

Democracy and economic growth: comparative perspectives

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November 26, 2015

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Ancient Greek democracy

- *Logos tripolitikòs* in book III of Herodotus' Histories (450-420 BC)
 - Fictitious debate among three Persians on the optimal form of government: *monarchy*, *oligarchy* and *democracy*;
 - First appearance of the term *democracy*, from the Greek, power/rule (*kratos*) of the people (*demos*)
 - According to Otanes, who speaks in favor of democracy:
 - democracy has the fairest name of all, equality (*isonomia*);
 - the *lot* determines offices;
 - power is held accountable;
 - all matters of deliberation are referred to the public assembly.
- Athenian democracy (5th-4th century BC): main political bodies
 - *assembly (ekklesia)*, the main legislative body, made up by any adult male citizen. Vote was by "arm stretching" (*kheirotonia*), with no formal counting and officials judging the outcome by sight;
 - *council (boulé)*, elected by lot to draft the deliberations for discussion and approval by the assembly.
 - *courts*, with juries selected by lot.

Ancient Greek democracy as seen by ancient Greek philosophers

- In Plato's homonym dialogue, Protagoras defends democracy as *politikè techne* can be taught for all people have shame (*aidòs*) and sense of justice (*dike*).
- In *The Republic*, Plato considers democracy as “a charming form of government, full of variety and disorder, and dispensing a sort of equality to equals and unequaled alike” (Book VIII).
- In a six-fold classification of governments in the *Politics*, Aristotle classifies democracy as a deviant constitution with many rulers, where the correct one is named “polity”.

Modern democracy

- Since the mid-1800s, democracy usually conceived as *liberal democracy*, i.e. *representative* democracy under the *rule of law* according to the principles of classical *liberalism*;
- Characteristics:
 - Principle of representation:
 - Power exercised by elected officials representing the public;
 - *Representative democracy vs. direct democracy.*
 - Majority rule and competition:
 - *Regular, free, and fair* elections;
 - Schumpeter's (1942) theory of democracy:
"the democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote."
 - Principles of liberalism:
 - Separation of powers;
 - Protection of human, civil, and political rights of individuals;
 - Protection of minority rights against the *tyranny of the majority* (Tocqueville, 1835; Mill, 1859; Kelsen, 1920).

Democracy and polyarchy

- Conditions for a democratic process in Dahl (1989): i) effective participation; ii) voting equality; iii) opportunity for understanding civic issues; iv) final control on programs; v) extension of citizenship.
- Dahl (1971, 1996) introduces the term *polyarchy* – Greek: power (*arkhe*) of many (*poly*) – to identify governments characterized by:
 - participation;
 - opposition/contestation/competition;

whose necessary conditions are:

- 1 political leaders have the right to compete for votes;
 - 2 free and fair elections;
 - 3 almost all adult citizens have the right to vote (universal suffrage);
 - 4 almost all adult citizens are eligible for public office;
 - 5 freedom of speech on all political issues;
 - 6 citizens are free to form and join political parties and other organizations (freedom of association);
 - 7 diverse sources of info about politics exist and are protected by law;
 - 8 government policies depend on votes/other expressions of preference.
- Polyarchy is a necessary (though not sufficient) condition for democracy in large political systems, such as nation-States.

Three paradoxes of democracy

Diamond (1990) identifies three tensions inherent in democracy:

① *conflict/consensus*:

- no democracy without competition and conflict,
- but too much conflict leads to instability.

② *representativeness/governability*:

- democracy requires diffuse power and accountable leaders,
- but a system of government must be able to act, and quickly at times, in order to be stable.

③ *consent/effectiveness*:

- democracy requires consent of the governed;
- consent requires popular legitimacy;
- legitimacy requires effective performance;
- but effectiveness may be sacrificed to consent.

Measuring democracy

- Since the 1960s, indexes of democratic transition and measures of democracy:
 - binary (Sartori, 1987; Cheibub *et al.*, 2010);
 - ordinal (Gasiorowski, 1996; Mainwaring *et al.*, 2007);
 - cardinal (Cutright, 1963; Bollen & Jackman, 1989; Elkins, 2000);
 - multidimensional (Dahl, 1971; Bollen & Paxton, 2000; Vanhanen, 2005; Coppedge *et al.*, 2008; Gerring, 2008; Miller 2010).
- Available datasets:
 - [Freedom House](#) (Gastil Index);
 - [Polity IV Project](#);
 - [Economist Intelligence Unit \(EIU\) Democracy Index](#);
 - [Democracy-Dictatorship Data](#) (Cheibub, Gandhi & Vreeland, 2009);
 - [Polyarchy Dataset](#) (Vanhanen, 2000).
 - [Boix, Miller & Rosato \(2012\) Dataset of Political Regimes](#);
 - [Papaioannou & Siourounis \(2007, 2008\) index of permanent democratic transitions](#);
 - [Suffrage data](#) (Paxton, Bollen, Lee & Kim, 2003);
- Indexes different w.r.t. coverage, conceptualization, measurements and aggregation (e.g., Munck & Verkuilen, 2002).

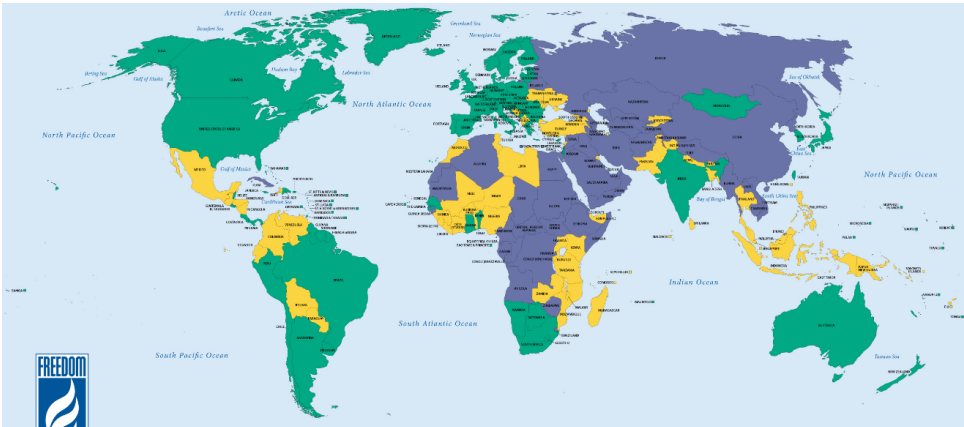
Freedom House index

- **Freedom House:**
 - NGO founded in 1941 as a response to totalitarian regimes;
 - 90% of all funds from the USA government;
 - *mission*: “support non-violent civic initiatives in societies where freedom is denied or under threat and promote the right of all people to be free”.
- **Freedom in the World:** FH's flagship publication, published annually since 1972, to monitor political rights and civil liberties in the world (195 countries in 2014).
- **Freedom rating (*Gastil index*):** arithmetic mean of two ratings, each ranging from 1 (max level) to 7 (min), derived from scores (0-4) assigned in panels made up of internal and external experts:
 - *Political Rights rating*;
 - *Civil Liberties rating*.
- **Freedom Status:**
 - *Free* (freedom rating: 1-2.5);
 - *Partly Free* (freedom rating: 3-5);
 - *Not Free* (freedom rating: 3.5-7).

