permanent residents who had been born in Lithuania and those

who could prove that one of their parents or grandparents had been born in the republic.

Those residents who could not meet the criteria for automatic citizenship could become

naturalized citizens by signing a loyalty oath supporting the Lithuanian constitution and

the republic's sovereignty (Barrington 1995, p. 733). The citizenship law in Lithuania

became even more inclusive when Lithuania signed a treaty with Russia in July

extending citizenship to those who entered Lithuania after 1989 but before the 1991

treaty. What is noteworthy in the Lithuanian case was that there was no language

requirement for non-Lithuanians in order to obtain automatic citizenship as dictated in the

1989 law and the 1991 treaty. Thus, the nature of citizenship rules in Lithuania was

fairly inclusive from the beginning.[81] Therefore, most of the Russian minorities were

allowed to participate in the political system in Lithuania. In this sense, political

institutions in Lithuania after its independence possessed highly consensus

characteristics.

    After the initial law on citizenship was passed, there were several changes in the

citizenship rules. The Sajudis-led Parliament that was elected in 1990 installed a new

citizenship law in December 1991 following the restoration of Lithuanian independence.

This new law dropped the automatic citizenship for permanent residents but maintained

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[80] See Barrington (1995)
[81] However, for those who wanted to obtain Lithuanian citizenship but not qualifying for automatic
citizenship under the 1989 law and the 1991 treaty, Lithuania adopted a mechanism for naturalization that
was as difficult as that in Estonia or Latvia. According to the provisions, in order to become a naturalized
Lithuanian citizen, the 1989 law stated that applicants need to maintain permanent residence in the republic
for ten years, demonstrate their proficiency in Lithuanian, possess a permanent source of legal income, and
take a loyalty oath supporting the constitution and Lithuanian republic (Barrington 1995, p. 734).

the criterion for citizens of the interwar republic. Therefore, residents who had not filed for automatic citizenship between the period of 1989 and 1991 would have to go through the naturalization procedures if they wanted to obtain Lithuanian citizenship.

Those seeking naturalization under the 1991 law had to face basically the same processes, but several points were made more explicit in the 1991 citizenship law. For instance, the law clearly stated that one may not hold dual citizenship with the Soviet Union. Also, proficiency in the Lithuanian language was codified according to both a written and spoken exam. According to Barrington (1995), the 1991 law has a provision that that allows Lithuanian government to tighten the citizenship law at later stages. The law states that "persons meeting the conditioned specified in this Article shall be granted citizenship of the Republic of Lithuania taking into consideration the interests of the Republic of Lithuania."[82]

In this way, changes that have been subsequently made in citizenship rules in Lithuania imposed somewhat strict restrictions on the criteria of obtaining citizenship. However, there has been little tension reported since the guidelines for automatic citizenship were fairly inclusive. During the two-year window opportunity between 1989 and 1991, more than 90% of the population in Lithuania received automatic citizenship.[83]

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[82] From the law on Citizenship, Law of the Lithuanian Supreme Council, December 5, 1991. Unofficial translation as cited in Barrington (1995).
[83] See Petersen (2002), p 151.

7-2-9: Summary (Lithuania)

Although there were several twists and turns in the citizenship laws in Lithuania, the pattern shown in this case is different from that in Estonia and Latvia. Lithuania adopted an inclusive citizenship rules at a fairly early stage of its nation-building process. Lithuania did not back down from the initial legislation despite the fact that there was a chance for that in December 1991 when the Sajudis-led legislature passed its first law on citizenship for the first time after independence (see Petersen 2002). Inclusive citizenship laws have made it possible for Lithuanians and Russians to share some power, attaching the political institutions with more consensus attributes. Consequently, most of the Russian minorities who resided in Lithuania were allowed to take part in the decision-making process. Due to its inclusive nature, the citizenship issue did not become a main source of conflict in Lithuania, which makes a sharp contrast with the cases of Estonia and Latvia. The case of Lithuania has demonstrated the effectiveness of consensus institutions in generating social capital among minorities.

7-2-10: Democratic Longevity—After 15 Years of Democratization

In the previous sections, I have analyzed how different types of political institutions affected social capital in the Baltic countries, using citizenship rules as a proxy of

political institutions. In Estonia and Latvia, in which exclusive citizenship rules were adopted, I found that social capital among Russian minorities remained low. In these countries, Russian minorities expressed their dissatisfaction and distrust by launching protests against strict restrictions for citizenship. The tension surrounding the citizenship issue resulted in destabilization of the political system and consequently undermined social capital. Thus, majoritarian institutions in Baltic countries have poor records of generating social capital. On the other hand, however, Lithuania adopted inclusive citizenship rules. Due to its inclusive nature, Russian minorities were allowed to take part in the decision-making process. As a consequence, Russian minorities did not cause any major tension in Lithuania. Unlike its northern neighbors, Lithuania's consensus institutions successfully managed the period of early transition by effectively addressing the problem of Russian minorities. Differences in citizenship rules among the three countries generated rather different attitudes among Russian minorities.

These events happened during an early stage of nation-building and democratization. Moving on from the period of significant uncertainty, the Baltic countries are now in a different stage of democratization. Because about 15 years have passed since the time of their independence, we would expect that these countries are now in an advanced phase of the learning process. To confirm the proposition that minorities learn to trust others through their experiences with political institutions, it is necessary to examine more recent situations surrounding Russian minorities. If the propositions of institutional learning are correct, we should still observe different outcomes among the three countries. Due to the learning effect, furthermore, we should

observe larger variances among the three Baltic countries. For this purpose, I will briefly examine more recent events concerning the issue of Russian minorities.

Recently, the issue of education reform has been the focus of heated debates. Along with the citizenship issue, the educational issue is deeply concerned with cultural aspects of Russian minorities. Because education is one of the most important tools through which people pass their social and cultural values to later generations, the educational issue can have a significant impact on Russian minorities' identities. Recently in Latvia, the government has been trying to implement a series of educational reforms. The plan adopted in 1998 intended to increase the role of Latvian in secondary education. According to the law, secondary education in state and municipal general educational institutions must be conducted mainly in Latvian, starting in 2004. That is, with a few exceptions, most of the curricula in Russian schools have to be taught in Latvian.[84] This plan could seriously violate the right of Russian minorities to obtain education in their native language. Because of the strong assimilatory force from the state, this issue poses a serious threat for the survival of Russian-speaking communities in Latvia.

As a natural reaction to the education reform plan, Russian communities in Latvia launched a series of mass protests. For instance, in Riga several thousand people expressed their concern about the closure of Russian schools. Shouting slogans such as "For free choice of language for education," Russian speakers claimed their rights to obtain education in their native language.[85] Similarly, children in Russian schools went

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[84] See "Minority Education in Latvia" Ministry of Foreign Affairs of the Republic of Latvia, July 11, 2005
[85] "Latvia: Russian Speakers Protest against Closure of Russian Schools", PRAVDA, January 22, 2004;
"Latvia passes new language law", BBC News, February 5, 2004.

on strikes denouncing the education reform.[86] Also, when Latvia formally joined the European Union (EU) with other post-communist nations, at least 20,000 Russians protested against the education reform.

The protest movements by Russian minorities could also have a negative impact on ethnic relations in Latvia. For instance, President Vaira Vike-Freiberga accused Russophone protestors of discrediting the country on the day of EU entry.[87] In the radio broadcast, defending the education reform law, Vike-Freiberga commented, "Our laws, in every respect, from every side, have been examined and found to be compatible with human rights. Europe is not going to reject us, whether or not our schoolchildren protest in the streets."[88]As can be seen in these struggles over the education reform, dissatisfaction and distrust among Russian communities have significantly grown. There is a danger that dissatisfaction and distrust could escalate into further ethnic tensions between ethnic Latvians and Russians minorities.

Estonia has also been planning a similar education reform plan. The Estonian government plans to switch 60 % of Russian schools (in the 10th and 12th grades) to Estonian language as their medium of education, starting in 2007. However, Toivo Maimets, Estonian Minister of Education, comments, "we are very similar to Latvia concerning the issue of education of national minorities. We have come along very similar roads on the strategic level, but our tactics are different."[89]According to the Minister, Estonian local authorities can apply for exceptions for those schools that are not

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[86] "Children at Russian Schools Go On Strike in Latvia", MOSNEWS, April 15, 2004.
[87] "Protests Mark Latvia's EU Entry" BBC News, May 1, 2004.
[88] Ibid.
[89] "Russian Language in Estonian Education" EAEA News, November 15, 2004.

ready for reforms.[90] As this view represents, policy-makers in Estonia emphasize the

flexibility of their educational reform plan. Yet, despite the officials' claim of the

flexibility of the law, Russian minorities have already expressed their dissatisfaction by

launching protests, denouncing education reform. Considering the similarity between

Latvia and Estonia, it is possible that Estonia will also suffer from further ethnic tensions

in society over the education reform.[91]

On the other hand, having experienced about 15 years of democratic rule,

Lithuania does not seem to be experiencing the problem of ethnic tensions. Along with

the fact that Lithuania adopted fairly inclusive citizenship rules at an early stage of

democratization, Russian minorities in Lithuania are well integrated into society. In

terms of education, the number of Russian schools and the number of students who

choose to learn in Russian schools decreased partly due to the re-migration of the Russian

population back to their home country or partly due to the fact that more Russian

minorities choose to study in schools that mainly use Lithuanian.[92] Even so, the right to

obtain education in Russian is guaranteed by the law on the Amendment of the Law on

Education (2003). In 2003-2004 school year, 58 schools adopted Russian as the language

of instruction, and a number of mixed schools use Russian as one of the languages of

instruction (17 Lithuanian-Russian schools, 18 Russian-Polish schools, and 8 Lithuanian-

Russian-Polish schools).[93] Thus, consensus institutions, whose aim was to incorporate

Russian minorities into the political system and society, seem to be performing well.

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[90] Ibid.

[91] Survey studies have shown that the Russian minorities in the Baltic countries tend to be less integrated into the society. Also, titular groups and the Russian minorities tend to have different perceptions of other groups. See Evans (1998), Aasland and Flotten (2001).

[92] See the official homepage of the EU regarding Russian in Lithuania: (http://europa.eu.int/comm/education/policies/lang/languages/langmin/euromosaic/lith2_en.html#21).

[93] EU homepage regarding Russian in Lithuania.

During 15 years of democratic rule, the consensus institutions in Lithuania have been successful in generating trust among Russians, thus contributing to the stabilization of the whole society.

These differences among the three Baltic countries are also reflected in recent survey studies. For instance, a survey study conducted by Richard Rose asked respondents whether or not the Russian minorities are treated fairly in each country.[94] In Lithuania, 77 % of ethnic Lithuanians and 74 % of Russians said that the government treated the Russian population well. There is not much disagreement between Lithuanians and Russians regarding the way Russian minorities are treated. However, this trend does not hold in cases of Estonia and Latvia. In Estonia, the percentage of the ethnic Estonians who have a positive attitude toward the government policy on the Russian minorities is 72 %, while that of the Russian speaking population is only 29 %. In Latvia, 59 % of ethnic Latvians and 28 % of the Russian population had a positive view about the government treatment of Russophones. A similar finding has been reported by a survey cited in Smith, Aasland and Mole (1994). Thus, public attitudes toward government policies toward Russian minorities clearly reflect the differences in the citizenship rules in these three Baltic countries.

These brief illustrations of the education reform issue have clearly indicated variances in the dependent variable, social capital, among the three countries. Observations suggest that Latvia and Estonia still suffer from social instability from trying to implement strict education reform. It seems that these two countries have alienated Russian minorities from the political system and society by majoritarian institutions discriminating against Russian minorities. On the other hand, Lithuania

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[94] Regarding the results of the survey, see Rose (1997), Rose and Maley (1994a, 1994b).

seems to have been successful in integrating Russian minorities into society. During 15

years of democratic rule, Lithuanian society has experienced very few ethnic problems,

and it seems that majorities and minorities have been getting along fairly well as citizens

of Lithuania. In this way, as we would expect, evidence shows that while social capital

in Estonia and Latvia did not develop, trust among Russian minorities in Lithuania has

been stable or steadily growing during the period of democratic rule.

7-2-11: Conclusion—Democratic Longevity in the Executive-Parties Institutions

As we have seen, comparative case studies in the Baltic countries have demonstrated that

democratic longevity in consensus institutions has a positive effect on trust. Using

citizenship rules as a proxy of political institutions, the analyses have shown that while

social capital in Latvia and Estonia, which adopt majoritarian institutions, has not

developed, trust in Lithuania, which adopts mainly consensus institutions, has been stable

or become stronger as the period of democratic rule extends. These findings are

consistent with some of the hypotheses I have suggested in Chapter 3.

First, evidence overwhelmingly supports the power-sharing-learning hypothesis.

As can be see in the case of Lithuania, the inclusion of Russian minorities into the

political system and society has effectively built social capital. Judging from the finding

that both majorities and minorities have positive attitude toward the government policy

concerning the minority issue, the power-sharing-learning hypothesis seems to be hold the best in the case of Lithuania.[95] As the power-sharing-learning hypothesis suggests, both majorities and minorities have equally developed favorable attitudes toward Russian minorities. Therefore, evidence here suggests that it is possible that people with different social status have learned to get along in the same political system.

From what we have observed in Lithuania, we can reject the proposition of the direct-translation-learning hypothesis, as both majorities and minorities seemed to have developed trust over the period of democratic rule. However, what is probably true in this case is that minorities have developed more trust than majorities. No matter how peaceful the relationship between ethnic Lithuanians and Russians seems to be, it is true that Russians used to brutally rule Lithuania by force, and that a number of Lithuanians still maintain bitter memories of the Soviet period. Therefore, it is reasonable to speculate that Russian minorities develop more trust than majorities under consensus institutions. What is particularly suggestive on this point is the attitudinal gap between majorities and minorities in Estonia and Latvia. While majorities think that the government policy toward Russian minorities is fair in these two countries, minorities tend to have lower evaluations of the way the government deals with minorities. Therefore, although the direct-translation based on a zero-sum game may not be happening, evidence suggests that the same political institutions influence majorities and minorities differently.

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[95] See Rose (1997), Rose and Maley (1994a, 1994b).

Table 7-1 Comparison of Languages in Russia and the Baltic Countries

Language	Language Family
Russian	Indo-European
	Baltic-Slavic
	Slavic
	East-Slavic
Latvian	Indo-European
	Baltic
	Eastern Baltic
Lithuanian	Indo-European
	Baltic
	Eastern Baltic
Estonian	Uralic
	Finno-Ugric
	Finno-Lappic
	Baltic-Finnic

There are two potential criticisms against these comparative case studies. First, critics may argue that the different outcomes in the dependent variable (social capital) are the function of cultural differences, not of the interaction terms between democratic longevity and political institutions. According to this perspective, the reason why we observe a conflictual social relationship in Latvia and Estonia is because cultural elements in these countries are not compatible with those of Russian minorities. Put differently, culturalist scholars may argue that cultural difference is a primary factor accounting for the attitudinal differences of the Russian minorities. However, we can tell that this perspective would not hold by briefly looking at language characteristics used in the region. As we can see in Table 7-1, while Russian, Latvian, and Lithuanian belong to the Indo-European language family, Estonian is categorized under the Uralic language family. Certainly, the fact that Estonian does not belong to the Indo-European language family makes it hard for Russians to learn Estonian. However, this does not explain the variance in the dependent variable. If cultural difference is the key accounting for the attitudinal gap of minorities in the Baltic countries, we should observe social conflict only in Estonia not in Latvia. The fact that we have witnessed some ethnic tensions in Latvia makes the cultural approach untenable.

Second, critics may criticize the endogeneity problem between political institutions and social capital.[96] That is, one may argue that the causal arrow between political institutions and social capital is taken backward. Although I argue that citizenship rules determine levels of social capital, critics may contend that social capital should be recognized as a cause of political institutions, not vice versa. In cases of the

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[96] Because the value of the democratic longevity variable is the same across the Baltic countries, endogeneity between longevity and social capital is not a problem in the case studies on the Baltic countries.

Baltic countries, this argument may have some relevance. In Estonia and Latvia, the

proportions of the Russian minorities are quite high. Therefore, it is reasonable to argue

that Estonia and Latvia adopted exclusive citizenship rules to protect their cultural

identities from the Russian influence.[97] Indeed, government officials in these countries

repeatedly defend their exclusive stances on the ground that they are just trying to protect

their own cultures. For instance, Tago Holsting, an official in the ministry of foreign

affairs in Estonia, notes, "The only thing that we have that is our own is the language."[98]

However, the fear for cultural extinction is less tangible in Lithuania. The Russian

population in Lithuania has never exceeded 10 %, and Lithuanians have always

maintained its majority status in society. As a result, it may be true that the causal arrow

goes form existing social relations to political institutions (citizenship rules).[99]

Even thought this is true, however, one cannot deny the effects of political

institutions and democratic longevity on social capital among minorities. Due to the

exclusive citizenship rules, Russian minorities in Latvia and Estonia have faced various

hardships residing in these countries. Russian minorities had to struggle to make their

ways under the majoritarian institutions whose explicit aim was to exclude them from the

political system. In this situation, it is not difficult to imagine that Russians' experiences

with discriminatory citizenship rules have translated into distrust toward the political

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[97] See Muiznieks (1993) for a discussion of the roles of the cultural and environmental nationalist during the independence movement in the Baltic countries. Petersen (2002) also attempts to apply the same argument to the cases of the Baltic countries.

[98] Cited in Forced Migration Project, 1998, "Estonia and Latvia: Citizenship, Language and Conflict Prevention" The Open Society Institute, (http://www.soros.org/fmp2/html/baltics.html). His statement was also cited in Petersen (2002), p. 161.

[99] Regarding this point, Petersen (2002) attempts to explain the variations in citizenship policy among the Baltic countries by referring to existing emotions that indigenous people have toward Russian minorities. According to him, while resentment strongly exist in Estonia and Latvia, it is absent in the case of Lithuania, thus resulting in different types of citizenship policy.

system. In this way, 15 years of democratic rule definitely had significant impacts on citizens' attitudes in society.

In sum, case studies in the Baltic countries have provided important insights for the prospect of democratization and nation-state building in new multiethnic democracies. The findings in case studies suggest it is important to try to incorporate minorities into the political system and society. Consensus institutions aiming at power-sharing will have a beneficial effect on social capital in a democratic setting, and they will stabilize the society in a long-term. Regarding the future of democratization in the Baltic countries, Boeck's (1993) view is suggestive:

> The success of democracy in Latvia and other Soviet republics depends on creating a situation in which minorities and "non-native" elements will be allowed to develop their own institutions and cultures. At the same time, an environment must be promoted in which non-natives will voluntarily find a niche within the native population's imaged community. This is not done through Soviet-style administrative diktat, nor through requiring someone under intense pressure (and during economic collapse) to learn a language and pas the most important exam of his/her life simply to keep a job, apartment or residence in a given country. Democracy should become a tool for representing minority interests, not disenfranchising them (p. 83).

As this view represents, it is more important to recognize the existence of ethnic minorities and to incorporate them into the political system. In situations in which basic rights are denied, Russian minorities are not going to develop trust toward their fellow citizens. Although Marx and Durkheim once predicted that ethnic distinction ceases to exit in the modern world, trust among different ethnic groups still remains a powerful factor determining the prospect of successful democratization.[100] Experiences of the Baltic countries provide an important lesson for managing social tensions in multiethnic democracies.

7-3: Case study 2—Canada

7-3-1: Case Selection

Following the case studies in the Baltic countries examining the effect of democratic longevity in the executive-parties dimension, we are now in a position to analyze the effect of democratic longevity on trust in the federal-unitary dimension. The statistical analyses of the IV-2SLS have found that longevity in highly decentralized political institutions has a negative effect on trust among minorities. The findings suggest that a long period of democratic rule under decentralized institutions leads to the fragmentation of the political system and society, thus reducing levels of social capital. The main

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[100] As a good summary of Marx and Durkheim's theory or the opposing views, see Newman (1991).

purpose of this case study is to verify the mechanism of the fragmentation-learning hypothesis.

The criteria for selecting an appropriate case are threefold. First, the country has to have federal types of political institutions. Because the fragmentation-learning hypothesis states that democratic longevity has a negative impact on trust in highly decentralized institutions, it is essential that the country we look at have federal institutions. Second, to analyze the effect of democratic longevity on trust, the country must have some experience of democratic rule. To capture the process through which democratic rule fragments the political system and society interacted with decentralized political institutions, we have to be able to observe a certain period of democratic rule in the case. Third, the case has to have one or more ethnic minorities within the country. As the focus of this study is social capital among different ethnic group, it is important to scrutinize how minorities' trust is affected by political institutions and democratic longevity. Consequently, an appropriate case has to meet all these three criteria.