Freedom House ratings

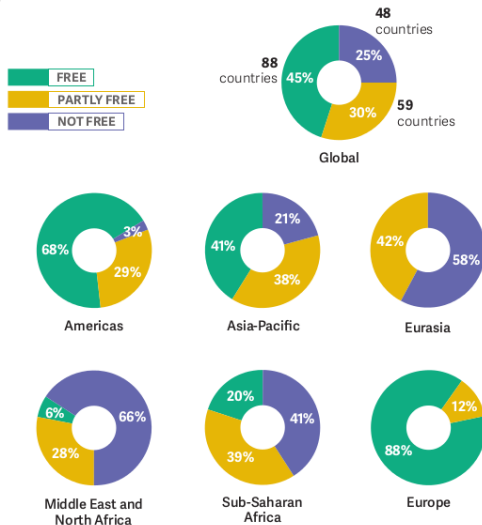
- *Political Rights rating*, from 1 (max rights) to 7 (min), based on scores assigned in 10 questions grouped into three categories:
 - 1 Electoral process (3 questions);
 - 2 Political pluralism and participation (4 questions);
 - 3 Functioning of government (3 questions).
- *Civil Liberties rating*, from 1 (max liberties) to 7 (min), based on scores assigned in 15 questions grouped into four categories:
 - 1 Freedom of expression and belief (4 questions);
 - 2 Associational and organizational rights (3 questions);
 - 3 Rule of law (4 questions);
 - 4 Personal autonomy and individual rights (4 questions).
- Scores assigned in previous reports used as benchmarks in the evaluation process.

World map of democracy (FH 2014)



Source: Freedom In the World, 2014.

Freedom status by continent (FH 2014)



Source: FIW, 2014.

Issues in using the FH rating as a measure of democracy

Munck & Verkuilen (2002) criticize the use of the freedom rating as a measure of democracy:

- Inclusion of attributes such as “socioeconomic rights”, “absence of economic exploitation”, “freedom from war”, “government control over the economy”.
- Questions organized as checklists with no clear coding rules.
- Unclear reasons for the 0-4 scale.
- Unclear scoring process:
 - Unclear rules to assign the scores;
 - Information sources not clearly identified;
 - Disaggregated data not released.
- Problems in inter-temporal comparisons as changes occurred over the years (e.g., inclusion of LGBT rights in 2014).

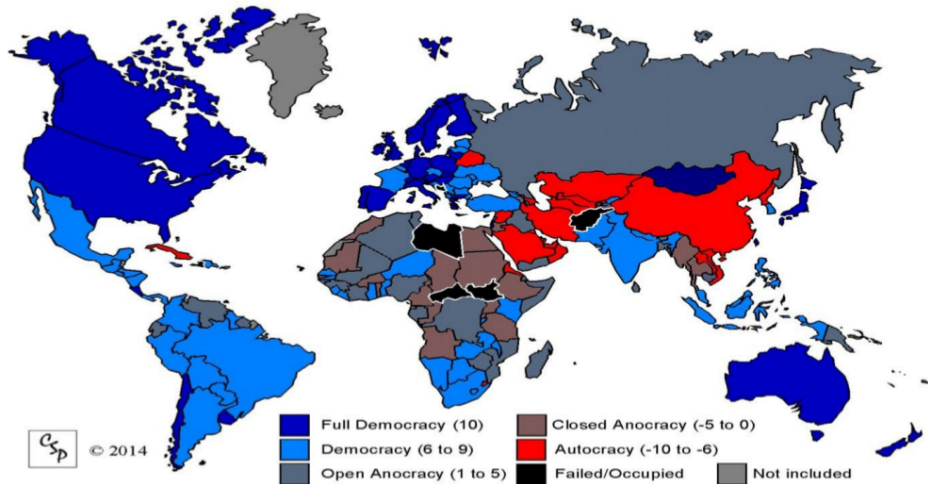
FH electoral democracy index

- Freedom House provides also a binary index of *electoral democracy*.
- Countries classified as electoral democracies if they met certain minimum standards for political rights, and for the “electoral process” category in particular:
 - competitive, multiparty political system;
 - universal adult suffrage;
 - regular, free and fair elections
(conducted on the basis of secret ballots, reasonable ballot security and no massive voter fraud);
 - significant public access of major political parties to the electorate through the media and generally open political campaigning.
- According to FH, all “Free” countries can be considered both electoral and liberal democracies, while some “Partly Free” countries qualify as electoral, but not liberal, democracies.

Polity IV

- **Polity IV Project** – Political Regime Characteristics and Transitions (Marshall, Gurr & Jaggers)
 - Coverage: 167 countries over the period 1800-2013.
 - *Democracy indicator* (DEMOC)/*Autocracy indicator* (AUTOC): additive eleven-point scale (0-10) indexes derived from codings of:
 - competitiveness of executive recruitment;
 - openness of executive recruitment;
 - constraints on chief executive;
 - competitiveness of political participation.
 - *Polity score*: index ranging from -10 (strongly autocratic) to +10 (strongly democratic), computed by subtracting the AUTOC score from the DEMOC score
 - *autocracy*: [-10, -6];
 - *anocracy* (hybrid regime): [-5, +5];
 - *democracy*: [+6, +10].
- Vreeland (2008) compute a modified index (*X-Polity*) to net out the effect of civil wars.

World map of democracy (Polity IV 2014)



Democracy-Dictatorship data

Democracy-Dictatorship Data

(Cheibub, Antonio, Gandhi & Vreeland, 2010):

- Coverage: 202 countries over the period 1946-2008.
- Classification of political regimes as:
 - democracy:
 - parliamentary;
 - semi-presidential (mixed);
 - presidential.
 - dictatorship:
 - military;
 - civilian;
 - royal.
- Countries classified as democracies if they hold, *de jure* and *de facto*, multiparty (direct or indirect) executive and (direct) legislative elections.

Polyarchy dataset

Polyarchy dataset (Vanhanen, 2000):

- Continuous index of democracy covering 187 countries over the period 1810-2000.
- Reference to Dahl's (1971) polyarchy.
- Index computed by combining an index of:
 - competition: percentage of votes going to the majority party;
 - participation: percentage of electors on total adult populations.
- Issues: the two indexes of competition and participation
 - are not good proxies of the attributes;
 - introduce systemic biases;

(Bollen, 1980, Hadenius, 1992, Munck & Verkuilen, 2002).

Boix, Miller & Rosato (2012) dataset of political regimes

Dataset of political regimes (Boix, Miller & Rosato, 2012)

- Dummy covering 213 countries over the period 1800-2007.
- Reference to Dahl's (1971) polyarchy.
- Country classified as democracy if:
 - opposition/contestation/competition:
 - 1 The executive is directly or indirectly elected in popular elections and is responsible either directly to voters or to a legislature.
 - 2 The legislature (or the executive if elected directly) is chosen in free and fair elections.
 - participation: minimal level of suffrage
 - 3 A majority of adult men has the right to vote.

Index of permanent democratic transitions

Papaioannou & Siourounis (2007, 2008):

- Dummy identifying for each country the year of the permanent democratic transition during the period 1960-2005, i.e. when, after a prolonged period of dictatorship,
 - the first free and fair elections were held, or
 - the democratic constitution came into force.
- Conditions for democracy:
 - free and fair legislative/presidential elections;
 - effective executive by the elected representatives;
 - the majority of the population has right to vote (*franchise*);
 - civil liberties and secure property rights.
- Candidate years for the transition identified by looking at sharp changes in FH freedom status and Polity score.

EIU democracy index

Economist Intelligence Unit (EIU) Democracy Index, published since 2006 and covering 165 countries in 2014.

- 60 indicators, dichotomous $\{0, 1\}$ and three-point $\{0, 0.5, 1\}$, grouped in five categories:
 - 1 electoral process and pluralism;
 - 2 government functioning;
 - 3 political participation;
 - 4 political culture;
 - 5 civil liberties.
- Each category has a rating on a 0-10 scale, computed by summing the scores of the indicators, with adjustments if countries do not score a 1 in the following areas:
 - free and fair elections;
 - voter security;
 - influence of foreign powers on government;
 - capability of the civil service to implement policies.
- Overall index: arithmetic mean of category ratings.

EIU democracy index: types of regimes

Index values (rounded to one decimal point) used to place countries within one of four types of regimes:

① *Full democracies* [8,10]:

- basic political freedoms and civil liberties;
- democratic political culture;
- satisfactory functioning of government;
- effective system of checks and balances;
- independent judiciary and enforced judicial decisions
- independent and diverse media.

② *Flawed democracies* [6,7.9]:

- free and fair elections (although with problems, such as infringements on media freedom);
- basic civil liberties;
- problems in governance;
- low levels of political participation;
- underdeveloped political culture.

EIU democracy index: types of regimes

3 *Hybrid regimes* [4,5.9]:

- substantial irregularities in elections;
- government pressure on opposition parties and candidates;
- serious weaknesses in political culture, functioning of government and political participation;
- widespread corruption and weak rule of law;
- weak civil society;
- pressure on journalists;
- not independent judiciary.

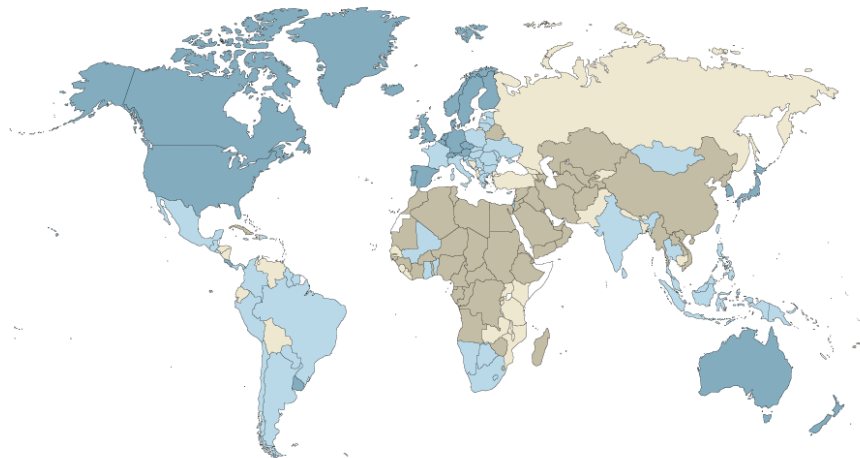
4 *Authoritarian regimes* [0,4]:

- political pluralism absent or heavily circumscribed;
- no free and fair elections;
- disregard for abuses and infringements of civil liberties;
- state-owned media or media controlled by groups connected to the ruling regime;
- no independent judiciary.

Thin vs. thick measures of democracy

- Measures of democracy can be classified into
 - “thin”, or minimalist concepts of democracy, mostly referring to Dahl's (1971) polyarchy (e.g., FH electoral democracy; Cheibub *et al.*, 2010; Boix *et al.*, 2012);
 - “thick”, or wider concepts of democracy.
- EIU index
 - refers to a thick notion of liberal democracy, encompassing:
 - guarantees of basic human rights and minority rights: freedom of speech, expression and the press; freedom of religion; freedom of assembly and association; the right to due judicial process;
 - minimum quality of functioning of government for democratically-based decisions to be implemented;
 - democratic political culture, since it is needed for the peaceful transfer of power and because healthy democracies involve the active, freely chosen participation of citizens in public life.
 - does not include measures of levels of economic and social well-being.

World map of democracy (EIU democracy index 2010)



Full democracy Flawed democracy Hybrid regime Authoritarian Authoritarian Not rated

Data for November 2010. ©2010 The Economist Intelligence Unit Limited. An Economist Group business. All rights reserved.

Source: www.eiu.com.

Most democratic countries (EIU democracy index 2013)

	Overall score	Rank	Electoral process	Functioning of government	Political participation	Political culture	Civil liberties
Full democracies							
Norway	9.93	1	10.00	9.64	10.00	10.00	10.00
Sweden	9.73	2	9.58	9.64	9.44	10.00	10.00
Iceland	9.65	3	10.00	9.64	8.89	10.00	9.71
Denmark	9.38	4	9.58	9.64	8.89	9.38	9.41
New Zealand	9.26	5	10.00	9.29	8.89	8.13	10.00
Australia	9.13	6	9.58	8.93	7.78	9.38	10.00
Switzerland	9.09	7	9.58	9.29	7.78	9.38	9.41
Canada	9.08	8	9.58	9.29	7.78	8.75	10.00
Finland	9.03	9	10.00	8.93	7.78	8.75	9.71
Luxembourg	8.88	10	10.00	9.29	6.67	8.75	9.71
Netherlands	8.84	11	9.58	8.21	8.89	8.13	9.41
Ireland	8.68	12	9.58	7.86	7.22	8.75	10.00
Austria	8.48	13	9.58	7.50	7.78	8.13	9.41
United Kingdom	8.31	14	9.58	7.14	6.67	8.75	9.41

Source: Economist Intelligence Unit, 2013.