Figure 7-2

**Federal-Unitary Institutions and Interpersonal Trust for
Minority Groups**
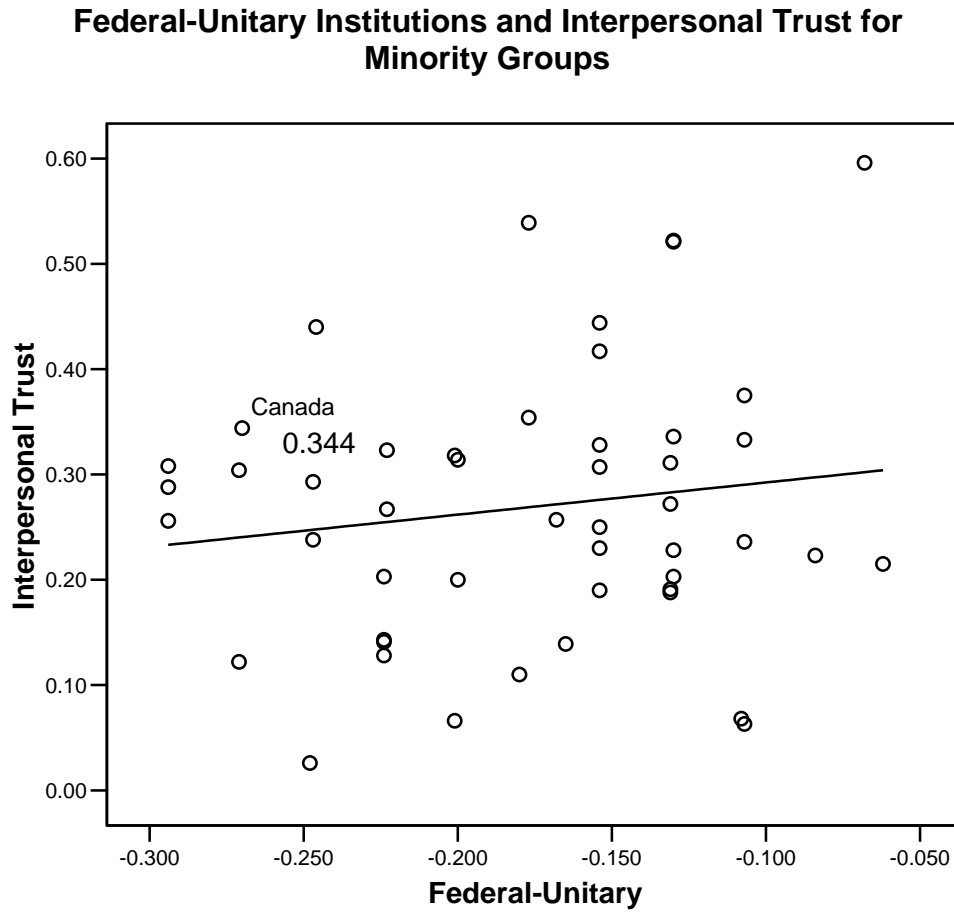
As an object of a case study, I have selected Canada. Regarding the first criterion,

Canada has traditionally adopted highly decentralized federal institutions. The type of

federalism in Canada has been categorized as a confederation in which each state or

province wields a significant degree of power, not restricted by the central control.

Figure 7-2 indicates the relationship between federal unitary institutions and levels of

interpersonal trust in each country. In this figure, we can tell that federal institutions in

Canada are highly decentralized. Therefore, federal institutions of Canada provide an appropriate setting for the case study. Second, Canada has a long history of democratic rule. Canada established a democratic political system at a fairly early stage of its nation-state building, and Canada has been continuously democratic since then. As a consequence, the case of Canada makes it possible to examine the role of democratic longevity on social capital. Finally, regarding the third criterion, Canada is a multiethnic country. Since the time of its settlement, Canada has been featured with conflict between two ethnic communities: the Anglophones and the Francophones. While these two different communities have coexisted peacefully for a certain period, their relationship has occasionally encountered serious crises. Although Figure 7-2 indicates that minorities in Canada enjoy higher levels of trust than the prediction, the WVS shows a huge gap in levels of trust between majorities and minorities. While levels of trust among majorities is 0.585, that among minorities is only 0.344. Considering the high levels of trust among majorities, levels of trust among minorities are significantly low. Considering these points, the multiethnic setting in Canada provides a useful case in which we can examine ethnic relations. Canada meets all the requirements for an appropriate case to test the fragmentation-learning hypothesis.

In the case of Canada, if the findings from the statistical analyses are correct, we should be able to observe the scenario that the fragmentation-learning hypothesis suggests. Specifically, democratic longevity under highly decentralized institutions should decrease trust among the Francophones in Quebec. As the hypothesis envisages, we should observe that the Francophones express their distrust toward the political system and to the majority group, as they experience democratic rule. In the case of

Canada, all the conditions required for the story of the fragmentation-learning hypothesis are present: highly decentralized institutions, a long history of democracy, and the existence of ethnic minorities. Therefore, the Canadian case should provide us with evidence which is fairly consistent with what we would expect from the fragmentation-learning hypothesis.

In this case study, I measure levels of social capital by tapping the trend of the Quebec independence movement. As I will show below, Quebec nationalism is in large party based on the Francophones' dissatisfaction with the political system. Because the political system in Canada has been largely dominated by the Anglophones, the surge of Quebec nationalism also reflects the Francophones' distrust toward the majority group. Therefore, it is reasonable to assume that a trend toward Quebec separatism represents the lack of trust among the Francophones. By following a series of events surrounding Quebec nationalism, I will show how democratic experience in highly decentralized institutions has undermined trust between Francophones and Anglophones.

7-3-2: Background—Two Distinct Communities in Canada

The Francophones in Quebec occupy a unique position in Canada. In Quebec, they are the largest linguistic group. Over 80% of Quebec's citizens consider French to be their mother tongue.[101] Therefore, the Francophones are the majority group in Quebec.

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[101] See Fitzmaurice (1985). In 1971 survey, 80.7% of the population in Quebec was Francophones, 13.1% were Anglophones, and 6.9% were new immigrants who spoke other languages as their mother tongues. The percentage of Francophones in Quebec has hovered around 80% for the last several decades.

However, the population of French-speaking people comprises only about 24.3% of the overall Canadian population.[102] Hence, the Francophones are also a minority group in Canada. Thus, the Francophones are both the majority and minority, depending on the context.

Unlike the rest of Canada, Quebec society developed within the framework of the French Empire. The fact that Quebec society was born as the colony of New France fostered the sense of distinctiveness among the French-speaking population. The sense of distinctiveness as the Francophones in Quebec endured long after Quebec ceased to be a French colony. The French-speaking people acquired a sense of collective identity through their struggles against harsh climates and threats from the native people and the British colonies. They called themselves "Canadiens" or "habitants" to distinguish themselves from the metropolitan French and also from English-speaking people (McRoberts 1995, p. 83).

In 1759, Quebec fell under British control and lost its formal link with France. Since then, administrative and military structures have been dominated by the power of the British. As a consequence, the British domination over Canada severely threatened the cultural distinctiveness of the Francophones. Initially, the British authorities intended to destroy all forms of cultural distinctiveness of Quebec, and the Royal Proclamation of 1763 was specifically designed for that purpose. However, from the consideration that the imperial interest would be better served by gaining collaboration of the Francophones, the British administration never implemented the Proclamation. Instead, the British installed the Quebec Act of 1774, and this had the effect of formalizing a "cultural division of labor" (McRoberts 1995, p. 84). The act officially recognized the

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[102] This figure has taken according to the Canadian Census in 1986.

distinctiveness of the Francophone culture in Quebec.[103] Furthermore, the French

speaking population in Quebec enjoyed some degrees of autonomy. The Constitutional

Act of 1791 realized a superficial recognition of the two communities. It divided the

Province of Canada into Lower and Upper Canada and granted control of Lower Canada

to the Francophones in Quebec (Gagnon 2000). These arrangements helped the

Francophones to consolidate and preserve the sense of cultural distinctiveness.

Despite the institutional arrangements of dividing powers, however, the British

authorities virtually monopolized political and economic power. As a consequence, the

Francophones were forced to live under poverty and deprivation. These grievances,

along with the economic crisis in the 1830s, led to the French-Canadian rebellion of

1837-38. The uprising failed, and the British authorities reacted to this rebellion by

adopting assimilatory measures toward the French-speaking population. For instance,

under the Act of Union, Lower Canada and Upper Canada were merged in order to

assimilate the Francophone population. Also, English became the sole official language

of the province of Canada. However, as reformists from Canada East allied with Canada

West to establish a government, which was more responsive to the needs of the

Francophones, these assimilatory measures were never implemented (Gagnon 2000).

Instead, the new government embedded duality in the new institutions of the United

Canadas: French became an official language along with English, and voting was

conducted based on a double-majority principle to some extent (McRoberts 1995).

However, this type of arrangement based on a balance of power proved to be

unworkable and ran into a political deadlock (Smiley 1987). The system of equal

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[103] This ensured the preservation of French heritages in Quebec. The act included various measures such as the empowerment of the Church or the re-establishment of the French civil law.

211

representation was becoming more and more unbearable for the Anglophones who already outnumbered the Francophones. Therefore, as the pressure for change became eminent, new political institutions were installed. The Confederation Agreement of 1867 reflected the situation in Canada at that time. While there was a growing fragmentation of identity on the one side, what Canada needed was unity (Gagnon 2000). Put differently, the Confederation Agreement of 1867 was a compromise between these two competing forces.

The dilemma between these competing forces can be seen in positions of prominent politicians at that time. On one hand, John A. MacDonald attempted to establish a stronger unitary state to create an indivisible Canadian nation. In his view, provincial governments would be always subordinated to the central authority of Ottawa. On the other hand, however, there were those politicians who interpreted the Confederation Act as a "treaty" or "compact" between communities with different ethnolinguistic backgrounds. For them, confederation was primarily a means to preserve the member communities within the larger framework (Vipond 1991). For instance, Olivar Mowat, who was a premier in Ontario, claimed stronger provincial rights in the 1870s and 1880s (Waite 1962). These competing visions about confederation led to significant disaccord within Canada regarding the interpretation of the agreement. For instance, Prince Edward Island and Newfoundland did not support the compromise, and persistent resistance went on in Nova Scotia, New Brunswick and Quebec (Waite 1962). Nonetheless, the distinctiveness of Quebec culture was taken into account in the agreement. Along with other provincial governments, Quebec was also granted jurisdiction over the issues that were vital to its cultural survival, such as education.

Furthermore, regarding the issues of Church and its institutions, autonomy was guaranteed.

Yet, the conflict between the federal government and provinces continued. The latter half of the nineteenth century was characterized with the resistance of provincial governments against the federal government's efforts to take away more power from provinces. Especially, the Francophones in Quebec faced several discriminatory provisions. Among them, the language issue was one of the harshest for the French-speaking population. For instance, the provision of the British North America Act lacked the protection of the French language. In the act, the guarantee of bilingualism was limited only in parliaments and the central Quebec judiciary. Hence, French-speaking people living outside Quebec had little recourse for their linguistic rights. In addition, violations of Francophones' rights were observed in the education issue. Education rights for the Francophone minorities were abolished in New Brunswick (1871), the Northwest Territories (1892), and Ontario (1912) (Waddell 1986). In this way, in provinces where the population of English-speaking was dominant, the British imperialism spread at the cost of minorities rights.[104]

The tension between the Anglophones and the Francophones intensified at times. Especially, the greatest crisis between these two communities can be seen in the imposition of conscription on the Francophones during the World War I and II. Whitaker (1984) noted that when an issue is divided between these two communities, Anglophones would always win. Being dominated by the Anglophones, the Francophones in Quebec accumulated dissatisfaction and distrust toward federal government. Consequently, the

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[104] On this period, see Silver (1982).

frustration on the side of Quebec became the future causes of nationalist movement in the 1960s (Gagnon 2000).

In sum, the Francophones in Quebec maintained their distinct cultural heritages within the federal arrangements. However, the distinctiveness of Quebec had repeatedly faced threats from the federal government which was dominated by the influence of Anglophones. Against the assimilatory force to create a unitary state, French-speaking people had shown persistent resistance, trying to preserve their cultural uniqueness. Since its inception, the Canadian federation had been characterized with recurrent conflicts between the Francophones and the Anglophones. Even before the aspiration for sovereignty became an imminent political issue in Quebec in the 1960s, the soil for the independence movement was already nurtured in Quebec.

7-3-3: Federal Accommodation of Quebec Prior to the 1960s

Although the federal arrangements did not completely solve ethnic tensions between the Francophones and the Anglophones, the federal arrangements of Canada were quite successful. Scholars have noted that Canada is one of the most stable Western nations (Smiley 1987). To properly understand the source of stability in Canada between the period of 1867 and 1960, it is necessary to scrutinize the institutional accommodation of ethnic conflict in Quebec then. The rural and traditional natures of Quebec society during that time greatly contributed to the stability of Canada.

214

Until 1960, Quebec was a traditional society in which the Catholic Church had significant influence. As is often the case with French political culture, distrust toward the state was quite high, and people expected the state to play only minimal roles (McRoberts 1988). Therefore, the Francophones tended to consider that social issues were outside of state jurisdiction and that the Church should deal with social issues. In Quebec, therefore, education or social services were mainly controlled by the Church, and even the labor unions were linked to the Church. The Church was primarily concerned with preserving traditions and social harmony. As a result, in the 1950s, the dominant ideology in Quebec was conservative, which was based on the concept of *la survivance* (survival). With this ideology, the French speaking population tried to preserve the religions and linguistic heritages of French Canada in the face of assimilatory pressures from the Anglophones.

Based on the principle of *la survivance*, the *Union Nationale* (UN), a political party in Quebec, had dominated the politics in Quebec between 1944 and 1960. The political figure that controlled the UN during that period was Maurice Duplessis, whose grip came to be known as *Duplessisme*. Taking advantage of the rural and traditional characteristics of Quebec society, Duplessis had developed a patronage system that insured the political dominance of the UN. Under the ideology of *la survivance*, he argued that French-Canadians had to preserve their agricultural economy so that Quebec would be free from the Anglophone influences of urbanization and secularization (Newman 1996). In this political atmosphere, political life in Quebec was dominated by autocratic politicians, widespread patronage, social institutions such as the Church, and conservative newspapers reinforcing the established authority (Trudeau 1968).

215

Consequently, people remained relatively indifferent to politics despite the formal institutions of political democracy. In rural and religious settings, the option of an independent Quebec did not receive enough political attention.

Besides indifference at the mass level, factors that contributed to the stability of the Canadian federation until 1960 were the conflict management mechanisms based on consociational principles. As one of the most powerful mechanisms of conflict management, the federal arrangements functioned well to preserve peace in Quebec. After World War II, the federal government attempted to increase its spending powers in jurisdictions that were constitutionally the realm of provinces such as postsecondary education, income transfers, and health care. However, the provincial governments were strongly against this motion of the federal government, trying to exercise increased powers and increased tax resources to strengthen provincial powers.[105] This was especially the case in Quebec, in which autonomy in cultural and economic issues was critical. In a number of issue areas, provincial demands were accommodated so that provinces would be able to opt out from federal programs and run their own programs with compensations from Ottawa. In practice, Quebec was the only province to take this opportunity to extend its power in most programs (Weaver 1992).

Besides federal arrangements, various accommodation mechanisms at the elite level had developed based largely on the system of consociationalism. Informal bargaining between Anglophone and Francophone elites within the federal cabinet is one of the mechanisms.[106] In Ottawa, the principal agent of the elite accommodation was the

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[105] Regarding the process of building up provincial power, see Black and Cairns (1966), and Young, Faucher, and Blais (1984).

[106] Regarding whether Canada can be considered as a case of pure consociationalism, some debate exists. Presthus (1973) argued that Canadian political system was consociational. Weaver (1992) notes that

216

federal Liberal Party. The Liberal Party was a dominant force in federal elections during the period of 1896-1957, thus forming the government for all period except fifteen years. As the Liberals were dependent for their success on their electoral dominance in Quebec, they developed an informal process of accommodation. That is, Francophone Québécois and Anglophones from other provinces alternated the party leadership.[107] Through this mechanism, Francophone elites took advantage of their strong influence in the cabinet to attain their political purposes.[108]

Also, one of the most important elements of the conflict management in Canada is the system of executive federalism. Specifically, this system allows negotiations between federal and provincial executives. In this system, either the "first ministers" or federal and provincial ministers responsible for a particular policy area meet each other to jointly address policy challenges. The system of executive federalism certainly provides an important mechanism through which elites at both federal and provincial levels work out solutions for the common problems.[109]

These mechanisms of conflict management performed relatively well in containing the nationalist sentiment in Quebec. In the case of Quebec, as theory of consociationalism dictates, the role that Duplessis played at the elite level in Quebec was important. His political strategies made it possible for the consociational process to work without major ethnic tensions. While Duplessis considered himself as a French-Canadian nationalist, he did not support the independence of Quebec. To keep the Canadian

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patterns of conflict resolution based on consociationalism were observed up to 1960 in Canada. Lijphart (1999) contends that the Canadian case lies between the centrifugal and consociational types. McRae (1974) suggests that Canada is a very imperfect case of consociationalism.

[107] Regarding the selections of leaders in the Liberal Party, see Courtney (1973).

[108] The case of Canada differs from the classical consociational model suggested by Lijphart in that Canada adopts "catch-all" brokerage parties rather than separate parties for each cleavage segment as the main institution of elite bargaining. On this point, see Barry (1975).

[109] See Simeon (1972).

federation peaceful, he believed, the Francophones had to remain committed to rural and religious culture while allowing Anglo-Canadians to lead industry and finance (Clift 1982). For Duplessis and many of the Francophones, national economic policy or decision-making at the federal level did not have essential importance. Therefore, the Duplessis administration simply refused to participate in many of the shared-cost programs with the federal government (McRoberts 1988). Also, the Duplessis government cooperated with American and English-Canadian firms dominating the Quebec economy (Levine 1990, Quinn 1979). In a similar manner, the Duplessis government did not interfere with autonomous Anglophone institutions such as schools, universities, or hospitals.

Until the 1970s, a dominant attitude among the Francophones toward federal politics was indifference. As Quebec society was mainly concerned with their traditions and religions, the Francophones in Quebec, especially at the mass level, had little communication with the Anglophones. As a consequence, Quebec remained highly isolated from the rest of Canada. Indeed, the isolation of Quebec was an intended outcome of the institutional arrangements. The federal arrangement in 1867 was based on the premise that the interaction between these two communities at the federal level would be significantly limited. Each community was free to pursue its own concerns independent of the other. Richard Simeon (1972) notes, "such a solution works only so long as the actions of one party do not spill over to affect the other, and so long as the goals of one side do not imply demands on the other" (p. 289). In this way, for most of the period up to 1960, patterns of conflict management based on a kind of consociational mechanism had functioned reasonably well, in which federal arrangements and elite

accommodations on both sides played important roles. Consequently, two major ethnic communities in Canada, the Anglophones and the Francophones, had coexisted in Canada without experiencing major ethnic violence.

Democratic Longevity

The findings from the statistical analyses in federal-unitary political institutions suggest that democratic longevity in highly decentralized institutions reduces levels of social capital. The theory accounting for this relationship is that political and social learning under highly decentralized institutions fragments the political system and society and consequently hinders the development of trust. Therefore, having identified the institutional elements of federal arrangements in Canada, we are now in a position to move on to the aspect of democratic longevity. Specifically, it is important to specify how the experience of democratic rule, interacted with federal institutions, resulted in the loss of social capital among the Francophones in Canada. For this goal, I will examine the role of democratic longevity by following several stages of democratic development in Canada. First, I will explain how social changes induced by the Quiet Revolution led to democratic rule in a real sense. Second, I will look at how the Parti Québécois (PQ) emerged as a powerful political force representing the pro-independence stance in Quebec. Third, I will analyze how the PQ's struggle for power over years of democratic rule led to the fragmentation of the political system and society, thus undermining social

capital mainly among the Francophones. By following these processes, I will demonstrate how the variable of democratic longevity in highly decentralized institutions causes the loss of social capital in Canada.