Least democratic countries (EIU democracy index 2013)

	Overall score	Rank	Electoral process	Functioning of government	Political participation	Political culture	Civil liberties
Iran	1.98	157	0.00	2.86	2.78	2.50	1.76
Syria	1.86	158	0.00	0.36	3.33	5.63	0.00
Democratic Republic of Congo	1.83	159	1.33	0.71	2.22	3.13	1.76
Saudi Arabia	1.82	160	0.00	2.86	1.67	3.13	1.47
Equatorial Guinea	1.77	161	0.00	0.79	2.22	4.38	1.47
Uzbekistan	1.72	=162	0.08	0.79	2.78	4.38	0.59
Turkmenistan	1.72	=162	0.00	0.79	2.22	5.00	0.59
Chad	1.50	164	0.00	0.00	1.11	3.75	2.65
Central African Republic	1.49	165	0.92	0.00	1.67	2.50	2.35
Guinea-Bissau	1.26	166	0.42	0.00	1.67	1.88	2.35
North Korea	1.08	167	0.00	2.50	1.67	1.25	0.00

Source: Economist Intelligence Unit, 2013.

Type of regime by countries and population

	No. of countries	% of countries	% of world population
Full democracies	25	15.0	11.0
Flawed democracies	54	32.4	36.0
Hybrid regimes	36	21.5	16.0
Authoritarian regimes	52	31.1	37.0

Note. "World" population refers to the total population of the 167 countries covered by the index. Since this excludes only micro states, this is nearly equal to the entire actual estimated world population.

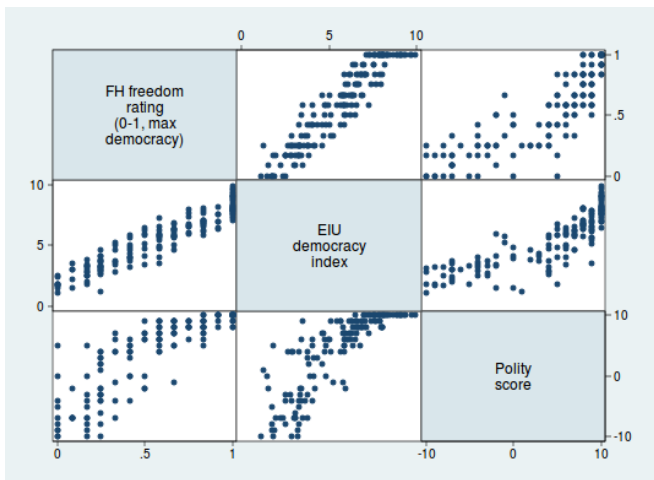
Source: Economist Intelligence Unit, 2013.

Type of regime by macroregion

	No. of countries	Democracy index average	Full democracies	Flawed democracies	Hybrid regimes	Authoritarian regimes
North America						
2013	2	8.59	2	0	0	0
2012	2	8.59	2	0	0	0
Western Europe						
2013	21	8.41	15	5	1	0
2012	21	8.44	15	5	1	0
Eastern Europe						
2013	28	5.53	1	14	6	7
2012	28	5.51	1	14	6	7
Latin America & the Caribbean						
2013	24	6.38	2	14	7	1
2012	24	6.36	2	14	7	1
Asia & Australasia						
2013	28	5.61	4	10	7	7
2012	28	5.56	4	10	7	7
Middle East & North Africa						
2013	20	3.68	0	1	7	12
2012	20	3.73	0	1	4	15
Sub-Saharan Africa						
2013	44	4.36	1	10	9	24
2012	44	4.32	1	9	11	23
Total						
2013	167	5.53	25	54	36	52
2012	167	5.52	25	53	36	53

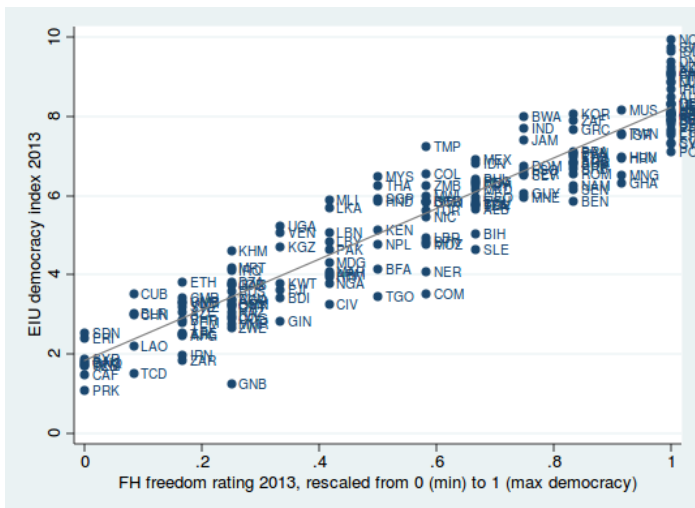
Source: Economist Intelligence Unit, 2013.

FH freedom rating, Polity score and EIU index 2013

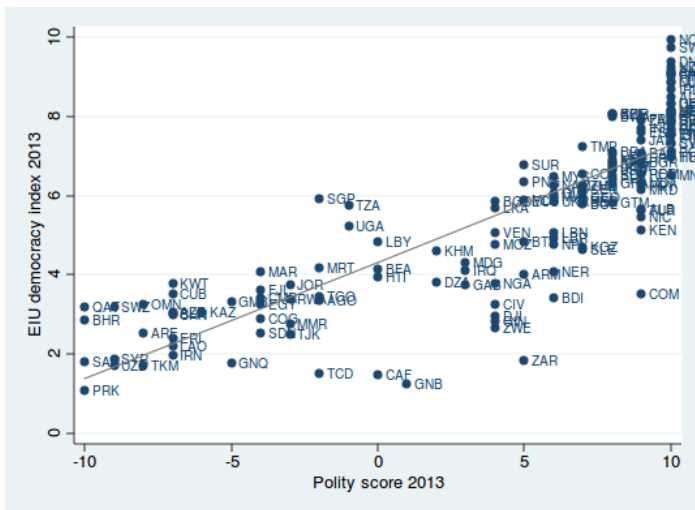


Source: EIU, 2014; FIW, 2014; Polity IV, 2014.

EIU democracy index and freedom rating



EIU democracy index and Polity score



Democratization phases

- Democratization phases:
 - crisis and subsequent collapse of nondemocratic regime;
 - transition towards democratic regime;
 - establishment of democratic regime;
 - consolidation of democratic regime.
- The crisis of nondemocratic regime can manifest itself as:
 - increase of violence and inability to limit it;
 - dissents within the *ruling élite*;
 - increase of demand for participation.

Democratic transitions

10 years in Poland, 10 months in Hungary, 10 weeks in East Germany and 10 days in Czechoslovakia.

- Revolution and *bottom-up* substitution.
E.g. Philippines (1986), South Korea (1987), Czechoslovakia (1989), Romania (1989), Georgia (2003), Ukraine (2004), Tunisia (2011).
- Reforms and *top down* transformation.
E.g. transitions after a liberalization period: Brazil (1982-85), Argentina (1983), Uruguay (1983-85), Chile (1987-89), Poland (1989), East Germany (1989).
- External imposition.
E.g. West Germany (1949), Japan (1952), Panama (1989).