7-3-4: Democratic Longevity (1)—The Quiet Revolution and the Emergence of Democratic Force

In the 1960s, the dominance of the UN began to be challenged. The principle source of the challenge came from massive social changes in Quebec. Despite the basic stance of the UN to preserve rural and agrarian economy, Quebec had gone through rapid and extensive industrialization. During the period between 1946 and 1966, the value of production in the secondary sector jumped by 300%, by 8% annually in construction and public utilities sectors, and by 7.5% annually in the manufacturing sector.[110] Similar changes occurred in the primary and tertiary sectors. Also, there was a tremendous expansion of the labor force in the service sector, which led to the growth of such industries as commerce, communications, finance, and entertainment. Consequently, the percentage of people working in the agricultural sector in Quebec dropped from 22.4% to 7.6%, and those working in tertiary sector rose from 38.4% in 51.1% during the period between 1941 and 1961. The industrialization simultaneously resulted in rapid urbanization in Quebec. Although 41% of the people lived on farms in 1961, the number

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[110] See Behiels (1985).

had dropped to 6% by 1971. Accordingly, the population in the urban area rose from 55% in 1941 to 78% in 1971.[111]

In the trend of rapid industrialization and urbanization, the ideology of the UN, *la survivance*, which encouraged people to remain in the agrarian economy, became rather anachronistic. Political leaders began to realize that the Church would not be able to provide enough social welfares and educational programs for the Francophones. As an inevitable trend, in 1960 the UN lost its first provincial election since World War II. Survey data show that voters were drifting away from the UN. Only 38.3% of the voters in Quebec considered themselves as partners of a provincial party.[112] In 1965, only 1.8% of Quebec's voters identified themselves with the ideology of the UN.[113] Due to its inability to cope with social changes, the UN lost its support base and eventually disappeared form the political scene in Quebec.

The death of Duplessis in 1959 and the election of the *Parti Liberal du Quebec* (PLQ) under Jean Lesage in 1960 initiated a series of political reforms and social changes that are typically referred to as the Quiet Revolution. At the heart of the reforms, there was a widening demand from the Francophones for bigger roles for the Quebec state. Although the state in Quebec was mainly viewed as second class institutions before the 1960s, the Quiet Revolution changed people's perceptions of the state. Due to massive levels of social changes, the Francophones expected that the state would replace the traditional roles of the Catholic Church in the areas of social services and education. Put differently, the Quebec state was to assume the functions of the Keynesian state (Bakker 1995). With its roles drastically expanded, the Quebec state was seen as the *moteur*

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[111] These figures have been taken from Newman (1996).
[112] See The Quebec Provincial Election study of 1960.
[113] See Canadian National Election Study, 1965.

principal of modernization. To deal with problems of modernization and urbanization, it was imperative to modernize social and political institutions. Hence, the rapid modernization and urbanization marked a sharp break with the past and promoted the expansion of the modernized state to address newly emerging issues.

During this period, another important change was taking place in Quebec. Due to the dramatic expansion of the public sector, there was an upward trend in the labor force market among the white collar workers (Boily, Dubuc, Gagnon, and Rioux 1974). Those workers who benefited from industrialization constituted the newly created middle class in Quebec and became the major supporters of the Quiet Revolution. However, the social mobility created by industrialization and urbanization consequently resulted in challenges toward the Anglophones. Even though those workers in Quebec advanced into the middle class, they realized that the economic system was still dominated by the Anglophones. The sense of distrust and dissatisfaction was also shared by organized labor, which basically supported the measures taken by the PLQ. Hence, in the process of the Quiet Revolution, the Francophones quickly formed and shared feelings of distrust toward the Anglophones. Consequently, these social changes induced by the Quiet Revolution nurtured a soil for Quebec nationalism. Involving a portion of the Francophones in Quebec, Quebec nationalism obtained a certain degree of hegemony in Quebec.

The process through which the Quiet Revolution led to Quebec nationalism provides us with two important insights. First, the case of Quebec demonstrates that it is erroneous to assume that modernization would automatically eliminate ethnic distinctions and lead to social integration. Although it is true that the force of modernization can

bring people closer and more similar to one another in certain points, the same process

can also activate forces for ethnolinguistic claims. Regarding this point, Karl Deutsch

has convincingly shown that social mobilization, as it progresses more rapidly than

assimilation, tends to encourage nationalism and reinforce linguistic entities (Deutsch

1966, 1979). Consistent with the argument, modernization in Quebec failed to integrate

the Francophones with the rest of Canada. On the contrary, the modernization force

created an atmosphere of rivalry with the Anglophones. Second, related with the first

point, we have observed that the modernization force created a democratic force in a real

sense. If democratic rule means a system in which citizens actively participate in the

political process with strong interest in politics, what was happening during the period of

the Quiet Revolution was nothing but a beginning of democratic rule in the real sense

(Almond and Verba 1963). Also, consistent with studies suggesting the relationship

between economic development and democracy, industrialization and urbanization made

people politically more active and transformed the rural and traditional society into a

more modern society in which the large middle class could make their voice heard in the

political system. In short, the Quiet Revolution in Quebec marked the beginning of

active democracy in Quebec. In this way, a series of social changes had created a solid

foundation of Quebec nationalism.

7-3-5: Democratic Longevity (2)—The Emergence of the Parti Québécois

The Quiet Revolution drastically transformed the rationale of the provincial government. From being secondary institutions next to the Catholic Church before the Quiet Revolution, the state attained a status of dominant force in Quebec. The role of the PLQ was to make the Québécois "masters in our own house."[114] The Quiet Revolution granted two new roles to the Quebec states. The first one is to expand and improve education and social welfare programs. Furthermore, the second role was to develop the economy and open up more occupational opportunities for the Francophones.

Despite the dramatic social changes caused by the Quiet Revolution, the Francophones were still denied access to higher positions in the private sector in Quebec. In competitions with the Anglophones, the Francophones found that managerial positions were dominated by the Anglophones, and the language used at work was usually English (Hughs 1943). However, the provincial government did not have the political power to change the situation. Therefore, voters in Quebec increasingly realized that the provincial government needed to gain more autonomy to improve the situation for the Francophones. As a consequence, the Francophones had begun to demand the creation of independent Quebec. It was in this context in which the Parti Québécois (PQ) had gained momentum for its electoral success.

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[114] The slogan of the PLQ in 1962 was "Maitres chez nous."

The PQ was established in 1968 under the leadership of René Lévesque. In the situation in which the demand for independent Quebec became increasingly stronger, the PQ attempted to portray itself as a strong party supporting and promoting the cause of achieving Quebec sovereignty. The PQ proposed a program of "sovereignty-association" –political independence for Quebec maintaining close economic links between Quebec and English Canada. Also, to address the demands of the Francophones in the economic issue, the PQ proposed to repatriate the economic system through state enterprises and regulation of non-Quebec ownership in the financial sector. At the same time, the PQ also promised to take populist measures to address the needs of a variety of socially disadvantaged groups. Although the PQ leadership was dominated by the members of the new middle class, the PQ emerged as a broad-based coalition of social forces whose goal was to achieve Quebec sovereignty.[115] In 1966, only 8% of voters in Quebec supported independence of Quebec. Between 1966 and 1970 support for independence doubled. Furthermore, by 1976 support for independence had grown up to 24%.[116] In 1973, the PQ became the second largest party in Quebec winning 30% of the votes. As can be seen in these figures, the PQ had emerged along with the increasing demand for Quebec sovereignty.

According to Newman (1996), the success of the PQ in persuading voters for sovereignty-association or independence was a function of the cultural division of labor in Quebec. The Francophones had been constantly underpaid, underemployed, and undereducated compared with Anglophones. By politicizing the cultural division of labor, or emphasizing the inequality that the Francophones had to face, the PQ skillfully

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[115] Regarding various measures that the PQ proposed, see McRobert (1995)
[116] See Hamilton and Pinard (1973).

presented the issue of sovereignty and independence as a pressing political issue to be addressed. Consequently, the PQ was highly successful in garnering strong support from the Francophones in Quebec. On the other hand, the PLQ was not ready to address the issue of cultural division of labor. The PLQ focused its attention on the provincial government as a provider of social service and basic infrastructures. However, the Francophones, who became politically aware during the Quiet Revolution, were not satisfied with a limited role of the provincial government. They wanted the provincial government to pry open the political, economic, and cultural barriers installed by Anglophones. It was the PQ, not the PLQ, that was ready to commit itself to this issue (Newman 1996). Backed by strong demand for a bigger role for the state, the PQ had emerged as an important political force in Quebec with a strong stance for Quebec sovereignty.

7-3-6: Democratic Longevity (3)—The PQ's Struggle for Power through the Sovereignty Issue

The PQ's struggle for power had always revolved around the issue of Quebec sovereignty. While there had been slight policy changes, the sovereignty issue had been at the center of the PQ's policy platform. In an attempt to expand the PQ's support base, the PQ has adopted several strategies. One of them was *étapisme* (gradualist).[117] According to Claude Morin, the architect of *étapisme* policy, the creation of a PQ

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[117] See McRoberts (1988).

government would not mean the immediate establishment of a sovereign Quebec.

Instead, the *étapisme* policy suggested that the party would take a step by step approach

to achieve sovereignty association. The leadership in the PQ explicitly noted that the PQ

would not initiate negotiations for achieving sovereignty until the PQ became successful

in getting a mandate to negotiate in a Quebec referendum.[118] Lévesque hoped that

étapisme would help the PQ win the majority status and allow a PQ government to

slowly create a majority base for sovereignty-association (Newman 1996). In the 1976

election, the PQ won the provincial election with 41.4% of the vote. The PLQ gained

30.3% of the vote, and the UN won 18.2%. As the strategy of *étapisme* envisaged, the

PQ was successful getting support even from those who were against independence

(Newman 1996).

One of the most important legislations that the PQ government implemented

during its rule was Bill 101, *the Charte de la langue francaise*. This bill required that

French be used for all communications in provincial or local governments. Also, the law

limited English use for schoolchildren whose parents or older siblings were educated in

English in Quebec. As a consequence, Bill 101 increased the percentage of children who

were educated in French. Also, a series of policies intended to increase the upward

mobility of Francophones were implemented. Consequently, these legislations helped the

PQ to gain more solidified support from all social classes. In addition, these policies,

focusing on the roles of French language, had the effect of enhancing cultural pride for

almost all the Francophones in Quebec (Newman 1996).

After nearly three years had passed since the victory in the 1976 election, the PQ

had begun to move for a referendum on the sovereignty-association. However, results of

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[118] See Newman (1996).

surveys at that time were not favorable for the PQ. The survey indicated that the policy of *étapisme* had not created a majority support for the sovereignty-association (Newman 1996). Considering this situation, the PQ chose to formulate a question in such a way as to postpone the final decision. Quebecois were asked whether they would give the government of Quebec a mandate to negotiate on the sovereignty-association. The referendum was held in May 1980, and only 40% of the voters supported "yes." The defeat in the referendum left the PQ in a difficult situation. Levesque said that the PQ would not hold another referendum during the second mandate. As a reaction to the defeat in the referendum, surveys suggested that the influence of the PQ became weaker, and that the party membership also declined.[119] In this way, the defeat in the referendum and consequential removal of the independence option weakened the support base for the PQ.

However, the issue surrounding sovereignty became once again a focus of heated debates for the Quebecois soon after the referendum in 1980. The event that intensified the sovereignty issue was the debate over the Canadian Constitution. Canada did not really have its own constitution, and the British North America Act of 1867 virtually played as the supreme law. In this situation, Pierre Elliot Trudeau, the Canadian Prime Minister, intended to create a Canadian constitution that would grant a strong power to the federal government. Also, Trudeau insisted on the Charter of Rights and Freedoms, against which most provinces had always resisted as an infringement on provincial rights. On October 1980, Trudeau declared that he would unilaterally repatriate the constitution, ignoring the provincial objections. Trudeau's posture on this issue posed a serious threat toward provincial autonomy.

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[119] See Fraser (1984).

The PQ recognized this situation as a political opportunity. In the electoral effort to gain support in the election in April, 1981, the PQ attempted to present itself as the only legitimate actor that could stand up for the interests of Quebec against the federal government. Along this line, the PQ criticized that the PLQ was only concerned with the interests of the Anglophones.[120] Even without relying on the use of the sovereignty card, the PQ was able to mobilize the core constituents in Quebec. The PQ's slogan "We got to stay strong in Quebec" represents its strong stance against the federal government, and the distrust toward the federal government had created strong momentum for the PQ in the electoral campaign. Consequently, the campaign turned out to be a big success for the PQ. The PQ won 49.2% of the votes whereas the PLQ 46.1%, thus granting the PQ 80 out of 122 seats in the *Assemblée Nationale*. The support of the PQ mainly came from those who voted "yes" in the referendum.[121]

Following the provincial election, Trudeau soon resumed negotiations on the Canadian constitution. Against this move, provinces formed an anti-Trudeau coalition, and Levesque of the PQ agreed to compromise in Quebec's traditional constitutional veto to solidify the coalition. However, Trudeau adopted a strategy to break the coalition, and he successfully managed to gain provinces' endorsements of a new constitution. Quebec was the only province that rejected the Constitution. The new constitution intended to reduce a significant amount of provincial power and to take away Quebec's veto on constitutional matters. A series of actions taken by Trudeau provoked bitter resentment within the PQ. At the December 1981 PQ National Congress, the PQ passed a series of resolutions that would delete all references to economic associations from the party

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[120] See Fraser (1984).
[121] See Newman (1996).

program. Also, the National Congress passed a resolution declaring that the next elections would be run on the issue of sovereignty. According to the resolutions, if the PQ won a parliamentary majority, it would be entitled to declare independence. At the same time, the National Congress declared that they would through away the *étapisme* strategy, which had developed over thirteen years. Consequently, a series of actions taken by the National Congress led to serious internal divisions within the PQ.[122] After Levesque resigned both his party and leadership, the PQ fought the provincial election in 1985 under the leadership of Pierre Marc Johnson, the PQ was badly defeated winning only 38.7% of the vote and 23 out of 120 seats in the *Assemblée Nationale*, which rendered the PQ once again an opposition party.

After the defeat of the PQ, the issue surrounding the constitution had an important effect on the destiny of the PQ. In 1987, the PLO's Robert Bourassa and Prime Minister Mulroney completed negotiations for the Meech Lake Accord. The Meech Lake Accord was intended to bring Quebec into the Canadian Constitution. The Meech Lake Accord guaranteed the status of Quebec as a "distinct society," disproportionate representation in the Supreme Court and Senate, the right to be exempt from some national programs, and a limited veto over constitutional amendments. Many Quebecois initially welcomed the concessions that Bourassa was able to achieve but Levesque and the PQ could not. As a result, the issue of independence became somewhat irrelevant for Quebecois.

However, the Meech Lake Accord failed to realize. The Accord stipulated that it had to be endorsed by all the provincial legislatures and the federal government within three years by June 24, 1990. Between 1987 and 1990, the PQ and other actors built

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[122] Levesque was against the move taken by the PQ National Congress, and therefore he reacted to this by calling for an internal party referendum, which was dubbed as the "Renerendum." Although Levesque managed to win the Renerendum, he offended a number of party activists (see Newman 1996).

against the Accord including provincial governments that were elected after the accord was signed, aboriginal leaders. Newfoundland and Manitoba could not ratify the Accord by deadline, and consequently the Accord died on June 23, 1990. The failure of the Accord generated a significant dissatisfaction in Quebec, leaving a strong sense of skepticism among the Quebecois toward the Anglophone Canadian behavior (Newman 1996; Gagnon 2000). As the debate over the constitution carried a heavy symbolic content over the future of the political community in Canada, the discourse had been replete with fear, distrust, betrayal and casting of blame, as well as themes of honor, pride, and recognition (Cairns 1991a, 1991b).

In August 1992, under the leadership of Mulroney, the federal government and provinces reached a new agreement known as the Charlottetown Accord. This accord also granted distinct status to Quebec as well as suggesting reforms of the Canadian Senate and the House of Commons, grating greater consultative powers to the provinces, and addressing aboriginal concerns. Although this accord required approvals from all provinces and territories, it was passed only in three provinces, Newfoundland, New Brunswick, and Prince Edward Island. Consequently, the Charlottetown Accord was to be abandoned.

The Meech Lake Accord and the Charlottetown Accord sought to reintegrate Quebec into the constitutional agreement, but in both cases the Trudeau forces intervened vigorously to keep the tenets of the 1982 package intact (Gagnon 2000). The defeats of these accords led to more support for sovereignty association. The dissatisfaction of the electorates in Quebec united the PQ and boosted its support base (Newman 1996). Especially, the defeat of the Charlottetown Accord convinced many voters that it was

time to support the PQ (Pinard 1992). In the election of September 1994, under Jacques

Parizeau, the PQ won 44.7% of the vote and 77 seats out of 125 seats in the *Assemblée*

Nationale, which brought the PQ back into the government again.[123]

As can be represented by the electoral success of the PQ, support for sovereignty

association exceeded 60% for the first time. Although the PQ traditionally hesitated to

move too dramatically toward independence due to the fear of alienating those who were

concerned with economic consequences of sovereignty, Parizeau's strong commitment to

sovereignty association no longer posed a serious threat for a party union. By 1995,

voters in Quebec recognized the much stronger need to commit themselves to sovereignty

association (Newman 1996). Also, comprehension for the economic situation associated

with sovereignty declined as the support for independence increased.

Parizeau called for a referendum in the fall of 1995. Although opponents of

sovereignty argued that the question in the referendum was ambiguous, it was much

stronger than the question in the 1980 referendum (Newman 1996). The question in 1995

gave the PQ government the right to declare sovereignty "after having made a formal

offer to Canada for a new economic and political partnership" (Newman 1996, p. 133).

On referendum day, about 94% of the registered voters went to the polls, and the "no"

side gained 49.7% of the votes, while the "yes" side 48.5%. More than 60% of the

Francophones of all origins voted for "yes." While the "no' side won in the referendum

in 1995, the small margin of barely 1% indicates persistent support for sovereignty

among Francophones in Quebec. Parizeau's speech after the defeat of the referendum

reinforced the impression that Quebec nationalism was mainly based on ethnic issues.

On the night of the referendum, he blamed the failure on "money and some ethnic votes",

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[123] See Newman (1996).

thus leaving a bitter atmosphere on both Anglophone and Francophone sides. Also, Parizeau expressed his intention that Quebec would continue to demand sovereignty and urged future revenge on this issue.

Although Canadian federalists took a sigh of relief, the possibility of Quebec being independent had not totally disappeared. The result of the referendum showed that there had been a tremendous increase in support for sovereignty since 1980. Also, Lucien Bouchard, the new PQ leader and premier, made it clear that he would call another referendum in the near future. The PQ won re-election in 1998, though it lost the popular vote to the Quebec Liberals. In terms of the number of the seats gained by both parties, the result was identical to that of the previous 1994 election. However, public support for sovereignty remained too low for the PQ to consider the second referendum in the second term. Quebec citizens seem to have grown weary of the debate over its independence. The PQ's defeat by the Liberals in the April 2003 election was interpreted by many observers as a sign that Quebecois were dissatisfied with the separatist policy of the PQ.

However, one needs to be cautious about this trend. Although it was common to say that Quebec separatism was dead or harmless until the mid-1980s, the aspiration for independence surged again after the failure of the Meech Lake Accord. Even in a current situation, it is not difficult to envisage circumstances in which the divide between the federal government and Quebec would turn into an open conflict. There is always a possibility that Quebec nationalism could become dramatically active. Indeed, a recent survey as of November 2004 has shown that voting intentions in support of a sovereign

Quebec in partnership with Canada have risen to 49%.[124] Although the support for

Quebec sovereignty had declined since the 1995 referendum until 2001 down to an

average of 40%, the support for sovereignty has kept on rising: 41% in 2002; 44% in

2003.[125] Furthermore, another survey has shown even higher support for sovereignty,

which exceeds 50%.[126] In this way, these surveys clearly indicate that Quebec

Francophones still remain skeptical of the federal government and maintain their distinct

identity as Québécois. Considering the lingering but consistent support for Quebec

sovereignty, it is very likely that Canada in the future will suffer from the problem of

Quebec separatism.

7-3-7: Conclusion—Democratic Longevity in the Federal-Unitary Institutions in Canada

The purpose of this section is to verify the hypothesis that democratic longevity in highly

decentralized institutions hinders the development of social capital among minorities.

For this purpose, I have applied the fragmentation-learning hypothesis to the case of

Canada. Specifically, this section has surveyed the events surrounding the issues of the

Quebec separatism through the rise of the PQ as a principal actor in the movement. If the

fragmentation-learning hypothesis is correct, we should be observing that a long period

of democratic experience in Canada with highly decentralized institutions has had a

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[124] Portrait of Canada 2004 edited by the Center for Research and Information on Canada (CROP).
[125] Portrait of Canada by the CROP.
[126] The poll was conducted by Leger Marketing for the Globe and Le Devoir Newspapers. See CBS News on the April 27, 2005.

negative effect on social capital among the Francophones. Regarding the hypothesis, the analyses in this section suggest three important implications.