Democratization waves

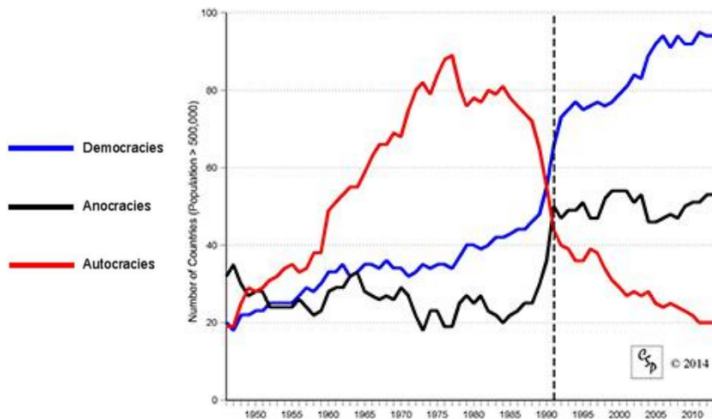
Huntington (1991) identifies three big waves in the diffusion of democracy:

- 1 1828-1926: “Long wave”, related to the need to incorporate in the political regimes of Western States the new classes (workers and peasants).
1922-42: Ebb – crisis and collapse of the fragile democracies (Italy, Poland, Germany, Spain).
- 2 1943-1962: “Short wave”, after the Second World War democracy grows and is exported outside of the Western world.
1958-75: Ebb – Democracies emerging from decolonization prove unable to govern internal conflicts and integrate the military institutions, imposed through coups (Latin America, Africa, Greece, Turkey).
- 3 1974-: Third wave

Third wave democracy

- End of authoritarian regimes in South Europa:
 - Carnation Revolution in Portugal (1974);
 - Crisis of the Franco regime and death of Franco in Spain (1975);
 - Collapse of the regime of the colonels in Greece (1974).
- Transition to democracy of the military regimes in Latin America:
 - Ecuador (1979); Peru (1980); Bolivia en Honduras (1982); Argentina (1983); El Salvador (1984), Uruguay and Brazil (1985); Guatemala (1986); Paraguay and Panama (1989); Chile (1990),
- Democratizations in Asia:
 - India (1977); Philippines (1986); South Korea (1987); Taiwan (1996).
- Democratizations in Central and Eastern Europa after the collapse of the communist regimes and the disintegration of URSS, Yugoslavia e Czechoslovakia:
 - Poland, Hungary, East Germany and Czechoslovakia (1989), ...
- Democratizations in Africa in the 1990s:
 - Benin and Namibia (1991); South Africa (1994); Ghana (2000); Mali and Senegal (2002).
 - Jasmine revolution in Tunisia (2011).

Third wave democracy (Polity IV 2014)



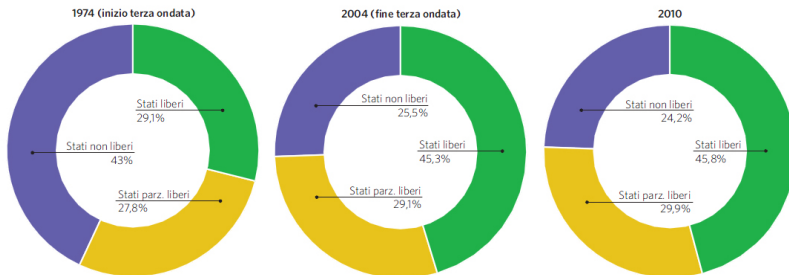
Source: Marshall & Cole, CSP Global Report 2014.

Figure: Number of democracies, anocracies and autocracies, 1946-2013

Third wave democracy (FH 2014)

Gli effetti della terza ondata

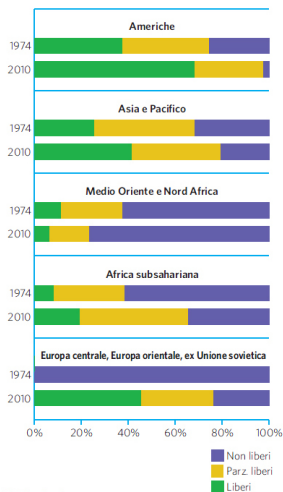
Andamento del numero di paesi liberi, parzialmente liberi e non liberi nel mondo (1974-2010)



Dati: Freedom House

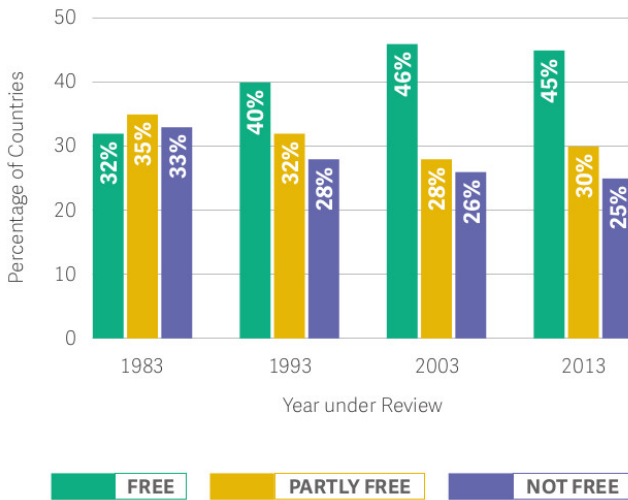
Source: Grilli di Cortona, Atlante Geopolitico 2012, elaboration on Freedom House data.

Third wave democracy (FH 2014)



Source: Grilli di Cortona, Atlante Geopolitico 2012, elaboration on Freedom House data.

Recent trends in freedom status



Source: FIW, 2014.

How democracy can affect economic growth

- Large literature on the effect of democracy on growth (e.g., Przeworski & Limongi, 1993; Tavares & Wacziarg, 2005; Papaioannou & Siourounis, 2008; Acemoglu, Naidu, Restrepo & Robinson, 2014).
- Democracy can affect economic growth since it could be different from dictatorship in terms of:
 - effective demand for redistribution of wealth and income;
 - government objectives;
 - degree of state intervention in the economy;
 - degree of state insulation from lobbies and vested interests;
 - processes of information collection/transmission;
 - political stability;
 - degree of “inclusiveness” of institutions.

Redistribution, inequality and growth

No political party can hope to win a democratic election on a platform of current sacrifices for a bright future.

(Rao, 1984, p. 75)

- Democracies can boost demand for redistribution:
 - Income distribution affects aggregate savings, and therefore investment in physical capital, human capital and R&D:
 - “democracies pay higher wages”: lower investment if workers have lower propensity to save (e.g., Galenson, 1959; De Schweinitz, 1959);
 - “democracies have lower income inequality”: lower savings if the marginal propensity to save is a monotonically increasing function of income (not necessarily true, e.g. Ray, 1998).
 - “to reduce after-tax income inequality, democracies levy distortionary taxes on capital income”: lower marginal return of capital, lower incentives to postpone consumption (e.g., Ray, 1998; Alesina & Rodrik, 1994; Persson & Tabellini, 1994).
 - Redistribution can take the form of investment in education and public goods, with positive externalities and a positive effect on growth (e.g., Saint-Paul & Verdier, 1993; Lizzeri & Persico, 2004).
- Supporters of the causal link democracy-overconsumption implicitly compare “populist democracies” with “enlightened dictatorships” (Huntington, 1968; Huntington & Dominguez, 1975; Rao, 1984).