First, the analyses in the case of Canada show that territorial federalism and high degrees of decentralization have fragmented the political system and society. Traditionally, Canada has been featured with the tension between two major ethnic communities: the Anglophones and Francophones. To accommodate these two distinct communities within the framework of a nation-state, federal arrangements with high degrees of political decentralization were adopted. Within the federal arrangements, the Anglophones and the Francophones coexisted without any major tension due to institutional management at the elite level. Also, at the mass level, as the Francophones wished to avoid cultural contamination from the Anglophones, levels of social interactions between these two communities were kept at a minimum. However, while the institutional mechanisms were successful in maintaining peace between the Anglophones and Francophones, institutional arrangements based on the assumption of mutual isolation reinforced the social cleavage between these two groups. As a result, the Francophones in Quebec have fostered a strong sense of Quebec identity separate from that of the Anglophones.

Second, one cannot emphasize too much the effect of democratic force and its longevity as an exacerbating factor on social capital. Although the tension between the Anglophones and Francophones was relatively low prior to 1960 due to the political indifference at the mass level in Quebec, social changes induced by the Quiet Revolution drastically changed the situation. Industrialization and urbanization increased the contact between these two communities, and Francophones realized their disadvantages in the

economic system that was dominated by the Anglophones. In this situation, the

Francophones claimed more power vis-à-vis the Anglophones, and they expected that the

Quebec provincial state to fulfill the goal. In this way, the Francophones finally began to

express their own demands against the Anglophone dominance. In the sense that the

Francophones were political aware and show their interest in politics, this marked the

beginning of real democratic rule in Quebec. Behind this democratic force which was

emerging in the 1960s, the PQ had developed as a major proponent of Quebec

sovereignty. Emphasizing that the Francophones in Quebec had been exploited by the

Anglophones, the PQ aggressively politicized the issue of sovereignty. In other words,

the sovereignty issue was the main recourse for the PQ to mobilize Quebecois in a

democratic setting. Although the PQ's strategy was highly successful in gaining support

from the public, it had the cost of hurting social capital in Canada both among majorities

and minorities. The PQ's appeal rendered the Francophones more skeptical of the

Anglophones, and the Anglophones also felt uncomfortable observing the separatist

movement. In this way, backed by the Francophones' desire for more power in a

democratic setting, the PQ emerged as one of the most powerful competitors in the

political scene. However, the PQ's tactics in politicizing the issue of sovereignty

consequently hurt social capital between the Anglophones and the Francophones.

Third, as the learning component of the integrative model suggests, a long period

of democratic rule has actually decreased social capital among Québécois. In Quebec,

democratic rule in a real sense had emerged in 1960, and the democratic force has been

continuously present in Canada since then. Against the conventional view that a longer

period of democratic rule will increase the levels of social capital, analyses here have

revealed that democratic longevity has had a negative effect on social capital. For instance, in every provincial election in Quebec, the PQ has presented Quebec sovereignty as the main political issue, emphasizing the negative aspects of relationships between the Anglophones and the Francophones. Consequently, the victimization and political independence from the exploitation by the Anglophones have dominated the political dialogue in Quebec for several decades. As learning theory suggests, continuous exposure to these politicized issues have solidified Francophone distrust toward the Anglophones. Furthermore, continuous exposures to these negative messages in highly decentralized institutions can lead to separate regional identity. As most of these messages were formulated along ethnic issues and identity in a regional context, it is reasonable to think that the Francophones have developed a separate regional or ethnic identity. Indeed, persistent support for Quebec sovereignty to date certainly indicates that a long period of democratic rule does not automatically promote social integration between different groups.

In sum, the case of Quebec is clearly consistent with the proposition of the fragmentation-learning hypothesis. A long period of democratic rule, combined with highly decentralized political institutions, has definitely led to the loss of social capital among minorities. As the fragmentation-learning hypothesis suggests, in the case of Canada, socialization through a long period of institutional learning resulted in the fragmentation of the political system and society, thus hurting social capital. In this way, the case study in this section has demonstrated the validity of the fragmentation-learning hypothesis.

One of the possible criticisms against this case study is that a distinct identity in

Quebec had already existed even before the democratic force emerged and the PQ

became a dominant political force. Therefore, critics may argue that federal

arrangements were the outcome of the political fragmentation rather than vice versa. Put

differently, there is a potential problem of endogeneity between social capital and federal

arrangements. Certainly, it may be true that the Francophones in Quebec have always

possessed a distinct identity in Canada, and the distinctiveness of the group pressed the

federal government to adopt the highly decentralized political system. I would not deny

this causal direction. However, there is evidence showing that the link connecting social

cleavages to federal arrangements is not inevitable. Brancati (2005) argues that the

existence of ethnic conflict or a strong identity group does not necessarily lead to the

installment of decentralized political systems. According to her, Sri Lanka, Madagascar

and Uganda are all examples of countries that are reluctant to adopt a decentralized

system due to its potential danger of exacerbating ethnic conflict. Thus, the link

connecting social cleavages to federal arrangements is not necessarily automatic.

Furthermore, even admitting that the effect of cleavages is a critical factor determining

federal structures, it is also true that decades of democratic learning under highly

decentralized institutions will lead to further fragmentation of the political system and

society. Especially when the process of political and social learning revolves around the

issue of ethnic identity, the proposition of fragmentation-learning is expected to hold well.

In this way, along with other scholars, it is possible to argue that federal arrangements

have the effect of intensifying ethnic conflict rather than mediating it.[127] Counterfactually,

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[127] Brancati (2004) critically examines the relationship between regional parties and ethnic conflict. She
argues that the type of decentralization that helps regions parties to emerge tend to exacerbate ethnic

the relationship between the Anglophones and the Francophones in Quebec would have

taken a rather different shape than it did for the past several decades without those factors

such as highly decentralized institutions, a long period of democratic rule, and the

interaction effects between these two variables.

7-4: Case study 3—Malaysia

7-4-1: Case selection

In previous sections, I have examined the effects of democratic longevity on social

capital in two different institutional settings. In the executive-parties dimension,

examining cases of the Baltic countries, I have shown that longevity has a positive impact

on social capital under consensus institutions. The analyses have also demonstrated that

that the same effect of longevity is lacking under majoritarian institutions. In the federal-

unitary dimension, in the case of Canada, I have demonstrated that democratic longevity

has a negative effect on trust in highly decentralized institutions. Therefore, in the

executive-parties dimension, case studies have confirmed the power-sharing-learning or

conflict. The case of the Canadian federation and the PQ can be considered one of the examples. Other scholars have also explored negative effects that regional parties can have on ethnic conflict (Bhatnagar and Kumar 1998, Gassah 1992, Kumar 1986). Some of them have even recognized how regional parties can reinforce ethnic identities (de Winter and Tursan 1998, Keating 1998). Also, in the case of Canada, Cairns (1977) notes that Canadian political institutions have shaped and reinforced social divisions.

the direct-translation-learning hypothesis. In the federal-unitary dimension, the analyses support the fragmentation-learning hypothesis.

Building on these findings, I further explore the applicability of the integrative model of political and social learning in a more complicated situation. While political institutions can be largely divided into majoritarian or consensus institutions depending on the degrees of power-sharing in the political system, its institutional devices vary from one country to another. In the analyses of the executive-parties dimension, the emphasis was on the effects of citizenship policy as a proxy representing the nature of political institutions in each country. In the federal-unitary dimension, the focus of the analyses was placed on the federal decentralization as a mechanism of power-sharing. In this section, I look into the substantive content of power-sharing arrangements. Specifically, I demonstrated how power-sharing arrangements that tend to institutionalize ethnic differences fail to generate social capital. I argue that institutional devices that are designed to legitimize inequality among ethnic groups prevent people from learning to trust others.

I test these propositions in the case of Malaysia. Although Malaysia is not a part of the WVS, it severs as an important test case for studying the effects of political institutions on ethnic relations for two reasons. First, political institutions in Malaysia during are featured with a unique power-sharing. Scholars generally agree that the political system of Malaysia during the period of 1957-1969 had been consociational based on the ethnic division of labor. While the Malays dominated the political power in Malaysia, the Chinese were allowed to retain their dominant influence in the economic sphere. Second, ethnic tensions in Malaysia have escalated at times. Although the

consociational arrangements during this period effectively contained the breakout of ethnic violence, the system faced serious challenges when the election of 1969 revealed the changing power relations between the Malays and non-Malays. After the election of 1969, ethnic riot broke up in Kuala Lumpur and revealed ethnic schism in society. Although a reliable survey data is not available in Malaysia, the levels of social capital among ethnic groups are significantly low. The ethnic tension between Malay and non-Malay remain strong, and we still witness ethnic riots occasionally.

In this case study, I show that power-sharing arrangements that legitimize inequality among ethnic groups are more likely to fail in generating social capital. For that objective, I scrutinize how the process of successful elite accommodation collapsed in Malaysia in 1969. Furthermore, analyses in this cases study suggest that power-sharing arrangements that tend to intensify ethnic identity are not conducive to making peaceful ethnic relations. Hence, I suggest that power-sharing between different ethnic groups has to be designed so that every group perceives it as fair. Institutional arrangements that create and accumulate grievance along ethnic lines tend to fail in fostering trust in the long-term.

I measure levels of social capital by tapping riots. Especially, the focus in this case study is placed on the riot that took place in 1969. The ethnic clash in 1969 clearly reflects the short supply of trust between Malay and Chinese communities. Also, the riot can be considered as the failed outcome of institutional learning based on consociational arrangements. Assuming that ethnic riots represent the lack of trust among ethnic groups, I investigate the relationship between social capital, political institutions, and democratic longevity.

7-4-2: Background

One of the most important dynamics underlying Malaysian politics is the issue of ethnicity. The three major ethnic groups in the country are the Malays (42% of the country in the 1970s), the Chinese (38%) and the Indians (10%), with other ethnic groups accounting for the remaining 10%.[128] The Chinese are mainly settled in the states on the west coast of the Malay Peninsula, particularly in the urban and industrial areas such as Kuala Lumpur. Malays are a majority group on the rest of the peninsula.

Malays who speak Malay believe in Muslim. Malays are portrayed as the *bumiputera* (literally, "sons of the soil), or the original inhabitants of the land.[129] This unique indigenous status means, to the Malays, that they should enjoy privileges over other ethnic groups, such as the Chinese and Indians, and that their political dominance, bureaucratic control, and economic opportunity should be guaranteed. Furthermore, Malays regard the Chinese and Indians as aliens or possibly a necessary evil. For instance, the 1970 government report articulates, "The multi-racial character of the country is the result of British economic policy before World War II. Malaya's vast economic potential and the liberal, tolerant attitude of the Malays, exploited by the colonial government, caused an influx of Chinese and Indian immigrants, and mass

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[128] Malay alone accounts for 42%, Chinese accounts for 38%, Indian accounts for 10%. For more details about the ethnic diversity in Malaysia, see Gordon P. Means (1976).
[129] Ganguly (1997), P246.

immigration continued until the thirties."[130] In other words, Malays argued that the large

number of Chinese and Indian newcomers destroyed the peaceful life of the Malays by

dominating the Malay economy.

The Chinese speak a variety of dialectics and hold various religions such as

Buddhism, Confucianism, and Taoism. Most of the Indians are Hindu Tamils. There are

also small portions of Muslims, Sikhs, and Sinhalese in Malaysia as well. While the

Malays consider themselves *bumiputera*, the Chinese and Indians, needless to say, do not

consider themselves as intruders. For example, from the Chinese perspective, it was the

Chinese who resisted the invaders during the anti-Japanese war. Therefore, the Chinese

think of themselves as defenders of Malaysian independence. Furthermore, during the

counterinsurgency war of the 1950s, more Chinese were killed fighting the communists

than any other racial group, including the British and Commonwealth solders—a fact

often overlooked by the Malays.[131] Consequently, Malays and Chinese over the years

have developed negative stereotypes of each other.[132]

Several factors contributed to the ethnic tensions between the Malays and Chinese

in Malaysia. One of the most important factors was the British colonial rule. During the

colonial period, the British invariably took the side of the Malay community. As a

practice of "divide and rule" the colonial power adopted preferential and protectionist

policies toward the Malays. For instance, British labor recruitment policies in colonial

Malaya were ethnically segmented to weaken the bargaining power of a group (Abraham

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[130] See National Operations Council, *The May 13 Tragedy: A Report* (Kuala Lumpur: The Council, 1969), p. 1.

[131] See Slimming (1969), p6.

[132] Malays consider themselves as scrupulous in human relations. Also, Malays think of themselves as less materialistic than the Chinese. Malays regard the Chinese to be aggressive, unprincipled in business and not loyal to Malaysia. On the other hand, the Chinese view themselves progressive, competitive, and hardworking. From the Chinese point of view, Malays are superstitious, lazy, and not interested in improving themselves. See Esman (1972).

1997). Abraham (1983) argues that it was colonial practice that intensified pre-existing ethnic stereotypes. Subsequently, these practices were carried over to post-colonial Malaysia. With an attempt to maximize its own benefits, the British reinforced ethnic tensions in Malaysia.

The experience of World War II also significantly worsened ethnic relations in Malaysia.[133] The Japanese occupation considered the Chinese in Malaya as enemies because the Japanese were simultaneously fighting in China. A number of Chinese joined the Communist-led guerrillas and fought the Japanese. Toward the end of the war, before the British arrived in the country, the guerrillas took over some towns and proclaimed that Malaysia would become part of China. Against this threat, Malays dealt with the Chinese rather violently. These events, during the interregnum period before the British arrived, installed in the minds of Malays strong fears against the potential threat from the Chinese.

Because of the animosity and distrust between the Malays and Chinese, the process toward independent Malaya featured struggles among different ethnic groups. Political elites had to solve the issues regarding ethnicity before they could achieve independence. Therefore, negotiations over the independence were to take place not only between Malaysia and its colonial master, but also between the major ethnic groups of the new state (Lee and Heng 2000). Because the course toward independence was going to determine the basic principles of the new states, different groups severely competed for their own positions over such issues as religions, languages, citizenship rights, and privileged positions for the Malays.

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[133] See Kheng (1983).

In 1945, the British proposed the so-called Malayan Union, which would have stripped the Malay monarchs of all but ceremonial powers and granted broad citizenship rights to non-Malays. The Malays protested against this plan, and this protest movement consequently formed the United Malays National Organizations (UMNO), which would have significant impacts on the later ethnic politics in Malaysia (Stockwell 1977, 1979). The protest by Malays succeeded, and the Union Plan was withdrawn in 1947. Instead, the Federation of Malaya was presented. Under the Federation, the government would preserve the decentralized structure and the sultan's power and symbolic role were left more or less intact. Furthermore, stringent requirements for citizenship were imposed on non-Malays. Perceiving the suggested federation as a threat from the Malay community, non-Malays launched a series of protest campaigns. Eventually, however, the protests failed, and the federation was imposed.

Malaysia gained independence from the British in 1957. Six years later, in 1963, Malaysia was created by the union of Malaya, Singapore, Sabah and Sarawak, though Singapore seceded two years later. As inevitable aspects of multiethnic states, different ethnic groups with solid ethnic identities had to compete with each other within the framework of the nation-state. Therefore, the most critical factor in stabilizing the political system in Malaysia was whether the political system would be able to manage ethnic tensions in the political system and society. As the divisions between ethnic groups are so deep, "Every political issue tends to be transformed into a communal one" (Zakaria 1993, p. 145). In this situation, the most imperative task that Malaysia faced was to develop a system of conflict management in mediating ethnic relations.

7-4-3: Consociational System of Malaysia

Due to its multiethnic nature, Malaysia has always suffered from certain degrees of ethnic tensions within the political system and society. In preparing for independence of Malaysia, the most important task that political elites in Malaysia had to attain was to develop a system of ethnic conflict management. In establishing the system, the British played a pivotal role. The British brought together Malay and non-Malay leaders as members of state councils, and in the final years of British rule they formed the Communities Liaison Committee (CLC) in which groups of each ethnic community met in private to discuss communal relations in an independent Malaya (Case 1996). The CLC served as the foundation of elite accommodation that intended to reduce the stress and pressure of nation-state building.

The most crucial decision made through the process of elite accommodation was the inter-communal bargain of 1957. The bargaining was concluded by the elites from each ethnic community including the United Malays National Organizations (UMNO), the Malaysian Chinese Associations (MCA) and the Malaysian Indian Congress (MIC).[134] While the bargain accorded "special rights" to the Malays, it guaranteed citizenship for the non-Malays (Crouch 1996; Means 1976; Milne and Mauzy 1980). Simply speaking, the bargain explicitly stipulated the ethnic division of labor. While the Malay community was provided with special rights, which granted dominant power in the political arena, the Chinese were allowed to retain their economic influence. As is

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[134] See Milne (1964).

represented by the phrase "Politics for the Malays, economy for the Chinese," the inter-communal bargain in 1957 was based on the ethnic division of labor within the political system and society (Case 1996). Accordingly, trespassing beyond the demarcation line would result in severe ethnic tensions. In this way, power-sharing arrangements in Malaysia attempted to impose the ethnic division of labor in order to preserve the Malay dominance in the political system.

This kind of bargaining was advantageous to both parties. According to Esman (1972), "the Malays gained political independence, control of government, and a polity which was to be Malay in style and in its system of symbols. In return, the Chinese gained more than oversea Chinese in Southeast Asia had dreamed of—equal citizenship, political participation and officeholding, unimpaired economic opportunity, and tolerance for their language, religion, and cultural institutions" (p. 25, cited by Lijphart 1977, p. 151). Consequently, a series of bargaining was struck between the Malay and non-Malay communities in setting rules of the new nation-state. Islam became the official religion in Malaysia, but Malaya would not be an Islamic state. Sultans were granted essentially ceremonial powers, but they were given roles as defenders of Islam. Both Malay and English would be the official language for ten years, but after that period only Malay would be used as official languages. Islamic laws and syariah courts would be established, but they would apply only to Muslims.

The most important institutional arrangement that made this bargaining possible was the multiethnic coalition called the Alliance. The Alliance included the UMNO, the MCA, and the MIC, and it ran electoral campaigns as a single slate.[135] In the Malaysian political system, the UMNO controls the post of prime minister and a majority in the

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[135] See Horowitz (1985).

cabinet. While the Malays have always exerted dominant power in the Alliance Party,

Chinese and Indian communities also have access to power through the alliance.

Malaysia's relative stability owed much to the system of elite accommodation through

the multiethnic coalition of the Alliance. The principles of elite accommodation were as

follows:

1. Each ethnic community was unified under a leadership that was authorized to bargain for that community;

2. Leaders from each community were be able to guarantee that their followers would accept the outcome of negotiations;

3. Elites from different ethnic communities trusted each other;

4. Parliament and other representative institutions accepted their diminished roles of simply ratifying the outcomes of elite bargaining.[136]

The system of elite accommodation worked reasonably well from 1957 to 1969.

Members of this conservative coalition supported candidates from other communities,

thereby guaranteeing victory in elections. The Alliance based on the above principle

functioned as intended as long as each ethnic community felt that its interests were well

served. Focusing on the aspects of segmental autonomy and grand coalition, Lijphart

(1977) concludes that the political system of Malaysia during this period of is perhaps

consociational. The electoral system in Malaysia helped the dominance of the Alliance.

The federal electoral system was broadly modeled on the Westminster system, with an

elected lower house based on single-member district and an appointed upper house.

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[136] See Means (1991).

Greatly benefiting from the single-member district, the Alliance Party overwhelmingly won every election until 1969.

However, despite the claim of consociationalism, the share of state positions was not fully proportional or democratic (Case 1996). Chinese elites accepted significant levels of under-representation in the government, bureaucracy, and military in exchange for economic benefits and citizenship. Furthermore, in the Alliance Council and cabinet meetings—the uppermost decision making committees—UMNO elites never conceded any power of "mutual veto" to the Chinese community over what they considered to be vital Malay interests.[137] In a similar manner, some evidence suggests that UMNO elites were not willing to grant the Chinese with "segmental autonomy" in a real sense over their own community's cultural policies, especially in linguistic and educational issues.[138] Therefore, we can conclude that while meaningful negotiations took place within the Alliance, the Chinese elites did not have clear vetoes or issue-area autonomy. Lijphart (1977) himself is aware of the weak position of the Chinese elites in the Alliance and notes:

> It is extremely difficult to evaluate…whether the economic
> superiority of the non-Malays adequately balanced Malay political
> hegemony…[T]he political dominant role of the Malays in the
> Alliance in the Malaysian government…throws some doubt of the
> consociational character of the Malaysian regime even in the 1955-
> 1969 period (p. 152-154).

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[137] See Chee (1991), pp. 63-66.
[138] See Chee (1991), p. 66.

However, while it is true that the power-sharing arrangements in Malaysia lacked proportional allocation of power and segmental autonomy as Lijphart defines them, Malaysian elites did interact with elites from other ethnic communities in a consensual way. Commenting on this situation, R.S. Milne (1967) notes "a kind of short-term rough justice between the claims of the communities [was] in fact…attained" (p. 41). Furthermore, other observers note that bargaining that incorporated non-Malay interests persisted in later period even after the 1969 riot.[139] Thus, although evidence suggests that while the internal dynamics in the Alliance were rather disadvantageous to the side of non-Malay communities, the conflict management mechanism within the Alliance definitely incorporated the interests of non-Malay communities.

Although Lijphart (1977) points out that federalism is one of the most important elements of the consociational system, the federal system in Malaysia played only a marginal role. At the time of independence in 1957, Malaysia adopted a federal system which consisted of 11 states. In 1963, two more states, Sabah and Sawawak joined Malaysia. The constitutional framework provided Sabah and Sawawak with considerably more autonomy than the other states. Although the city of Singapore was part of the federation during the period of 1963-1965, it seceded when invited to leave by Malaysian Prime Minister Tunku Abdul Rahman due to communal tensions between the Malays and the Chinese. After the secession of Singapore, the federal system in Malaysia has not been a source of ethnic tensions. With no large territory identified with a non-Malay or Chinese population, the threat for secession did not exist. The closest to such a situation is the island state of Penang where the majority population is Chinese. However, most of

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[139] See Chee (1991), p. 57 and Mauzy (1983), p. 137.

the people in the state realize that an independent Penang is not viable, and no serious secessionist attempt has been made since independence (Sopiee 1974). Therefore, while the Alliance has been the main arena of ethnic accommodation, the roles of federalism in Malaysia as a device of ethnic accommodation were of secondary importance.

7-4-4: The Breakdown of Consociational Accommodation

After its independence, the elite interaction in the decision-making system in the Alliance took place in a rather consensual way. Leaders from different ethnic communities were bound by personal friendships, always observing informal bans on violating secrecy of the elite interaction. Furthermore, while the intense bargaining over ethnic issues was permitted within the decision-making system, the interactions between elites were tempered by a "spirit of accommodation" and "mutual restraint."[140] Thus, elites in the Alliance hoped that the sub-elites and the masses would also accept their assigned roles in the political system.

However, the system of elite accommodation began to unravel toward the end of the 1960s. One of the most important factors that contributed to the breakdown of the system of elite accommodation was the economic growth during the 1960s. As the economy continued to grow during the 1960s, the Malays became gradually aware that they were not gaining enough benefits from the economic growth. They felt that the

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[140] Milne and Mauzy (1980), p. 131.

economic growth was only benefiting the non-Malay communities.[141] As a consequence, the dissatisfaction within the Malay community had significantly grown, undermining their willingness to accept the status quo.[142] Representing this dissatisfaction, the Malays began to demand that only the Malay language be used in state transactions and schools.[143] They expected that if Malay became the sole official language, their positions in society and their economic situation would be improved.

While the Malays claimed their privileged positions, the Alliance attempted to accommodate the non-Malay feelings by passing a law admitting the continual use of English while recognizing the official status of Malay. Against this law, the Malays expressed their feeling of dissatisfaction by launching protests. At the same time, both Malay and non-Malay sub-elites were being frustrated toward the Alliance.[144] For those who were only concerned with the interest of their own ethnic community, the stance of the Alliance was too conceding toward other ethnic communities. Accordingly, the elite-accommodation through the decision-making system in the Alliance began to suffer from the loss of mass support. In this situation, communal leaders had a difficult time controlling their populations. For instance, Chinese youths born in Malaya demanded full equality instead of the unsatisfying arrangements negotiated between MCA leaders with UMNO. As consociational arrangements did not equally benefit all of the sections within the Chinese community, those Chinese who were left out of the benefits from the consociational arrangements accumulated their frustration. Even Malays expressed their dissatisfaction toward the Alliance Party. As a consequence, opposition groups were

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[141] Snodgrass (1980), pp. 53-54.
[142] Snodgrass (1980), pp. 53-54.
[143] Means (1991).
[144] See Case (1996).

established. The Pan-Malayan Islamic Party (PAS) emphasized traditional Malay rights.

The Democratic Action Party (DAP) and the Malaysian People's Movement Party

(Gerakan) attempted to represent the rights of Chinese citizens. Being critical of the

stances of the Alliance, these parties challenged the tradition of elite-accommodation.

Therefore, new parties began to explicitly speak on issues that would offend the Malays.

Consequently, with leaders appealing to ethnic issues, communal tensions mounted

significantly. Leu Teik Soon (1969) notes, "the unwritten law regarding communal

issues was violated by both Alliance and opposition parties when they indulged in open

public and heated debate."[145]

The election of 1969 showed an unexpected, mass-level reciprocity to the

oppositions' ethnic appeals. A lot of voters drifted from the UMNO support toward the

PAS especially in the state elections in Kedah, and Trengganu. Also, the Chinese voters

shifted their support from the MCA to the DAP and Gerakan in state assembly elections.

In the parliamentary elections, the Alliance won a plurality (48%) of votes that were

barely enough to retain control of the federal government, but it lost control of several

state assemblies.[146] These electoral outcomes impressed people in Malaysia with the

shifting power relations among ethnic groups. The result was the massive social turmoil.

While the Chinese were hailing their victory in the election, the Malay community felt

that it would be able to control neither the economy nor politics in their own country.

Reacting to chauvinist mobilization by Malay elites, civil disorder followed and hundreds

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[145] Teik Soon (1969), p. 1.
[146] See Case (1996), p. 107.

of Chinese were killed.[147] Consequently, Malaysia was placed under marital law for the period of twenty-one months.

The 1969 riot had a significant impact on the political system of Malaysia, especially during the period from 1969 to 1971. During the period, Malaysia was governed by the National Operations Council (NOC). The NOC and subsequent administrations amended the Constitutions so that the government could contain future riots while maintaining Malay privileges. The inter-communal bargain of 1957 was re-evaluated. The emergency rule from 1969 to 1971 and constitutional amendments in 1971 clearly emphasized Malay predominance in Malaysian politics (Means 1991). The political system after the 1969 riot has placed high emphasis on "the primacy of Malay political power, in contrast to the more multiracial leadership that had been a characteristic of the 1957-1969 period" (Zakaria 1993, p. 153). Newly passed laws explicitly banned the discussion of "sensitive issues" such as the advantages of declaring Malay the national language, the privilege position of Malays, or the status of the sultans.

Furthermore, not only securing the Malay position in politics, the UMNO also attempted to project its power to the economic sphere, which was traditionally dominated by the Chinese. By introducing the New Economic Policy (NEP), the UMNO tried to redress the relative poverty in the Malay community. The fact that the UMNO-led government began to encroach on economic issues clearly suggests that the spirit of the bargain of 1957 was fading away, opening a way for a more Malay dominant ideology. The effect of the NEP was drastic. The Malay community's sense of relative deprivation gradually declined as the state became more assertive in the economic realm as a result of

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[147] Rahman (1969)

the NEP.[148] The incidence of poverty among Malays also declined significantly from 64.8% in 1970 to 23.8% in 1988.[149]

As we have seen, when the Alliance's inability to accommodate mass desires from each ethnic community became obvious in the 1969 election, ethnic tensions between the Malays and the Chinese escalated into ethnic violence. The communal violence in 1969 indicates that the system of ethnic conflict management through the Alliance failed to produce social capital among ethnic groups. While political elites at the summit level within the UMNO were closely connected with the spirit of elite accommodation, the system of conflict management was basically incapable of improving ethnic tensions at the lower levels.[150] When the frustrations of the masses were clearly demonstrated through the election of 1969, the consociational arrangements could not absorb the tensions and pressures from ethnic communities. As a result, the consociational democracy in Malaysia collapsed, and the political system in Malays went through significant transformation toward more restrictive semi-democracy.

7-4-5: Conclusion: Malaysia's Consociational Learning

In this section, I have looked at the content of the power-sharing arrangements in Malaysia. Specifically, I have analyzed how the power-sharing arrangements based on

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[148] In 1970, ownership of national corporate wealth was 1.9% Malay, 22.5% Chinese, 1.0% Indian, and 60.7% foreigners. By 1990, these figures were estimated to shift ward at least 30% Malay, 40% non-Malay, and 30% foreigners. See Von der Mehden (1975), pp. 150-152.
[149] The statistics were taken from Rigg (1991), p. 117.
[150] Fan Yew Tend (1989) noted that rank and file officers in the Alliances were deeply divided, and that they would only work for their own race or tribe. P.151.

the ethnic division of labor affected ethnic relations in Malaysia. While scholars generally agree that the political system of Malaysia during the period of 1957-69 was consociational, the power-sharing arrangements included significant ethnic inequality; whereas the Malays enjoyed dominant political power, the Chinese were allowed to retain their influence in the economic sphere. Although the multiethnic coalition of the Alliance was successful in mediating ethnic tensions at the initial stage following the independence of Malaysia, the consociational arrangements began to unravel as Malaysia went through significant economic growth in the 1960s. While the Malays began to be frustrated over their relative economic grievance, the Chinese community demanded more equal power within the government. Finally, as the 1969 riot clearly shows, the consociational power-sharing arrangements came to an end in face of rising ethnic tensions. Although the Alliance attempted to assign each ethnic community with a different role within the political system and society, the arrangements failed to maintain peace among different ethnic communities.

Surveying the period of the consociational accommodation in Malaysia, the main findings in this section are twofold. First, power-sharing arrangements that reinforce inequality among ethnic groups are more likely to fail. As several scholars suggested, the major principle of consociational arrangements in Malaysia was to differentiate Malays and non-Malays. While Malays were granted political power, the Chinese were allowed to maintain their dominance in the economic sphere. However, although these arrangements were initially effective in stabilizing the political system during the post-independent period, the arrangements that were designed to maintain the inequality between ethnic groups eventually exacerbated the grievances on both ethnic communities.

256

In this way, the case study in Malaysia suggests that elements of inequality in power-sharing arrangements were highly detrimental in fostering social capital.

Second, as is related to the first point, analyses here suggest that power-sharing arrangements in Malaysia intensified ethnic identities and consequently worsened ethnic relations. As consociational arrangements in Malaysia have explicitly legitimated the discrimination of ethnic groups in the political system and society, potential gains and losses involving ethnic issues tend to be large. Therefore, consociationalism in Malaysia has magnified the significance of ethnic identity. Combined with accumulated grievances on both ethnic communities, strong ethnic identity embedded within the political institutions badly eroded social capital.

These findings provide significant implications for suggested hypotheses. Although I have found support for the direct-translation-learning hypothesis and the power-sharing-learning hypothesis in previous case studies, the case of Malaysia only partially supports these hypotheses. While they were effective in the transitional period following the independence in Malaysia, institutional arrangements that emphasized and reinforced the inequality among ethnic groups did not improve ethnic relations. On the contrary, the power-sharing arrangements between the Malays and non-Malays within the Alliance resulted in further institutionalization of ethnic identity and subsequent ethnic tensions. Therefore, the power-sharing-learning hypothesis does not completely hold in Malaysia. Also, as power-sharing arrangements in Malaysia cannot be categorized as a majoritarian or consensus type in the ideal sense, it is difficult to apply the direct-translation-learning hypothesis. However, as the direct-translation-learning hypothesis assumes, the rules of the game in the Malaysian political system seem to be zero-sum

based on the ethnic division of labor. While the Malays gain more in the economic sphere, the Chinese tend to be dissatisfied with the relative gain on the Malay side. In that sense, the direct-translation-learning hypothesis can capture fundamental dynamics surrounding social capital in Malaysia.

What happened in Malaysia during the period of 1957-1969 was that consociationalism based on the ethnic division of labor fragmented the political system and society, thus undermining trust among ethnic groups. Although federal systems did not play a major role in Malaysia, we have found that consociational arrangements designed to preserve the dominance of a particular ethnic group had a fragmenting effect on the political system and the society. By reinforcing the ethnic division in society, both groups consequently accumulated their frustration toward other group, the situation consistent with the fragmentation-learning hypothesis. In this way, the upshot of this case study is that we need to be sensitive to the content of power-sharing arrangements if we wish to foster social capital in multiethnic settings.

The experience of Malaysia suggests the extreme difficulty of introducing and maintaining democratic principles in multiethnic societies. Later, the Prime Minister, Tunku Abdul Raham, who could not contain the ethnic violence noted that he should have suspended the election and declare a state of Emergency in 1969 to cool down the ethnic tension.[151] Depending on the situation, democratic force in multiethnic societies could be disturbing for a harmonious relationship among ethnic groups. If full democracy was to develop in Malaysia in the future, it is essential that political elites garner enough support for the political system. Also, for the democratic system to work

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[151] See Milne and Mauzy (1980), p. 80.

in multiethnic states such as Malaysia, it is critical that the majority and minority both foster trust in society.

As it may be inevitable, Malaysia's democracy has gone through a serious setback since the 1969 riot with various restrictions newly imposed. While elections are held fairly and freely, the UMNO has always taken a dominant position in the political system of Malaysia. As the UMNO controls the media, it enjoys greater advantages in electoral campaigns. Also, the leadership at the UMNO would not tolerate dissidents, and it has arrested a number of competitors who seriously challenge the dominance of the UMNO. Along with these, civil rights and liberties were also severely restricted. Citizens were not allowed to organize freely or to express their opinions regarding sensitive issues. In this way, the government has imposed severe restrictions on democratic principles.[152] Although the Malay society may look peaceful with less ethnic tensions, that may be due to the lack of genuine democratic force.[153] With the government forcefully guaranteeing the dominance of the Malays in the political system, non-ethnic communities would not dare to challenge the dominance. The real challenge for Malaysia is how it can introduce genuine democratic force without resulting in social turmoil.

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[152] Regarding these regulations on democratic rights and civil liberties, see Neher and Marley (1995).
[153] Malaysia has not been completely fee from ethnic violence. For instance, there was ethnic clash between Malays and Indians in Kuala Lumpur in March, 2001. In each case of ethnic violence, police force clamped down ethnic violence. See "Malaysia Clampdown after Ethnic Unrest," BBC News, March 11, 2001.

7-5: Conclusion (Case Studies)

In this chapter, I have conducted case studies to show the detailed causal mechanisms identified by the statistical analyses. To analyze the effect of democratic longevity in the executive-parties institutions, I have examined the situations in the Baltic countries focusing on citizenship rules and their democratic experiences. Consistent with the findings from the statistical analyses, I found that democratic longevity in consensus institutions in Lithuania boosts trust among minorities, while longevity in majoritarian institutions in Estonia and Latvia has not been effective in fostering trust. Consequently, we can conclude that the hypothesized mechanism in the power-sharing-learning hypothesis reasonably holds. In the analysis on the federal-unitary institutions, I have examined the Quebec separatist movement in Canada. The Quebec case study has proved that a long period of democratic rule in highly decentralized institutions undermines social capital by fragmenting the political system and society. As a consequence, I have verified the proposition of the fragmentation-learning hypothesis. Furthermore, I have looked at the case of Malaysia during the period from 1957-1969 during which consociational power-sharing arrangements were installed. In this case study, I have demonstrated that while consociational power-sharing arrangements were initially effective containing ethnic tensions, they could not regulate ethnic violence. The consociational arrangements in Malaysia institutionalized ethnic inequalities and identities and consequently intensified ethnic conflict. Hence, the case study in Malaysia advances our understanding of the causal mechanisms through which political and social learning generates trust. Finally, the dynamics which is common in these cases is that

ethnic groups tend to evaluate their power or positions in the political system vis-à-vis their opponents in the political system. Case studies have clearly demonstrated that the mechanism through which citizens learn to trust others largely depends on their zero-sum perceptions compared with other groups in society. In this sense, the findings support the direct-translation-learning hypothesis. In this way, these case studies in three regions overall support the findings from the statistical analyses.

In addition, one of the most important implications from these case studies is that social capital among minorities is important for securing the stability of democracies. While the statistical analyses suggest the effect of democratic longevity is confined only among minorities, case studies conducted indicate that social capital among minorities does matter determining the stability of democratic regimes. When minorities express their dissatisfaction with the political systems or to their fellow citizens, it becomes very difficult for them to engage in the task of stable nation-state building. In building a new nation-state, therefore, it is imperative that policy-makers be sensitive to minority issues so that they can develop trust among minority groups. Is it better to include minorities into the decision-making process? How much power are policy-makers supposed to grant to minorities? Or what kind of power-sharing or autonomy should policy-makers design to stabilize the political system? We have learned important implications for these questions in case studies. Finally, these questions are deeply concerned with important principles of liberal democracy. The implications from these case studies are critical in formulating a democratic regime that maintains sensitive balance between the majority principle and guarantee of minority rights.

261

Chapter 8: Conclusion

Scholars have documented the essential roles of social capital for liberal democracy.
Putnam (1993) argues that social capital is a prerequisite for functioning democracy.
Without social capital, the hope for successful democratization and its consolidation is
slim. Recognizing the importance of social capital, one of the fundamental questions
underlying this study is whether or not it is possible to generate social capital in the
context of multiethnic states in which scholars argue social capital tends to be
substantially poor. Two different approaches to social capital offer different answers to
this question. The exogenous approach recognizes social capital as culturally inherent.
According to this perspective, it is impossible to generate social capital in a short time
because its levels are culturally predetermined. On the other hand, the endogenous
approach argues that social capital is subject to change depending on certain factors.
According to this approach, it is possible to build social capital even in an environment in
which it is inherently in short supply. The debate over these two competing perspectives
has important implications for the future of multiethnic democracies. If the exogenous
approach is correct, multiethnic democracies with a low endowment of social capital are
doomed in consolidating their democratic regimes. However, if the endogenous
approach is valid, any country should have a chance of successfully consolidating
democracy by fostering social capital.

I address the debate by integrating insights from different existing research
programs. Specifically, relying on the theory of institutional management of ethnic
conflict and the theory of institutional learning, I have constructed an integrated theory of

political and social learning. The model consists of two main components. The first

component is concerned with institutional effects on social capital. Based on findings

from previous studies on institutional management of ethnic conflict, it theorizes the

different effects of majoritarian or consensus institutions. Regarding this component, I

argue that exclusive or inclusive principles of political institutions determine levels of

social capital. In other words, I hypothesize that the way a political system deals with

minorities makes a significant difference in generating social capital in heterogeneous

environments. As a consequence, the first component of the integrative model captures

the critical characteristics of political institutions—whether the political institutions are

established based on majoritarian or consensus principles.

The second component of the model focuses on the learning effect of democratic

longevity. Relying on the theory of institutional learning, this component is formulated

based on the assumption that people learn certain values through their experiences with

political institutions. Put differently, I hypothesize that when people are exposed to

certain political institutions, they tend to take on values that the institutions attempt to

realize. Furthermore, the learning theory suggests that the period during which citizens

are exposed to certain institutions is critical in determining their learning effects. In other

words, the longer citizens experience certain institutions, the more strongly they tend to

learn the institutions' values. Therefore, the second component of the model

operationalizes democratic longevity as a measure of a learning effect.

To fully understand the mechanism through which social capital is generated by

democratic institutions, I argue that it is essential to integrate these two components into

a single theoretical model. The integrative model makes it possible for us to analyze how

people learn to trust others through their experiences with political institutions. In other words, the integrative model dissects the process through which citizens' experiences with political institutions translate into social capital over time.

I have examined the applicability of the integrative model by using two different approaches: statistical analyses and case studies. In the statistical analyses, I have tested the model by adopting a probit analysis. Then, to address the potential problem of endogeneity between social capital and democratic longevity, I have further examined my hypotheses relying on the instrumental variables approach (IV-2SLS). In addition to the statistical analyses, I have conducted case studies to dissect a detailed causal mechanism through which social capital can be generated by political institutions. In the first part of the case studies, I have analyzed the roles of longevity in the executive-parties institutional dimension in cases examining Baltic countries. Adopting citizenship rules in each country as a proxy of political institutions, I have conducted comparative analyses among three countries. In the second part, I have closely looked at the interaction between democratic longevity and federal-unitary institutions in the context of the Quebec separatist movement. The Quebec case study investigated how democratic longevity affects trust among the Francophones in highly decentralized institutions. In the third part, I have applied the integrative model to the case of consociational Malaysia. By doing so, I have analyzed why institutional learning during the period of consociationalism failed in generating trust among ethnic groups. Thus, this study has tested the applicability of the integrative model, relying on statistical analyses and case studies.