Property rights and growth

- In the neo-institutionalist view, the safeguard of property rights is an ultimate cause of growth (e.g., North & Thomas, 1973; North, 1990; Acemoglu, Johnson & Robinson, 2006).
- Democracy can:
 - allow for a credible commitment to the protection of property rights against the government, for the *rule of law* and the constitutional guarantees (North & Weingast, 1989; Olson, 1991, 1993);
 - “unchain the class struggle” (Marx, 1952) and wealth redistribution is a threat to private property.
“the poor use democracy to expropriate the riches” (Przeworski & Limongi, 1993, p.52, who oppose such classical perspective to that of North).

State autonomy and authoritarian growth

- Democratic governments might be influenced by lobbies and thus pursue Pareto-inefficient policies (Buchanan & Tullock, 1962; Olson, 1982; Becker, 1983; Grossman & Helpman, 1994, 2002).
- *State autonomy*, intended as insulation from vested interests and particularistic pressures, might positively affect economic growth (Bardhan, 1990; Haggard, 1990).
- Implicit hypothesis (Przeworski & Limongi, 1993):
 - State apparatus pursues the only objective of country development;
 - There are Pareto-efficient policies that are not adopted by the majority of citizens for the existence of complementarities and coordination failures;
 - State can identify these policies;
 - To pursue them, state must be insulated from lobbies.

State autonomy and authoritarian growth

- The idea of “authoritarian growth”, or “the Lee thesis” (for its attribution in some form to the former prime minister of Singapore Lee Kuan Yew) is based on the assumption that authoritarian regimes can overcome collective-action problems by restraining the self-interested behavior of groups by sanctions and resolve collective-action problems by command (Haggard, 1990).
- The thesis takes hold in the 1980s for:
 - the rapid growth of the “Asian tigers” (South Korea, Singapore, Taiwan) and Chile in Latin America;
 - the disappointing results of the new born democracies in Latin America (e.g., Argentina, Brazil, Uruguay).
- The thesis is supported nowadays by using the example of the “authoritarian capitalism” in China (e.g., Žižek, 2008; Friedman, NYT, September 8, 2009).

Enlightened dictatorship and tyranny

- Supporters of the idea of authoritarian growth do not explain the reasons for the “autonomous state” to act for the collective interest.
- Barro (1990), Findlay (1990), Olson (1991), and Przeworski (1990) build models to analyze the effects of distortionary incentives in authoritarian regimes.
- Democracy can positively affect growth by reducing the risk of (e.g., Persico, 2004):
 - autocracies and kleptocratic oligarchies;
 - rent monopolization by politically powerful groups.

No famine in democracy

It is not surprising that no famine has ever taken place in the history of the world in a functioning democracy – be it economically rich (as in contemporary Western Europe or North America) or relatively poor (as in post independence India, or Botswana, or Zimbabwe).

(Sen, 2001, p.16)

- Although several democracies has problems of food and starvation, Sen (2001) points out that no substantial famine has ever occurred in a democratic country, no matter how poor.
- Arguments for a causal link:
 - famines are easy to prevent by helping the groups facing the sharpest collapses of purchasing power;
 - democratic governments have incentives to undertake famine prevention for they run elections and face public criticism;
 - free press and active political oppositions in democracy bring out *information* having a crucial impact on policies for famine prevention.



Amartya K. Sen

Mao on the informational advantage of democracy

Without democracy, you have no understanding of what is happening down below; the situation will be unclear; you will be unable to collect sufficient opinions from all sides; there can be no communication between top and bottom; top-level organs of leadership will depend on one-sided and incorrect material to decide issues, thus you will find it difficult to avoid being subjectivist; it will be impossible to achieve unity of understanding and unity of action, and impossible to achieve true centralism.

Discourse of Mao at the Central Committee of the Communist Party in 1962, after the Great Famine that followed the failure of the "Great Leap Forward" 1958-61 and caused 30-50 millions premature deaths in China.

(quoted in Sen, 2001)



Mao Tse-tung
(1893–1976)

Democracy, political stability and growth

- Political instability generates uncertainty on future governance and creates incentives towards short-termism and predatory behavior.
- By discouraging investment, instability can negatively affect growth (Alesina & Perotti, 1996; Alesina, Ozler, Roubini & Swagel, 1996).
- Democracy could:
 - reduce political instability by increasing the likelihood of peaceful and foreseeable transfers of power;
 - increase political instability, as democratic transitions could lead to the explosion of conflicts and civil wars, especially in multiethnic, fractionalized, less developed countries (Kaplan, 2000; Zakaria, 2003)

Short-run vs long-run benefits of democracy

It is in its dynamic, rather than in its static, aspects that the value of democracy proves itself. As is true of liberty, the benefits of democracy will show themselves only in the long run, while its more immediate achievements may well be inferior to those of other forms of government.

(Hayek, 1960, The Constitution of Liberty)

- According to Acemoglu (2008), although it might create distortions via increased demand for redistribution, democracy produce better long-term results than oligarchy cause the latter generates higher entry barriers raised to protect incumbents.
- Oligarchic societies are therefore less able to:
 - exploit dynamic comparative advantage;
 - adapt to changes in the environment.



Friedrich August
von Hayek
(1899–1992)



Daron Acemoglu

Long-run growth and fear of creative destructive

- Technological change, the main (if not the only) driver of long-run growth, is accompanied by a process of *creative destruction* (Schumpeter, 1942).
- According to Acemoglu & Robinson (2012), “the fear of creative destruction is the main reason why there was no sustained increase in living standards between the Neolithic and Industrial revolutions”.
- Non democratic regimes often discourage innovation for the fear of creative destruction, which can alter the distribution of resources and the de facto power in society.

Inclusive institutions vs. extractive institutions

- Acemoglu & Robinson (2012) put forward the dichotomy inclusive/extractive institutions:
 - Extractive institutions:
 - Political institutions: institutions concentrating power in the hands of the few, without checks and balances and rule of law;
 - Economic institutions: insecure contracts and property rights; norms preventing market functioning and creating a nonlevel playing field.
 - Inclusive institutions:
 - Political institutions: institutions allowing pluralism with checks and balances and rule of law, with some degree of political centralization for the states to be able to enforce law and order.
 - Economic institutions: law and order, secure contracts and property rights, markets and state support for markets; access to education and opportunity for the great majority of citizens.
- Inclusive institutions drive economic growth for they:
 - encourage investment, via secure property rights & uphold contracts;
 - exploit market power: better resource allocation; lower entry barriers
 - generate broad-based participation.
- No creative destruction in extractive institutions \Rightarrow no *sustained* growth.

Democracy and inclusive political institutions

- According to Acemoglu (2011), democracy is not equal to “inclusive political institutions, but there are many commonalities”.
- Political institutions allocate de jure political power.
- Democracy does so more equally, but this does not necessarily coincide with de facto political power.

From economic growth to development as freedom

Development is seen as a process of expanding the real freedoms that people enjoy. In this approach, expansion of freedom is viewed as both (1) the primary end and (2) the principal means of development. They can be called respectively the “constitutive role” and the “instrumental role” of freedom in development.

The constitutive role of freedom relates to the importance of substantive freedom in enriching human life. The substantive freedoms include elementary capabilities like being able to avoid such deprivations as starvation, undernourishment, escapable morbidity and premature mortality, as well as the freedoms that are associated with being literate and numerate, enjoying political participation and uncensored speech and so on...

The instrumental role of freedom concerns the way different kinds of rights, opportunities, and entitlements contribute to the expansion of human freedom in general, and thus to promoting development. ... The effectiveness of freedom as an instrument lies in the fact that different kinds of freedom interrelate with one another, and freedom of one type may greatly help in advancing freedom of other types.

(Sen, 2001, Development as freedom, p. 36-37)

Democracy and development

Developing and strengthening a democratic system is an essential component of the process of development. The significance of democracy lies...in three distinct virtues: intrinsic importance, instrumental contributions, and constructive role in the creation of values and norms.

(Sen, 2001, Development as freedom, p.157)

Virtues of democracy (Sen, 2001):

1 intrinsic importance:

"political liberty and civil freedoms are directly important on their own, and do not have to be justified indirectly in terms of their effects on the economy."

2 instrumental contributions:

"no famine has ever taken place in the history of the world in a functioning democracy, be it economically rich...or relatively poor."

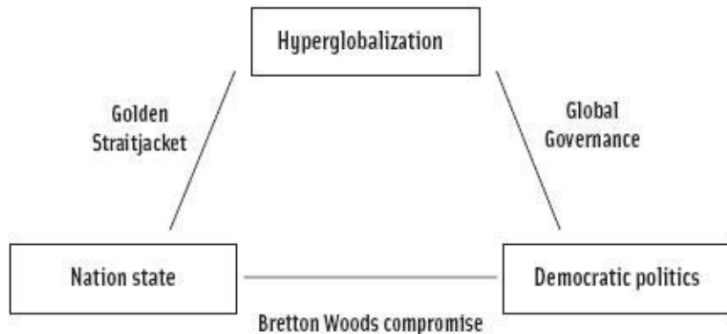
3 constructive role:

"The exercise of freedom is mediated by values, but the values in turn are influenced by public discussions and social interactions, which are themselves influenced by participatory freedoms."

The political trilemma of the world economy

- Rodrik (2012) points out that globalization processes conflict with the existence of national democracies.
- *Political trilemma*: impossible coexistence of
 - 1 hyperglobalization;
 - 2 nation-state;
 - 3 democracy.
- Options:
 - 1 No hyperglobalization:
Nation-state and democracy \Rightarrow Bretton Woods compromise;
 - 2 No nation-state:
Democracy and hyperglobalization \Rightarrow Global governance.
 - 3 No democracy:
nation-state and hyperglobalization \Rightarrow Golden straitjacket (free trade, free capital markets, free enterprise, small government).

The political trilemma of the world economy

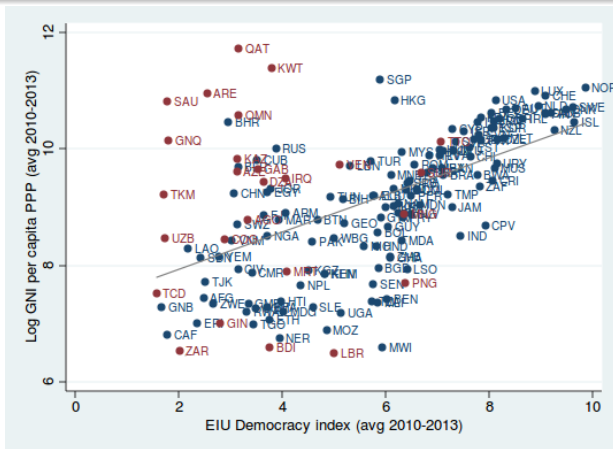


Source: Rodrik, 2012, *The Globalization Paradox*.

Empirical evidence on the effect of democracy on growth

- Strong correlation between democracy and the *level* of development (per capita income, HDI), first stressed by Lipset (1959, 1960).
- No clear empirical relation between democracy and *growth*:
 - Weak negative association in cross-sectional analysis (e.g., Helliwell, 1994; Barro, 1996);
 - Positive effect of democracy on per capita real GDP growth in panel data models (Rodrik & Wacziarg, 2005; Persson & Tabellini, 2008);
 - Tavares & Wacziarg (2001) estimate a SEM to analyze the different channels through which democracy can affect growth:
 - positive effect through:
 - i) increased human capital accumulation rate;
 - ii) inequality reduction.
 - negative effect through:
 - i) decreased physical capital accumulation rate;
 - ii) increased size of public sector in the economy.
 - weakly negative overall effect.
 - Empirical analysis are hardly comparable as they differ w.r.t. measurements, specifications and methodologies.

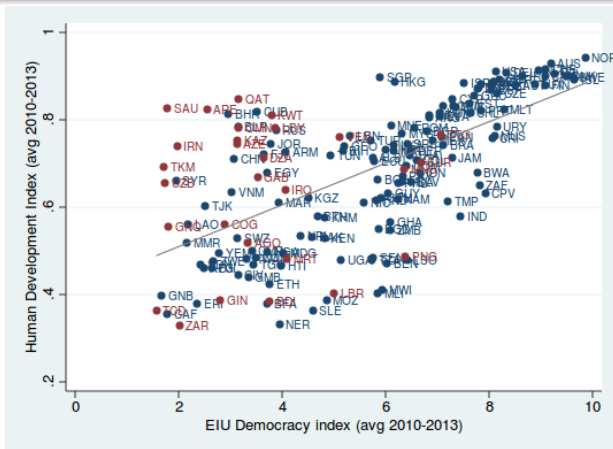
EIU democracy index and per capita income



Source: EIU, 2014; WDI, 2015.

Figure: Log per capita income vs. EIU democracy index (countries with natural resource rents greater than 25% of GDP in red)

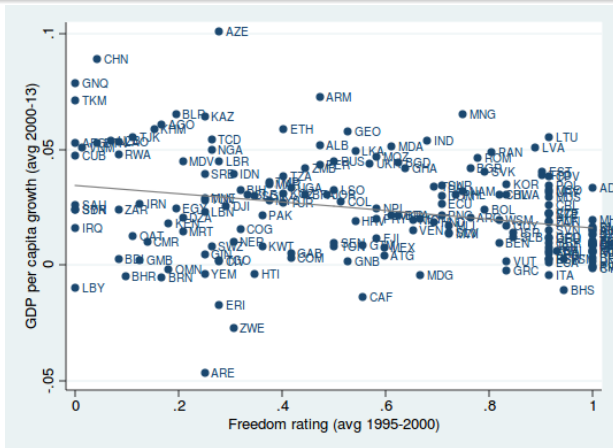
EIU democracy index and Human Development Index



Source: EIU, 2014; WDI, 2015; UNDP, 2015.