The main findings from these analyses are threefold. First, in the executive-parties institutional dimension, I have found that democratic longevity under consensus types of institutions generates more trust. Power-sharing arrangements between different segments in society foster trust over time. Therefore, this finding indicates that consensus institutions are more conducive to generating trust in the long term. Second, I have shown that democratic longevity under highly decentralized institutions undermines trust. The analyses suggest that political and social learning in decentralized states tends to fragment the political system and society, thus undermining trust. Therefore, a longer period of democratic rule under decentralized political institutions has a negative effect on trust. Third, the analyses have indicated these effects are generally confined to minorities. Once we address the problem of endogeneity between democratic longevity and social capital by adopting an IV-2SLS method, the statistical significance among the majority sample disappears. Considering that the problem of endogeneity is more serious in the majority sample than in the minority samples, this result conforms to our theoretical expectation. Hence, only minorities are susceptible to the effects of institutions and democratic longevity. However, this does not undermine the importance of social capital among the minority. Case studies in the Baltic countries, Canada, and Malaysia clearly show that ethnic groups develop or lose trust by evaluating their relative positions in society vis-à-vis other groups. The question of how a political system can incorporate minority groups can have significant impacts on the stability and sustainability of democracy. In this way, the analyses have demonstrated that the integrative model of political and social learning is applicable; I have shown that citizens'

experience with political institutions subsequently translate into social capital through democratic rule.

As we have seen, this study has successfully dissected the mechanisms through which social capital is produced or hindered by political institutions and democratic longevity. By conducting analyses through various methods, I have been able to specify detailed dynamics surrounding social capital in heterogeneous environments. Consequently, I have revealed novel relationships between social capital, political institutions, and democratic longevity, thus making an important contribution to the literature. Besides the accounts of the causal mechanism, this study provides a fairly optimistic view regarding the future of new democracies. Since the early 90s, democracy has become more and more popular in the world. In the global trend, a number of countries with heterogeneous environments have launched their efforts toward nation-state building and democratization. While some studies suggest that ethnic diversities and social capital are never compatible, this study suggests that they can be. Even in states with low endowments of social capital, we can generate trust over time by carefully formulating political institutions. Thus, the integrative model of political and social learning provides hope for successful consolidation of multiethnic democracies.

Based on the findings from this study, it is possible to present several policy implications. First, regarding the institutional arrangements in the executive-parties dimension, this study suggests the beneficial effects of power-sharing arrangements among different ethnic groups. For instance, one of the most typical power-sharing arrangements in the executive-parties dimension is PR electoral systems. Since PR systems promote the inclusion of smaller parties into the decision-making system, these

arrangements are thought to generate more trust in multiethnic states. Consistent with the theoretical expectation, the analyses in this study have confirmed the proposition. In a similar manner, it is important that other institutional arrangements are also formulated with some kinds of power-sharing provisions among ethnic groups. By carefully establishing systems of power-sharing through cabinets, executive-legislative balances, party systems, and electoral systems, it becomes possible for citizens to learn to trust others. Thus, this study emphasizes the importance of power-sharing arrangements.

Second, regarding the federal-unitary dimension, this study warns of the danger of excessive decentralization. As the statistical analyses and the case study on Quebec show, the combination of highly decentralized institutions and democratic force can dramatically destabilize the political system. Under highly decentralized institutions, a regional party inevitably has an incentive to adopt an anti-system appeal toward the public. As a consequence, citizens dissatisfied with the economic and political situation tend to respond to the anti-system appeal, accelerating the trend toward the separatism. Considering the dynamics between these two variables, I cannot emphasize too much the potential danger of excessive degrees of decentralization. Certainly, decentralization may be a necessary arrangement to address the issue of regional distinctiveness. By granting more power to regional government, it becomes possible for the central government to maintain a distinct region within the federal framework. Yet, policy makers need to be careful regarding the way they devolve power. According to the findings from this study, it is important that the decentralization process be implemented so that it would not promote the establishment of regional parties with separatist desires. However, as Brancati (2004) argues, banning identity-based parties outright is not the best way

because it can jeopardize the democratic system as a whole. Instead, what is important is to establish a political system which encourages political parties to widen their support bases across ethnic groups. In this way, one of the policy implications from this study is that policy makers need to combine federal arrangements with other institutional devices that may hinder political and social fragmentations.

Third, I suggest it is important for policy makers to implement institutional arrangements based on fairness and equality. As the case of Malaysia shows, institutional managements based on the system of unequal representation among ethnic groups are more likely to fail in generating trust. Since ethnic groups tend to perceive their interests vis-à-vis those of other ethnic groups, even the slightest gap among them may destabilize the social harmony. Another caveat concerning institutional management of ethnic tensions is that political institutions should not further freeze ethnic differences. One of the major reasons why consociationalism in Malaysia failed is because the system intentionally institutionalized ethnic differences by stipulating incentives and restrictions among ethnic groups. As a result, consociational arrangements in Malaysia exacerbated the ethnic tension rather than reducing it. Certainly, at an initial transitional phase, it may be necessary to adopt institutional arrangements that may protect and reward certain ethnic groups more than others. According to the findings of this study, however, it is essential that the arrangements promote the sense of fairness and equality among ethnic groups. Otherwise, it is likely that the system will eventually collapse due to the frustration among them.

In this way, this study provides three policy implications concerning the institutional arrangements in multiethnic countries. Each of them is critical in generating

trust among different ethnic groups. One of the most important points of these

implications is that they incorporate a long-term perspective into institutional

management of ethnic conflict. As the overall findings of this study show, it is critical

that policy makers be aware of the possible long-term consequences of institutional

arrangements. Therefore, these three points are keys to successful consolidation of

multiethnic democracies.

One of the main limitations of this study is the data availability. Although the

dependent variable in this study is trust across different ethnic groups, the WVS does not

allow us to explicitly ask respondents how they may or may not trust certain ethnic

groups in society. Therefore, there is a possibility that levels of trust measured in the

WVS may not travel across ethnic groups. Considering the limitation in data, it will be

beneficial to compile a new dataset that directly addresses the issue of ethnicity. With

that kind of dataset, we may be able to find more detailed causal mechanisms through

which social capital is generated in heterogeneous environments. Future studies need to

address the issue.

Appendix A

Expanding Lijphart Index of Democracies

Lijphart (1999) has compiled the index of different types of democracies for 36 countries. More specifically, he chooses 36 democracies (with a population of at least a quarter of a million) that were democratic in the middle of 1996 and that had been continuously so since 1977 or earlier. According to Lijphart (1999), there are two reasons for his selections of 36 democracies. The substantive reason is to make sure that democracies in the analyses are not ephemeral entities but reasonably stable and consolidated democratic systems. The other reason he claims is procedural; in order to study the effects of democratic institutions, he argues that it is necessary to measure more than a few elections or cabinets. According to Lijphart, observing the functions of democratic institutions for a short period of time would not be enough to assess the effects of political institutions.

While these two criteria seem to be appropriate for studying mature democracies, they have little to say about new democracies. Certainly, studying the effects of mature democratic institutions is suggestive, but it is also necessary to devise a way to evaluate political institutions in fledging democracies. Considering the fact that the number of democratic countries has been dramatically increasing all over the world, inventing a way to study new democracies is an imperative task. Furthermore, it is also possible that political institutions in new democracies have significant effects on their societies.

Especially, for instance, after a period of harsh authoritarian rule or devastating civil war, the direction of a political transition can have a significant impact on people's political and social attitudes. Therefore, it is possible that only one or a few years of democratic rule can affect people's mindsets toward the political system and their fellow citizens. For these reasons, I extend the Lijphart's index to include new democracies as well as authoritarian states that were excluded from the original index. Doing so allows us to further compare the effects of different political institutions at different stages of democratization.

Executive-parties Dimensions

Party Systems

According to Lijphart (1999), the first of the ten variables that features the majoritarian-consensus contrast is the difference between single-party majority governments and broad multiparty coalitions. This difference can also be seen as the most important and typical difference between the two types of democracies, because it clearly indicates the contrast between concentration of power on one hand and power-sharing on the other.

Two-party systems epitomize the majoritarian model of democracies and multiparty systems of the consensus model. Scholars contend that two-party systems have both direct and indirect advantages over multiparty systems. According to Lijphart

(1999), the first advantage is that they offer a clear choice between two alternative sets of public policies, thus making it easier for voters to make decisions. Second, Lijphart (1999) notes that they have a moderating influence because the two principal parties have to compete for swing voters in the center of the political spectrum, and hence need to advocate moderate policies. The effect of this mechanism is especially strong when large numbers of voters are located in the political center. Third, two-party systems have an important indirect advantage: they are essential for the formation of a single-party cabinet that is stable and competent in making effective policy (Lijphart 1999).

Scholars have suggested that there exists a strong relationship between party systems and the stability of the cabinet. Claiming that it is an "axiom in politics," Lawrence Lowell (1896) asserts, "the larger the number of discordant groups that form the majority, the harder the task of pleasing them all, and the more feeble and unstable the position of the cabinet" (p. 73-74, cited by Lijphart (1999), p. 64). This proposition has important implications for two types of democracies. The majoritarians' preference for two-party systems is logically linked to their preference for powerful and dominant one-party cabinets.

Having suggested that there is a relationship between the number of parties and the cabinet, a critical question is how we should measure the number of parties in a party system: whether to count small parties, and if not, how large a party has to be in order to be counted in the system. Giovanni Sartori (1976) proposed one solution for this problem. He suggests that parties that fail to win seats in parliament be ignored, and that the relative strength of other parties be measured in terms of parliamentary seats. Furthermore, as rules for counting parties in a party system, Sartori suggests two points:

"coalition potential" or "blackmail potential." A party has coalition potential if it has participated in a governing coalition or if the major parties consider it as a possible coalition partner. Parties that are ideologically unacceptable to other coalition partners, and that lack coalition potential, also have to be counted if their size is large enough.[154]

Although Sartori's criteria are very useful for distinguishing between the parties that are significant in the political system and those that play only a minor role, they do not work well for counting the number of parties in a political system. First, while Sartori's criteria are based on two factors, size and ideological compatibility, size is the crucial factor. Only sufficiently large parties can have blackmail potential, but sufficiently large size is also the chief determinant of coalition potential; small parties with only a few seats may be moderate ideologically and hence acceptable to other parties, but they rarely have coalition potential. Whether or not they are ideologically compatible, therefore, parties that are counted are larger ones. Second, although size is an important factor for Sartori's criteria, he does not use this factor to make further distinction among the relevant parties. For instance, the Christian Democratic party that dominated Italian politics until the 1990s and its frequent coalition partner, the Republican party, which has never won more than 5% of the entire seats in the lower house, are counted equally.[155]

To overcome this defect, Jean Blondel (1968) suggested a method to classify party systems that takes into account both their number and their relative sizes. In his classification, he has four categories. The first one, two-party systems are dominated by two large parties, although some other small parties may exist in parliament. The second

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[154] As an example of this case, Lijphart (1999) suggests the French and Italian Communist parties until the 1970s.
[155] For the discussion, See Lijphart (1999).

273

model is a "two-and-a-half" party system in which there is a considerably smaller party but one that may have coalition potential and that plays a significant political role. For instance, German and Luxembourg Liberals, the Irish Labor party, and the Canadian New Democrats can be raised as the example. Third, systems with more than two-and-a-half significant parties are multiparty systems. These systems can be further divided into multiparty systems with or without a dominant party. Examples of systems with a dominant party are pre-1990 Italy, dominated by the Christian Democratic Party, and the three Scandinavian countries with their strong Socialist parties.

Although the concepts of a "dominant" or "half" party are useful, they are obviously imprecise. Therefore, what we need is an index that tells us the number of parties in a party system, taking their relative sizes into consideration. This method was developed by Markku Laakso and Rein Taagepera (1979) and is now widely adopted in political science: the effective number of political parties [EFNP]. This is calculated as follows:

$$EFNP = \frac{1}{\sum Si^2}$$

in which Si is the proportional seats of the i-th party.[156]

In a two-party system with two equally strong parties, according to this formula, the effective number of parties is exactly 2.0. If one party is stronger than the other, with

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[156] Although it is possible to calculate the effective number of parties based on their votes shares instead of their seat shares, Lijphart (1999) consistently uses seat shares. This is because the focus of Lijphart's study is placed on the strength and patterns of parties in parliaments and on their effects on the formation of cabinets. Also, the effective number of parties (N) carries the same information as the index of fragmentation (Rae and Taylor 1970).

respective seat shares of 70% and 30%, for instance, the effective number of parties is 1.7. In a similar manner, in a system with three equal parties, the effective number of parties is 3.0. If the share of one of those parties is weaker, the number will vary depending on the relative power of parties in a party system. In this way, the index of the effective number of parties is an extremely useful tool to measure the characteristics of a party system.

Regarding new democracies, I calculated the ENPV during the period of democratic rule. For example, Argentina has received a score of at least 1 in the Polity IV score since 1983. Because the survey in Argentina was conducted in 1995, I calculated the ENPV for Argentina using data available from 1983 to 1995. I consistently applied the same method to new democracies and calculated the ENPV for each country.[157] For authoritarian states, I calculated the ENPV with the data available until the year of survey. However, due to the nature of the political systems, not many years of data are actually available for authoritarian states. Table A-1 shows the ENPV of each country included in this study.

Table A-1 Effective Number of Parties (ENPV)

Country	ENPV	Country	ENPV	Country	ENPV
(democracies)				(authoritarian)	
Argentina	3.24	Macedonia	3.28	Armenia	2.48
Australia	2.22	Mexico	2.88	Azerbaijan	5.28
Austria	2.22	Moldova	2.62	Belarus	22.44
Bangladesh[158]	2.79	Netherlands	4.65	China[159]	1
Belgium	4.32	Norway	3.35	Croatia	2.32
Brazil	7.78	Pakistan	3.7	Ghana	1.12
Britain	2.11	Peru	3.3	Yugoslavia	4.37
Bulgaria	2.52	Philippines	4.79	Nigeria[160]	1
Canada	2.37	Poland	7.41		
Chile	6.89	Portugal	3.33		
Colombia	4	Romania	3.5		
Denmark	4.51	Russia	7.9		
Dominican Rep.	2.47	Slovenia	6.61		
Estonia	5.03	South Africa	2.22		
Finland	5.03	South Korea[161]	3.15		
France	3.43	Spain	2.76		
Georgia	12.44	Sweden	3.33		
Hungary	3.8	Switzerland	5,24		
Iceland	3.72	Taiwan[162]	2.22		
India	4.11	Turkey	3.35		
Ireland	2.84	Ukraine	21.86		
Italy	4.91	Uruguay	3.35		
Japan	3.71	USA	2.4		
Latvia	6.33	Venezuela	3.38		
Lithuania	3.65				

Sources: Lijphart (1999), Lijphart Elections Archive (http://dodgson.ucsd.edu/lij/), Election Results Archive(http://cdp.binghamton.edu/era/index.html) by the Center of Democratic Performance, Political Transformation and the Electoral System in the Post-Communist Europe (http://www.essex.ac.uk/elections/), Political Database of the Americas (http://www.georgetown.edu/pdba/english.html) by the Center for Latin American Studies at the Georgetown University

[158] 1996 election has been included.
[159] No reliable data exist in the case of China. However, the Communist Party has been dominant in China. Therefore, a value of 1 has been assigned to these countries.
[160] No reliable data exist in the case of Nigeria. Because of the country was under military rule at the time of the survey, a value of 1 has been assigned.
[161] 1996 election has been included.
[162] Only 1992 election has been included.

Cabinets

The second variable that characterizes the difference between majoritarian and consensus types of democracies concerns the degree of participation by the people's representatives in the executive branch of the government. This variable is important in contrasting majoritarian and consensus types of democracies: the difference between one-party majority governments and broad multiparty coalitions epitomizes the contrast between the majoritarian principle of concentrating power in the hands of the majority and the consensus principle of broad power-sharing.

Lijphart (1999) adopted the percentage of minimal-winning cabinets and one-party cabinets as indicators of cabinets representing types of democracies. William H. Riker's (1962) "size principle" predicts that minimal-winning coalitions will be formed, meaning that it is "winning" in the sense that the party or parties in the cabinet control a majority or seats in parliament but "minimal" in the sense that the cabinet does not include any party that is not required to reach a majority in parliament. The basic assumption of minimal winning coalition theory is quite simple and reasonable: political parties are interested in maximizing their power. In parliamentary systems, power means having cabinet posts, and maximizing power means holding as many positions as possible. To hold posts in cabinets, a minority party will have to be coalesced with one or more other parties, but it is reluctant to include unnecessary parties in the coalition because this would reduce the share of ministers in the cabinets. Where there is a majority party in parliament, minimum-winning coalition theory makes a single

prediction: a one-party, noncoalition cabinet formed by the majority party. Thus, the most majoritarian type of cabinet is one that is single-party and minimal winning.

On the other hand, the most consensus type of government is multiparty and oversized.[163] When a party cannot gain majority in parliament, it has to form a coalition with other parties. In other words, a party has to make arrangements of power-sharing to enter cabinets. Therefore, multiparty governments can be classified as one of the features of the consensus types of democracies. Also, parties sometimes make oversized cabinets, which contain more parties than are necessary for majority support in the legislature; due to strategic political considerations, parties sometimes include extra coalition partners. For instance, parties may not want to have cabinet posts at all times. Sometimes, it is more advantageous to stay away from government responsibility for the future gain (Storm 1990). Also, Riker (1962) notes that parties could use a oversized coalition as a kind of insurance for policy-making because they are not always sure how loyal their coalition partners are. In addition, policy consideration can lead to oversized coalitions. When internal or external security threats are emerging, it is more beneficial for parties to work together for the common goal.[164]

While it is clear that minimal-winning and one-party cabinets represent majoritarian characteristics, and that the oversized and coalition cabinets express consensus traits, it is less clear at what point minority cabinets fit in the continuum. According to Lijphart (1999), there are two kinds of minority cabinets. One is a genuine minority cabinet that has to negotiate continuously with one or more non-cabinet parties

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[163] Among Lijphart's (1999) thirty-two parliamentary democracies from 1945-1996, 37.1% is minimal winning, one party, 24.7% is minimal winning coalition, 11.4% is minority, one party, 5.8% is minority coalition, and 21.0% is oversize coalition.
[164] Regarding more theoretical discussions, see Lijphart (1999).

to stay in power in the legislature. This relationship, based on negotiation and bargaining, makes such minority governments more like oversized coalitions. The other kind of minority cabinets have been described by Strom (1997) as "majority government in disguise"(p. 56)—minority cabinets that are more like majority cabinets because they receive a reliable support from one or more parties in the legislature. Yet, his earlier analysis has concluded that such disguised majorities are relatively rare, noting that "the typical minority cabinet is a single-party government…which may have to look for legislative support from issue to issue on an ad hoc basis" (p. 95). Also, Lijphart (1999) notes that the commitment of a support party is never as solid as that of a party actually in the cabinet and that it is in many cases difficult to determine whether a party qualifies as a support party. Considering these points, it makes more sense to deal with minority cabinets like oversized ones. As a result, it follows that the contrast will be between minimal-winning coalition on the one hand and oversized and minority cabinets on the other.

In this study, I follow the method adopted by Lijphart (1999). Lijphart (1999) calculated the percentage of minimal-winning cabinets and that of one-party cabinets. Then, he takes the mean of those two as the value showing the characteristics of the cabinets. Unfortunately, regarding the percentage of one-party cabinets in presidential systems for new democracies, no reliable data exists. Therefore, I instead rely on the index of political cohesion, originally devised and coded by Roubini and Sachs (1989). They record whether the same or different parties control the executive and legislature in presidential systems. Because president and its cabinet power largely depend on the legislative support, the index of political cohesion can be substituted as a measure of the

concentration of power in cabinets. For instance, according to Almond, Dalton, and

Powell (2001), three situations can be conceived regarding the relationship between

presidents and legislative support: (1) a president leading a party that controls the

assembly can control politics; (2) even when a president lacks such control, a clever

president with substantial support can dominate policymaking in cases where the

opposition is divided; (3) if the legislature is controlled by a united opposition, however,

the influence that a president enjoys will be much less and the center of policy-making

can shift to the parties controlling the assembly and their prime minister. Considering

these situations, whether the president can exert strong influence or not is dependent on

his/her control of the legislature. Therefore, I substitute the index of political cohesion

can be substituted as an indicator of one-party cabinets. Then, I averaged those two

indicators.[165] The descriptive statistics are shown in Table A-2.

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[165] In parliamentary systems, the executive depends on majority support in the legislature both to stay in office and to get its legislative proposals approved. On the other hand, in presidential systems, the executive needs legislative majority support only for the president's legislative proposals; presidents are elected for a fixed term of office, and they are not dependent on the confidence of the legislature for their survival in office. Therefore, according to Lijphart (1999), presidents and presidential cabinets are minimal winning by definition. Presidential cabinets may be minimal winning, oversized, or minority cabinets depending on the party affiliations of the presidents and of their cabinet members and the sizes of the respective parties in the legislature. What this means is that whereas cabinets in parliamentary systems can vary between 0 and 100% in the mean score of the cabinets' concentration of power, those values in presidential systems vary only between 50 and 100%. See Lijphart (1999).

Table A-2 Percentage of Minimal-winning Cabinet and Single Party Cabinet

Country	Minimal Winning	Single Party	Overall
(democracies)			
Argentina	1	0.4615	73.08
Australia			81.9
Austria			81.9
Bangladesh	1	0.8333	91.67
Belgium			37.5
Brazil	1	0	50
Britain			96.9
Bulgaria	1	0	100
Canada			91
Chile	1	0.1429	57.15
Colombia			58.9
Denmark			30.2
Dominican Rep.	1	0.5	75
Estonia	0.8	0.2	50
Finland			12.8
France			62.5
Georgia	1	0	50
Hungary	0	0	0
Iceland			44.1
India			52.5
Ireland			58.9
Italy			10.9
Japan			48.1
Latvia	0.25	0.25	25
Lithuania	1	1	100
Macedonia	0	0	0
Mexico	1	1	100
Moldova	1	0.25	0.625
Netherlands			25.3
Norway			63.1
Pakistan	0.5833	0.5833	58.33
Peru	1	1	100
Philippines	1	0.2222	61.11
Poland	0.2727	0	13.64
Portugal			40.2
Romania	0	0.6667	33.5
Russia	1	0.5	75
Slovenia	0	0	0
South Africa	0	1	50
South Korea	1	0	50
Spain			73
Sweden			47.5

Switzerland			4.1
Taiwan	1	1	100
Turkey	0.8824	0.4706	67.65
Ukraine	1	0	50
Uruguay	1	0	50
USA			81.2
Venezuela	63.6	83.1	73.4
(authoritarian)			
Armenia	1	0.2	60
Azerbaijan	1	0.75	87.5
Belarus	1	0	50
China	1	1	100
Croatia	1	1	100
Ghana	1	1	100
Yugoslavia	1	0.8095	90.48
Nigeria	1	0.8095	90.48

Sources: Lijphart (1999), Lundell and Karvone (2003), Beck et al (2000)

Executive-Legislative Relations

The third difference that distinguishes majoritarian democracies from consensus ones has

to do with the relationship between the executive and legislative branches of government.

According to Lijphart (1999), in majoritarian models of democracies, the executive

branch tends to dominate the legislature, whereas in consensus types of democracies, the

relationship tends to be characterized with a balance between the two branches. Focusing

on how these branches interact with each other, it is possible to distinguish types of

democracies.

To measure the relative power of the executive and legislative branches of

government, Lijphart (1999) relied on cabinet durability. The basic assumption of this

measure is that a cabinet that stays in power for a long time is likely to be dominant vis-à-

vis the legislature, and a short-lived cabinet is likely to be relatively weak.[166] In

measuring this concept, a critical point is what can be considered as the end of one

cabinet and the beginning of new one. There are mainly two methods regarding this

point. One is to focus exclusively on the partisan composition of cabinets and to count a

cabinet as one cabinet if its party composition does not change (Dodd 1976). The other

approach, which is much more common, regards several additional events as indicating

the end of one cabinet and the beginning of the next one: a parliamentary election, a

change in the prime ministership, and a change in the minimal winning, oversized, or

minority status of the cabinet.[167] The advantage of Dodd's broad definition is that it

measures cabinet durability that can be interpreted as indicators of executive dominance.

Particularly, cabinets winning several successive elections—and which Dodd therefore

counts as the same cabinet—are less and less likely to encounter serious challenges from

their parliament. Considering the advantages of each approach, Lijphart (1999)

combined both approaches. He averaged the sum of values calculated by two different

methods, and used the value as the index of executive dominance.

　　　However, the method taken by Lijphart (1999) is problematic for several reasons.

For one thing, as Lijphart (1999) himself admits, the measure of cabinet durability only

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[166] According to Lijphart (1999), this interpretation is supported by the contrast between democracies and nondemocratic political systems. In nondemocracies, executive branches tend to strongly dominate the legislative branches, or legislature does not exist at all.

[167] Such interelection changes in coalitional status were observed in Britain in 1976 and in India in 1993 (Lijphart 1999, ch.3, 4). Instead of this criterion, Warwick (1994) adopts formal cabinet resignation as one of the events that marks the end of the cabinet. According to Lijphart (1999), this criterion is not satisfactory because it relies too much on particular rules and customs in different parliamentary systems: in otherwise similar circumstances, cabinets in some countries take actions of tendering their resignations more quickly than in other countries. Furthermore, if a cabinet resignation leads to the formation of a new cabinet with a different party composition or a different prime minister, or if it leads to new elections, the cabinet will be considered as having terminated anyway. However, if a cabinet resigns and a new one is formed under the same prime minister and with the same partisan make-up, it is hard to argue that cabinet has "changed" in any significant way.

applies to parliamentary systems.[168] In presidential systems in which presidents maintain certain levels of autonomy, cabinet durability is irrelevant as a measure of executive-dominance over the legislature. Considering the differences between parliamentary and presidential systems, Lijphart (1999) assigns the values of executive dominance somewhat subjectively to presidential systems. For example, he assigned the value of one to Costa Rica, the United States, and Switzerland, a value of two to Venezuela, and a value of three to Colombia. However, although he claims that these values are based on the opinions of regional experts, he does not seem to be able to fully justify his claim.

Figure A-1 Criteria for Presidential Power over the Legislative Branch

(1) Cabinet Formation
0—President can not name ministers on own initiatives
1—President nominates prime minister, who requires parliamentary confidence
2—President appoints prime minister with the consent of parliament
3—Presidential appointments of prime minister does not require parliamentary approval

(2) Cabinet Dismissal
0—Government may only be removed by parliament
1—Government may be removed by the president under certain stipulated conditions
2—Government may be removed by the president with the approval of parliament
3—Government may be removed by the president without parliamentary approval

(3) Assembly Survival
0—President can not call for pre-term elections
1—President can call for Pre-term elections during a specified term frame
2—President can call for pre-term elections upon a vote of no confidence in the government
3—President can call for pre-term elections at any time

(4) Presidential survival
0—Assembly can call for pre-term presidential elections at any time
1—If the assembly calls for pre-term presidential elections, the assembly must also stand for re-election
2—Assembly can call for pre-term presidential elections in special cases
3—Assembly can not call for pre-term presidential elections

Source: Those criteria are originally developed by Shugart (1996). Clark and Wittrock (2005) slightly modified them. This study adopted the modified version by Clark and Wittrock.

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[168] See Mainwaring (2001).

Therefore, for the values of presidential systems, I rely on a different method. More specifically, I measure the strength of executive dominance based on the criteria constructed by Shugart (1996) and modified by Clark and Wittrock (2005). According to them, the criteria for presidential strength have four points: (1) cabinet formation, (2) cabinet dismissal, (3) assembly survival, and (4) presidential survival. The details of the criteria and the descriptive statistics are shown in Figure A-1. In presidential systems, whether or not some kind of prime minister exists, these criteria make it possible for us to measure and compare the strength of presidents compared to the legislature across countries. Furthermore, it is necessary to adjust those values to be able to compare them with the values assigned by Lijphart (1999). Lijphart has assigned France with the value of 5.52 as the strength of executive dominance, which is the highest value among presidential systems. Therefore, I adjust the score of executive dominance so that the value of one becomes equal to the value of one-twelfth of 5.52. For example, according to the criteria of Shugart (1996), Brazil has received the score of 9. Because a value of 1 in the criteria can be considered as a value of 0.46 in the Lijphart index, the value of 9 is equal to 4.14. According to this rule, I assigned scores to each country. Table A-3 shows the details of these values.

Table A-3 Presidential Strength over the Legislative Branch

Country	Cabinet Formation	Cabinet Dismissal	Assembly Survival	Presidential Survival	Total	Cabinet Duration[169]	Overall Score
(democracies)							
Argentina	3	3	0	3	9		4.14
Australia							5.47
Austria							5.47
Bangladesh						2	2
Belgium							1.98
Brazil	3	3	0	3	9		4.14
Britain							5.52
Bulgaria	1	0	1	3	5		2.3
Canada							4.9
Chile	3	3	1	3	10		4.6
Colombia							3
Denmark							2.28
Dominican Rep	3	3	0	3	9		4.14
Estonia	1	0	1	3	5		2.3
Finland							1.14
France							5.52
Georgia	2	3	1	3	9		4.14
Hungary	1	0	2	3	6		2.76
Iceland							2.48
India							2.08
Ireland							3.07
Italy							1.14
Japan							2.57
Latvia	1	0	1	0	2	2	0.92
Lithuania	2	1	2	2	7		3.22
Macedonia	1	0	0	0	1		0.46
Mexico	3	3	0	3	9		4.14
Moldova	1	1	1	0	3		1.38
Netherlands							2.72
Norway							3.17
Pakistan						0.91	0.91
Peru	3	3	1	3	10		4.6
Philippines	2	3	0	3	8		3.68

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[169] Regarding the way cabinet durability is measured, this study exclusively relies on the method adopted by (Dodd 1976) due to the limitation of data availability.

Poland	1	0	0	3	4		1.84
Portugal							2.09
Romania	1	0	2	2	5	1.5	2.3
Russia	2	3	3	3	11		5.06
Slovenia	0	0	1	2	3		1.38
South Africa	3	3	0	0	6		2.76
South Korea	1	3	0	0	4		1.84
Spain							4.36
Sweden							3.42
Switzerland							1
Taiwan	2	0	0	3	5		2.3
Turkey						1.75	1.75
Ukraine	2	3	1	3	9		4.14
Uruguay	3	3	2	3	11		5.06
USA							1
Venezuela							2.82
(authoritarian)							
Armenia	3	3	0	0	6		2.76
Azerbaijan	3	3	3	3	12		5.52
Belarus	2	2	3	3	10		4.6
China	2	2	0	3	7		3.22
Croatia	3	3	2	0	8		3.68
Ghana	2	0	0	3	5		2.3
Yugoslavia	2	0	1	3	6		2.76
Nigeria	2	3	0	3	8		3.68

Note: Hhigher values represent more dominant power of an executive branch.
Sources: Lijphart (1999), Shugart (1996) and Shugart and Carey (1992), Lundell and Karovnen (2003), and Clark and Wittrock (2005)

Electoral Systems

The fourth difference between the majoritarian and consensus types of democracies is the difference in electoral systems. The typical electoral system of majoritarian democracies is the single-member district plurality or majoritarian system; consensus democracies typically adopt proportional representation (PR) systems. The plurality and majority single-member district methods are basically winner-take-all systems, and therefore the candidate supported by the largest number of voters win and all others are not represented, thus making them majoritarian institutions. Furthermore, the party that has

gained nationwide majority votes will tend to be overrepresented in the parliamentary

seats. On the other hand, the basic goal of PR systems is to represent both majorities and

minorities in the parliament. Furthermore, unlike majoritarian systems, PR systems

translate votes into parliamentary seats proportionally. Therefore, PR systems match the

philosophy of consensus type of democracies.

As measures of electoral systems, Lijphart (1999) relies on degrees of

disproportionality. Lijphart (1999) suggests that many attributes of electoral systems

influence the degree of disproportionality and therefore the number of parties in the party

system. Scholars have suggested that plurality and majority forms of electoral systems

tend to produce more disproportionate results between the percentage of votes a party

gets and the seats it consequently obtains. On the other hand, PR systems are likely to

produce more proportional results, meaning that the vote share will be exactly translated

into the seat share.[170]

How can the overall disproportionality of elections be measured? It is not

difficult to determine the disproportionality for each party in an election: this is simply

the difference between its vote share and its seat share. The more difficult question in

this context is how we can aggregate the vote-seat share deviation of all the parties.

Summing the (absolute) differences is not satisfactory because it does not distinguish

between a few large and serious deviations and a lot of smaller and relatively

insignificant deviations.[171] The approach suggested by Michael Gallagher (1991), which

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[170] Note that electoral thresholds are in some cases institutionalized. In order not to make it too easy for small parties to win election, many of countries that use large or nationwide districts have instituted minimum thresholds for representation. There percentages are relatively low and hence will not cause serious problems for the representation of minor parties. See Lijphart (1999) on further discussion of this issue.

[171] One of the consequences of this problem is that the Loosemore-Hanby (1971) index, which uses the additive approach, tends to underestimate the proportionality of PR systems. An alternative approach,

is adopted by Lijphart's (1999) analyses, solves this problem by weighting the deviations by their own values—making large deviations account for a great deal more in the summary index than small ones. The computation of the Gallagher index (G) is as follows: the differences between the vote percentages (Vi) and seat percentages (Si) for each party are squared and then added; this total is divided by 2; and the square root of this value is taken.[172]

In several political systems, two sets of votes could be used for calculating vote-seat share differences. In these cases, we have to make decisions on which of the two should be used. In a "mixed member proportional" (MMP) electoral system, a variant of PR, the choice is between the party list votes and the district votes. The scholarly consensus on this point is that the party list votes express the party preferences of the electorate most accurately. In alternative vote and the single transferable vote (STV) systems, also a variant of PR, the choice is between first preference votes and final-count votes, which is the votes after the transfer of preferences has been made; only first preference votes are usually reported, and scholars agree that the differences between the two are not significantly important.[173]

Considering these points, I computed disproportionality for new democracies. More specifically, I computed the Gallagher Index for each country using available data.

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suggested by the Rae (1967) index, is to average the absolute vote-seat share differences. However, it distorts the results in overstating the proportionality of PR systems (see Lijphart 1994, pp. 58-60).

[172] In the calculation process, any small parties that are lumped together as "other" parties in election statistics have to be disregarded.

[173] Several minor methodological issues need to be discussed. Liphart (1999, p. 159) raises several points. First, as in the calculation of the effective number of parliamentary parties, the seats are those in the lower or only house of parliaments. Second, unlike in the calculation of the effective number of parties, the seats won by parties in the election are used and not those gained from legislators who join parties after the election, as in Japan and Papua New Guinea. Third, any uncontested seats, mainly occurring in plural systems, are excluded. Fourth, the two boycotted elections in Trinidad in 1971 and Jamaica 1983 are not included in the analyses. Fifth, factionalized and closely allied parties are again counted as one-and-a half-parties.

Regarding presidential elections, Lijphart (1999) suggests that some adjustments are

necessary. He suggests that disproportionality in presidential elections tend to be larger

than legislative elections. He also notes that disproportionality in presidential elections

can have much more significant impacts on the political system. Therefore, it is

necessary to take the disproportionality in presidential elections into consideration. To

address this issue, I followed the method taken by Lijphart (1999). According to him, if

arithmetic averages were used between presidential elections and legislative ones, the

disproportionality in presidential elections would overwhelm that in legislative elections.

Therefore, Lijphart (1999) adopts the geometric mean to combine both presidential and

legislative disproportionality. He suggests that geometric mean is generally more

appropriate when values of greatly different numbers are averaged.[174] Table A-4 shows

the disproportionality of each country included in this study.

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[174] The geometric mean of two numbers is simply the square root of the product of these two numbers.
However, Mainwaring (2001) is critical of this method, noting that disproportionality between presidential
systems and parliamentary systems tend to be asymmetrical. According to Mainwaring, this discrepancy
can favor the results of parliamentary systems.

Table A-4 Disproportionality and Electoral Systems

Country	Disproportionality	Electoral System[175]
(democracies)		
Argentina	17.77	PR
Australia	9.26	Majority
Austria	2.47	PR
Bangladesh	11.44	Plurality
Belgium	3.24	PR
Brazil	14.84	PR
Britain	10.33	Plurality
Bulgaria	18.26	PR
Canada	11.72	Plurality
Chile	18.71	PR
Colombia	10.62	PR
Denmark	1.83	PR
Dominican Rep	17.11	PR
Estonia	17.44	PR
Finland	2.93	PR
France	21.08	Majority
Georgia	21.5	Semi-PR
Hungary	13.69	PR
Iceland	4.25	PR
India	11.38	Plurality
Ireland	3.45	PR
Italy	3.25	PR
Japan	5.03	Semi-PR
Latvia	3.29	PR
Lithuania	18.67	Semi-PR
Macedonia	18.85	Majority
Mexico	15.32	PR
Moldova	19.31	Majority
Netherlands	1.3	PR
Norway	4.93	PR
Pakistan	9.6	Plurality
Peru	10.29	PR
Philippines	15	Plurality
Poland	18.83	PR
Portugal	4.04	PR
Romania	9.16	PR
Russia	17.94	Semi-PR
Slovenia	10.96	PR
South Africa	0.38	PR
South Korea	21.88	Semi-PR
Spain	8.15	PR
Sweden	2.09	PR

[175] Electoral systems shown here were categorized by Reynolds and Reilly (1997)

Switzerland	2.53	PR
Taiwan	4.17	Semi-PR
Turkey	11.7	Pr
Ukraine	15.81	Majority
Uruguay	7.92	PR
USA	14.91	Plurality
Venezuela	14.41	PR
(authoritarian)		
Armenia	33.37	Semi-PR
Azerbaijan	18.23[176]	Semi-PR
Belarus	13.97[177]	Majority
China	17.79[178]	N/A
Croatia	23.25	Semi-PR
Ghana	24.28	Plurality
Yugoslavia	8.88[179]	PR
Nigeria	2.55	Plurality

Sources: Lijphart (1999), Lundell and Karvonen (2003). Regarding the countries that are not covered by these datasets, values were calculated by the author based on election data of each country.

Federal-Unitary Dimension

Division of Power

As has been repeatedly suggested, the prime characteristic of the majoritarian model of

democracy is concentration of power in the hands of the majority. On the other hand, the

consensus model is featured by the non-concentration of power. Regarding the issue of

separation of powers, according to Lijphart (1999, p. 185), the crucial point is whether in

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[176] Due to the lack of reliable data, the average of the countries with semi-PR systems has been assigned.
[177] Due to the lack of reliable data, the average of the countries with the majority political systems has been assigned.
[178] Because there is no election in the national level, the average of authoritarian states in the WVS has been assigned.
[179] Due to the lack of reliable data, the average of the countries with PR electoral systems has been assigned.

consensus democracy power is dispersed to political actors operating together within the same political institutions or dispersed to separate political institutions. As the first critical point of federal-unitary dimension, federalism and decentralization versus unitary and centralized government is significantly important. This dichotomy can be considered as the most typical and drastic method of dividing power; it divides power between entire levels of government.

In fact, in all democracies, power is more or less divided between central and noncentral governments, but it is highly concentrated in the center in majoritarian democracies. To maintain majority rule in majoritarian model of democracy, it is necessary for the central government to control not only itself but also all noncentral, potentially competing governments. Consequently, majority governments tend to be both unitary and central. On the other hand, consensus models of democracies operate at the opposite aim. Through federalism and decentralization, the consensus model attempts to divide power between the center and noncenter. For this goal, federalism and decentralization secure the division of power between the central and noncentral levels of government.

Lijphart (1999) divides democracies according to two criteria. The first criterion is whether states have formally federal constitutions. As Elazar (1987) notes, "the first test of the existence of federalism is the desire or will to be federal on the part of the polity involved. Adopting and maintaining a federal constitution is…the first and foremost means of expressing that will" (p. 42, cited by Lijphart (1999), p. 188). This criterion allows us to draw distinction between federal and unitary systems. In addition, each of these categories can be divided into centralized and decentralized categories.

Centralization and decentralization are matter of degree, but it is not too difficult in practice to classify countries into a simple centralized-decentralized dichotomy. Finally, Lijphart's analyses have a category of semi-federal state for those countries that cannot be clearly classified as either federal or unitary. Consequently, countries are classified into five categories: federal and decentralized=(5), federal and centralized=(4), semi-federal=(3), unitary and decentralized (2), and unitary and centralized (1).

For coding new democracies and authoritarian states, I relied on the Polity III dataset (Jaggers and Gurr 1995). Polity III categorizes the centralization of decision-making authority. More specifically, Polity III has three categories: unitary = (1), intermediate category = (2), and federal = (3). To make the data consistent across all countries, I assigned the values in the Polity III dataset to all countries, not relying on the data originally collected by Lijphart (1999). The data are shown in Table A-5.

Table A-5 Federal System

Country	Federalism	Country	Federalism	Country	Federalism
(democracies)				(authoritarian)	
Argentina	2	Macedonia	1	Armenia	1
Australia	3	Mexico	3	Azerbaijan	2
Austria	2	Moldova	1	Belarus	1
Bangladesh	1	Netherlands	1	China	1
Belgium	3	Norway	1	Croatia	1
Brazil	3	Pakistan	1	Ghana	1
Britain	1	Peru	1	Yugoslavia	2
Bulgaria	1	Philippines	2	Nigeria	1
Canada	3	Poland	1		
Chile	1	Portugal	1		
Colombia	1	Romania	1		
Denmark	1	Russia	1		
Dominican Rep.	1	Slovenia	1		
Estonia	1	South Africa	3		
Finland	1	South Korea	1		
France	1	Spain	2		
Georgia	2	Sweden	1		
Hungary	1	Switzerland	3		
Iceland	1	Taiwan	1		
India	3	Turkey	1		
Ireland	1	Ukraine	2		
Italy	1	Uruguay	1		
Japan	1	USA	3		
Latvia	1	Venezuela	3		
Lithuania	1				

Note: Higher values represent higher levels of decentralization.
Sources: Jaggers and Gurr (1995)

Parliaments and Congress

According to Lijphart (1999), the second component of the federal-unitary dimension

focuses on the distribution—concentration versus division—of power in the legislature.

The pure majoritarian type of democracy demands the concentration of power in a single

chamber; the pure consensus type is featured by a bicameral legislature in which power is

divided equally between two differentiated chambers. Therefore, it is reasonable to argue

that unicameralism is an institutional feature of the majoritarian model, whereas

bicameralism is of the consensus model.[180]

The two chambers of bicameral legislatures tend to differ in several ways in their

functions and structures. Originally, the most important function of second chambers, or

"upper" houses, which were elected on the basis of a limited franchise, was to play the

role of a conservative brake on the more democratically elected "lower" houses (Lijphart

1999, p. 203). As relatively less important differences between upper and lower houses,

Lijphart (1999) raises three points. First, second chambers tend to be smaller than the

first chambers. Second, legislative terms of office tend to be longer in second chambers

than the first ones. Third, a common feature of second chambers is the aspect of

staggered election.[181] Lijphart (1999) notes these differences affect how the two

chambers of legislatures operate,[182] but that they do not affect the question of whether a

country's bicameralism is a truly strong and meaningful institution.

More importantly, according to Lijphart (1999), three features of bicameral

parliaments determine the strength or weakness of bicameralism. The first important

feature is the formal constitutional power that the two chambers have. Generally

speaking, second chambers tend to be subordinated to first chambers. For example,

negative votes on proposed legislation can be frequently overridden by the first

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[180] Tsebelis and Money (1997, p.1) report that about one-third of countries in the world have bicameral and about two-thirds have unicameral legislatures.

[181] For instance, one-half of the membership of the Australia and Japanese second chambers is renewed every three years. Also, one-third of the American and Indian second chamber is elected every other year, and one-third of the French second chamber is renewed every three years.

[182] For instance, Lijphart (1999, p. 205) suggests that the smaller second chambers can conduct their business in a more informal and relaxed fashion than the usually much larger first chambers.

296

chambers, and in most parliamentary systems, the cabinet is responsible only to the first chambers.[183]

Second, the actual political influence of second chambers depends not only on their formal powers but also on their selection method (Lijphart 1999). Among the bicameral legislatures of democracies analyzed by Lijphart (1999), all first chambers are directly elected by the voters, but the members of most second chambers are elected indirectly by the legislatures at levels below national government. Or in some democracies, they are appointed. Second chambers that are not directly elected fail to obtain the democratic legitimacy. Conversely, the direct election of a second chamber can compensate for its limited political power.

According to the above two criteria—the relative formal powers of the two chambers and the democratic legitimacy of the second chambers—bicameral legislatures can be classified as either symmetrical or asymmetrical (Lijphart 1999). Symmetrical chambers mean those bicameral systems with equal or only moderately unequal constitutional powers and the democratic legitimacy. On the other hand, asymmetrical legislatures are those democracies whose bicameral legislatures show significant inequality in these points. Consequently, these two types of bicameral systems produce different democratic performances.

The third crucial difference between the two chambers of bicameral legislatures is that second chambers may have different electoral systems or institutional designs so that they overrepresent certain minorities (Lijphart 1999). In such cases, the two chambers differ in their composition, and they are called incongruent. The most striking examples

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[183] Among Lijphart's thirty-six democracies, the only example of bicameral legislatures with formally equal power is the legislature of Colombia.

are shown in most of the second chambers that serve as federal chambers and that overrepresent smaller units of the federation. Significant levels of overrepresentation can occur when there is equality of state or cantonal representation in spite of inequality of the state's or canton's population.[184]

Based on these categories of legislatures, Lijphart (1999) compiled an index. To construct the index, he relies on the distinctions between bicameralism and unicameralism, between symmetrical and asymmetrical bicameralism, and between congruent and incongruent bicameralism. Accordingly, he established four principle categories: strong, medium-strength, and weak bicameralism, and unicameralism. Strong bicameralism is featured by both symmetry and incongruence. In medium-strength bicameralism, one of these two elements is missing; this category is divided into two subclasses depending on whether symmetry or incongruence exists, but both are ranked equally and have the some index of bicameralism. The third category is weak bicameralism in which the chambers are both asymmetrical and congruent. Finally, the fourth principle is unicameral legislatures.[185]

In this study, as a measure of the divisions of legislative power, I rely on the Comparative Data Set on Political Institutions compiled by Lundell and Karvonen (2003). Based on the data collected by Tsebelis and Money (1997), they constructed five categories: unicameralism=0, very weak bicameralism=1, weak bicameralism=2, moderate bicameralism=3, and strong bicameralism=4. This dataset allows us to

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[184] Such parity can be found in the federal chambers of Switzerland, the United States, and Venezuela (two representatives per state or canton) and Australia (twelve from each state). Partial exceptions to parity are the half cantons in Switzerland, which have only one representative each in the federal chamber, and the Australian Capital Territory and Northern Territory, which have two senators each. In Venezuela, former presidents are also members of the Senate (see Lijphart 1999).
[185] Concerning the doubt that weak bicameralism has some effect on the separation of power, Tsebelis and Money (1997, 211) argues that all second chambers do have some influence even if they are considered weak or insignificant.

compare the division of legislative power across countries. The data are shown in Table

A-6.

Table A-6 Parliament and Congress

Country	Bicameralism	Country	Bicameralism	Country	Bicameralism
(democracies)				(authoritarian)	
Argentina	4	Macedonia	0	Armenia	0
Australia	4	Mexico	4	Azerbaijan	0
Austria	1	Moldova	0	Belarus	0
Bangladesh	0	Netherlands	2	China	0
Belgium	3	Norway	0	Croatia	2
Brazil	4	Pakistan	4	Ghana	0
Britain	3	Peru	0	Yugoslavia	4
Bulgaria	0	Philippines	3	Nigeria	4
Canada	3	Poland	2		
Chile	4	Portugal	0		
Colombia	4	Romania	3		
Denmark	0	Russia	2		
Dominican Rep.	4	Slovenia	0.5		
Estonia	0	South Africa	4		
Finland	0	South Korea	0		
France	3	Spain	2		
Georgia	0	Sweden	0		
Hungary	0	Switzerland	4		
Iceland	0	Taiwan	0		
India	4	Turkey	0		
Ireland	2	Ukraine	0		
Italy	3	Uruguay	3		
Japan	3	USA	4		
Latvia	0	Venezuela	4		
Lithuania	0				

Note: Higher values represent stronger checks between different chambers.
Sources: Lijphart (1999), Lundell and Karvone (2003). Regarding the countries that are not covered by these datasets, the author estimated the values based on the constitutions of each country.

Constitutions—Constitutional Rigidity and Judicial Review

As one of factors in the unitary-federal dimension, Lijphart (1999) suggests the presence of explicit restraint on the legislative power of parliamentary majorities. More specifically, Lijphart (1999) is concerned about the relationship between the constitutions and legislative power, asking "Is there a constitution serving as a "higher law" that is binding on parliament and that cannot be changed by a regular parliamentary majority, or is parliament—that is, the majority in parliament—the supreme and sovereign lawmaker?" (p. 216). Regarding this point, he suggests two variables determining the constraining power over legislative branches. The first variable is the degree of difficulty of amending constitutions. Conventionally, the distinction is made between flexible constitutions that can be changed by regular majorities on the one hand, and rigid constitutions that require supermajorities in order to be amended. Because flexible constitutions allow majorities to grab power by easily amending constitutions for their own benefits, they represent the majoritarian view of democracies.

The second variable focuses on judicial review as a restraint on legislature. When a constitution and ordinary laws conflict, it becomes necessary to interpret the constitution to solve the conflict. In such cases, some democracies confer the role of constitutional interpretation to a legislative branch, thus making the legislative body more powerful than others. Yet, other democracies leave the role to a special constitutional council, which is independent of parliament. Regarding these two functions of restraining majority's power, while the pure majoritarian model is characterized by a flexible constitution and the absence of judicial review, on the one hard, the consensus

model should be characterized with rigid constitution and the institutions of judicial review.

With regard to constitutional rigidity, democracies adopt a variety of devices to regulate how easily constitutions should be amended: special legislative majorities, approved by both houses of bicameral legislatures, approval by ordinary or special majorities of state or provincial legislatures, and approval by referendum, and approval by special majorities in a referendum (Lijphart 1999). In addition, to make these processes more complicated, some constitutions have different methods of amendment for different provisions (Maddex 1995). Nevertheless, according to Lijphart (1999), it is possible to reduce these differences into four basic types. The first type is distinguished by whether a constitution can be amended by ordinary majorities. If this is the case, this means that the democracy has complete flexibility. Besides that, three categories of rigidity can be distinguished: (1) approval by two-thirds majority—a common rule, based on the notion that supporters of a change in the constitution should outnumber the opponents by a ratio of at least two to one; (2) approval by less than two-thirds majority (but more than an ordinary majority)—for instance, three-fifths parliamentary majority or an ordinary majority plus referendum; and (3) approval by more than a two-thirds majority, such as a three-fourths majority or a two-thirds majority plus approval by state legislatures. Considering these differences, Lijphart (1999) assigned values to amendment rules according to following rules: ordinary majorities=1; between two-thirds and ordinary majorities=2; two-thirds majorities or equivalent=3; and super-majorities greater than two-thirds=4. The descriptive statistics are shown in table A-7.

Table A-7 Rigidity of Constitutional Amendment Rule

Country	Constitutional Rigidity	Country	Constitutional Rigidity	Country	Constitutional Rigidity
(democracies)				(authoritarian)	
Argentina	3	Macedonia	3	Armenia	4
Australia	4	Mexico	4	Azerbaijan[186]	0
Austria	4	Moldova	3	Belarus	4
Bangladesh	4	Netherlands	3	China	1
Belgium	3	Norway	3	Croatia	3
Brazil	2	Pakistan	3	Ghana	4
Britain	1	Peru	2	Yugoslavia	3
Bulgaria	4	Philippines	2	Nigeria	3
Canada	4	Poland	3		
Chile	3	Portugal	3		
Colombia	1.1	Romania	4		
Denmark	2	Russia	3		
Dominican Rep.	3	Slovenia	4		
Estonia	2	South Africa	3		
Finland	3	South Korea	4		
France	1.6	Spain	3		
Georgia	3	Sweden	1.3		
Hungary	3	Switzerland	4		
Iceland	1	Taiwan	4		
India	3	Turkey	3		
Ireland	2	Ukraine	3		
Italy	2	Uruguay	4		
Japan	4	USA	4		
Latvia	4	Venezuela	2		
Lithuania	4				

Note: Higher values represent more difficult rules to amend constitution.
Sources: Lijphart (1999), supplemented by the author's calculations based on constitutions of each country.

As another critical aspect in the relationship between constitutions and legislature,

the existence of judicial review should be considered. In democracies, written and rigid

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[186] There is no provision of constitutional amendment in the constitution of Azerbaijan. Therefore, it can be assumed that political elites can manipulate the constitutions relatively easily. Therefore, a value of 0 has been assigned.

constitution may not be enough to restrain majority's power in parliament. Unless there is an independent body that determines whether laws conform to the constitution, arbitrary rule by majority can be established. By granting a court or a special constitutional tribunal the power to test the constitutionality of specific laws, it becomes possible to keep parliamentary majorities in check.

Lijphart (1999) classifies the institutions of judicial review based on two criteria. The first one is whether judicial review exists or not in a democracy. While some countries have institutions and solid rules of judicial review, others do not have the system of judicial review. As a result, the presence or absence of judicial review is an important distinction to be made. The second criterion is the degree of assertiveness of judicial review. Lijphart (1999) argues that the impact of judicial review depends not only on its formal existence but also on the assertiveness and frequency of judicial review executed by supreme and constitutional court. Therefore, Lijphart divides the degree of judicial review activism into three subclasses: strong, medium, and weak. Judicial review in some democracies shows strong activism in its exercise. For instance, the German Constitutional Court invalidated almost 5% of all federal laws from 1951 to 1990 (Landfried 1995). In a similar manner, depending on the degree of the activism, democracies are classified into categories of medium or weak judicial review. For instance, Cappelletti (1989, 141) writes that judges in Denmark, Norway, and Sweden exercise their decentralized power of judicial review "with extreme caution and moderation." In this way, somewhat subjectively based on the country experts' evaluations, Lijphart (1999) classified systems of judicial review in democracies.

In my dataset, I relied on several datasets other than the data compiled by Lijphart (1999). For most parts, I adopted *A Comparative Data Set on Political Institutions* compiled by Lundell and Karvonen (2003). To make it consistent with new democracies, I adopted the data by Lundell and Karvonen for all countries covered in my study. For countries that are not covered by Lundell and Karvonen, I turn to the dataset by Feld and Voigt (2002) and Smithey and Ishiyama (2000). Feld and Voigt (2002) present two indicators of judicial independence. One is a *de iure* indicator focusing on the legal foundation of judicial independence, measuring the degree of judicial independence in terms of its formal institutions. The other is a *de facto* indicator. This focuses on the "factually ascertainable degree of judicial independence" (p. 1). Similarly, Smithey and Ishiyama (2000) try to capture the degree of judicial independence in transitional countries of Central and Eastern Europe. They construct a "judicial power score" that focuses on formal institutions of the courts. In assigning values of judicial independence for countries that are not covered by Lundell and Karvonen (2003), I first tried to rely on the data by Feld and Voigt (2002). If this is not possible, I relied on the data by Smithey and Ishiyama (2000). The reason why I turned to Feld and Voigt (2002) first rather than Smithey and Ishiyama (2000) is that Feld and Voigt's data capture the degrees of actual independence of courts while Smithey and Ishiyama data exclusively measure the legal independence of the courts. Finally, I adjusted these values so that they fit the measurement of the Lundell and Karvonen dataset. More specifically, if the data score more than 0.5, it is coded as 2, and if it is less than 0.5, it is recoded as 1. The data is shown in Table A-8.

Table A-8 Strength of Judicial Review

Country	Judicial Review	Country	Judicial Review	Country	Judicial Review
(democracies)				(authoritarian)	
Argentina	2	Macedonia	2	Armenia	2
Australia	2	Mexico	2	Azerbaijan[187]	0
Austria	2	Moldova	2	Belarus	1
Bangladesh	2	Netherlands	0	China	1
Belgium	2	Norway	1	Croatia	3
Brazil	2	Pakistan	2	Ghana	2
Britain	0	Peru	2	Yugoslavia	1
Bulgaria	1	Philippines	2	Nigeria	2
Canada	2	Poland	1		
Chile	2	Portugal	1		
Colombia	2.0	Romania	1		
Denmark	1	Russia	1		
Dominican Rep.	1	Slovenia	2		
Estonia	1	South Africa	2		
Finland	1	South Korea	2		
France	2	Spain	2		
Georgia	2	Sweden	1		
Hungary	2	Switzerland	0		
Iceland	1	Taiwan	2		
India	2	Turkey	1		
Ireland	1	Ukraine	1		
Italy	2	Uruguay	2		
Japan	1	USA	2		
Latvia	2	Venezuela	1		
Lithuania	1				

Note: Higher values show represent more assertive judicial branches
Sources: Lijphart (1999), Lundell and Karvonen (2003), Feld and Voigt (2002), Smithey and Ishiyama (2000)

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[187] There is no provision of judicial review in the constitution of Azerbaijan.

Appendix B

Hierarchical Non-Linear Model (HLM) Analyses

Table B-1 HLM Analysis: (Majority and Minority Sample)
          Dependent Variable: Trust

Predictors	Model 1	Model 2
Intercept	-0.063 (0.249)	-0.386 (0.231)
Individual level:		
Sex	0.052(0.016)**	0.050 (0.016)**
Age	0.00009 (0.00009)	0.001 (0.0009)
Education	0.051 (0.008)***	0.053 (0.008)***
Income	0.043 (0.005)***	0.045 (0.006)***
Political Interest	0.109 (0.012)***	0.112 (0.012)***
Institutional Confidence	0.037 (0.003)***	0.038 (0.003)***
Ideology	-0.024 (0.005)***	-0.024 (0.005)***
Major	-0.019 (0.044)	-0.012 (0.045)
Country-level Intercept Effects:		
GDP per capita	0.000003 (0.00001)	0.000001 (0.000009)
Gini	-0.027 (0.006)***	-0.035 (0.007)***
ELF	-0.381 (0.212)	-0.316 (0.191)
Ethnic Civil War	-0.011 (0.024)	-0.019 (0.024)
Executive-parties Institutions	0.255 (0.134)	0.663 (0.154)***
Federal-unitary Institutions	- 0.047 (0.844)	-3.831 (1.356)**
Democratic Longevity	0.013 (0.003)***	0.029 (0.007)***
Executive-parties*Longevity		-0.016 (0.004)**
Federal-Unitary*Longevity		0.115 (0.031)**
Variance Component: (Remaining between-country variance)	0.269***	0.187
Percent Explained		30%

Note: *p<0.05, **p<0.01, ***p<0.001, N=90526. These models are estimated by the HLM, 5.05. Bold letters signify that those variables are grand-centered mean.

Table B-2 HLM Analysis (Majority Sample)
        Dependent Variable: Trust

Predictors	Model 1	Model 2
Intercept	-0.03 (0.317)	-0.252 (0.308)
Individual level:		
Sex	0.050 (0.018)**	0.048 (0.019)*
Age	0.002 (0.001)	0.002 (0.001)
Education	0.050 (0.008)***	0.052 (0.009)***
Income	0.045 (0.006)***	0.045 (0.006)***
Political Interest	0.109 (0.013)***	0.110 (0.014)***
Institutional Confidence	0.040 (0.003)***	0.040 (0.003)***
Ideology	-0.022 (0.005)***	-0.022 (0.005)***
Country-level Intercept Effects:		
GDP per capita	0.00001 (0.00001)	0.000008 (0.00001)
Gini	-0.033 (0.007)***	-0.041 (0.008)***
ELF	- 0.177 (0.292)	0.065 (0.304)
Ethnic Civil War	-0.013 (0.028)	-0.029 (0.03)
Executive-parties Institutions	0.313 (0.162)	0.677 (0.239)**
Federal-unitary Institutions	0.285 (0.858)	-2.531 (1.457)
Democratic Longevity	0.016 (0.004)**	0.030 (0.007)***
Executive-parties*Longevity		-0.014 (0.006)*
Federal-Unitary*Longevity		0.088 (0.036)*
Variance Component: (Remaining between-country variance)	0.317***	0.289
Percent Explained		8.5%

Note: *p<0.05, **p<0.01, ***p<0.001, N=66068. These models are estimated by the HLM, 5.05. Bold letters signify that those variables are grand-centered mean.

Table B-3 HLM Analyses (Minority Sample)
           Dependent Variable: Trust

Predictors	Model 1	Model 2
Intercept	-0.232 (0.234)	-0.562 (0.223)
Individual level:		
Sex	0.059 (0.029)*	0.054 (0.032)
Age	0.0003 (0.001)	0.0004 (0.001)
Education	0.039 (0.012)**	0.045 (0.013)**
Income	0.039 (0.008)***	0.040 (0.009)***
Political Interest	0.103 (0.02)***	0.111 (0.02)***
Institutional Confidence	0.032 (0.004)***	0.032 (0.004)***
Ideology	-0.031 (0.009)**	-0.032 (0.009)**
Country-level Intercept Effects:		
GDP per capita	0.00001 (0.00001)	0.00001 (0.000009)
Gini	-0.023 (0.006)**	-0.042 (0.007)***
ELF	-0.764 (0.25)**	-0.181 (0.199)
Ethnic Civil War	-0.009 (0.029)	-0.027 (0.025)
Executive-parties Institutions	0.309 (0.146)*	0.907 (0.186)***
Federal-unitary Institutions	-0.625 (1.146)	-6.37 (1.35)***
Democratic Longevity	0.009 (0.004)*	0.032 (0.007)***
Executive-parties*Longevity		-0.022 (0.004)***
Federal-Unitary*Longevity		0.181 (0.031)***
Variance Component: (Remaining between-country variance)	0.265***	0.187***
Percent Explained		29.4%

Note: *p<0.05, **p<0.01, ***p<0.001, N=24458. These models are estimated by the HLM, 5.05. Bold letters signify that those variables are grand-centered mean.

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