Figure: HDI vs. EIU democracy index (countries with natural resource rents greater than 25% of GDP in red)

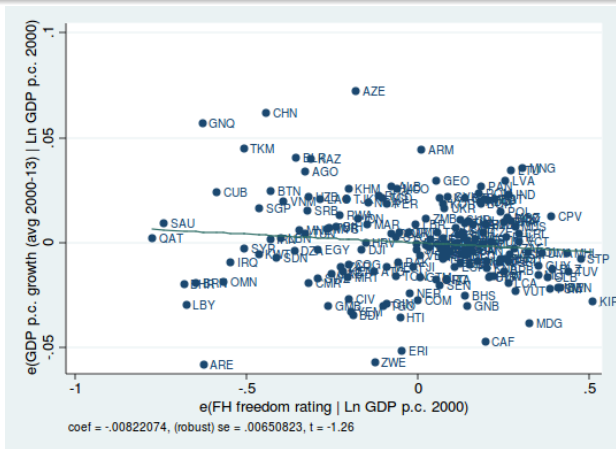
FH freedom rating and economic growth 2000-13



Source: FIW, 2014; WDB, 2014.

Figure: Freedom rating and average annual growth rate of real GDP per capita (2000-13)

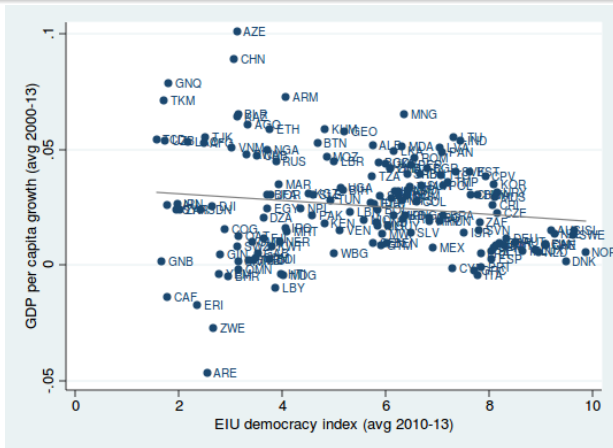
FH freedom rating and economic growth 2000-13



Source: FIW, 2014; WDB, 2014.

Figure: Partial correlation between freedom rating and average annual growth rate of real GDP per capita (conditioning on the initial level of GDP per capita)

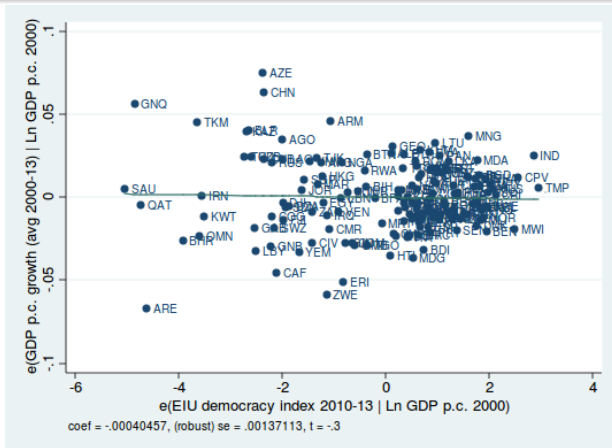
EIU democracy index and economic growth 2000-13



Source: EIU, 2014; WDB, 2014.

Figure: EIU democracy index and average annual growth rate of real GDP per capita (2000-13)

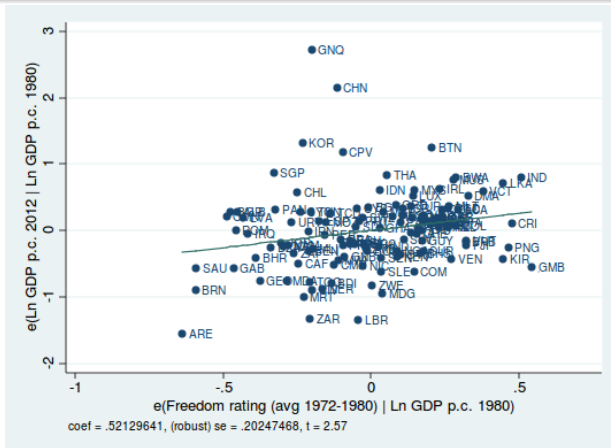
EIU democracy index and economic growth 2000-13



Source: FIW, 2014; WDB, 2014.

Figure: Partial correlation between EIU index and average annual growth rate of real GDP per capita (conditioning on the initial level of GDP per capita)

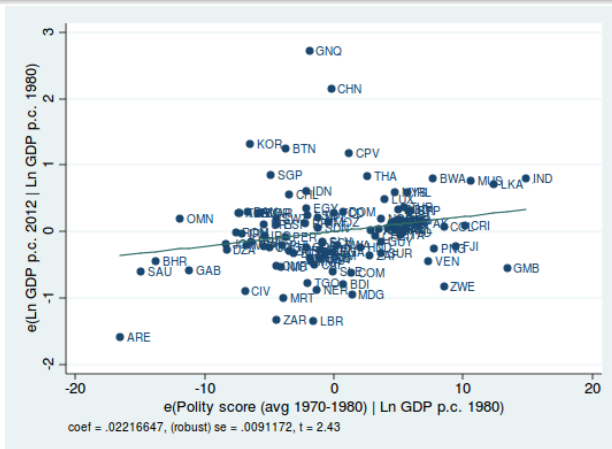
Freedom rating and long-run growth (1980-2012)



Source: FIW, 2014; WDB, 2014.

Figure: Partial correlation between FH freedom rating (avg 1972-1980) and real GDP per capita in 2012 conditioning on the 1980 level

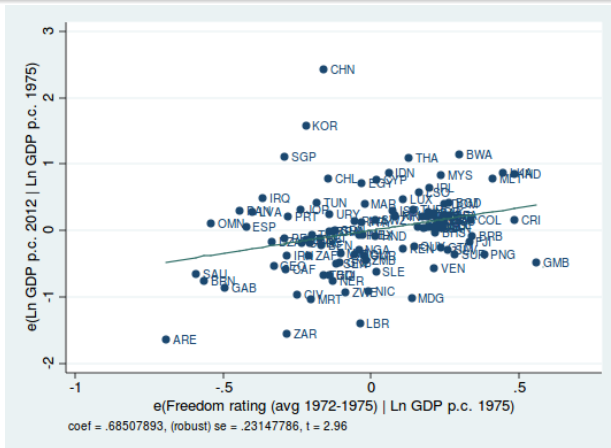
Polity score and long-run growth (1980-2012)



Source: Polity IV Project, 2014; WDB, 2014.

Figure: Partial correlation between Polity score (avg 1970-1980) and real GDP per capita in 2012 conditioning on the 1980 level

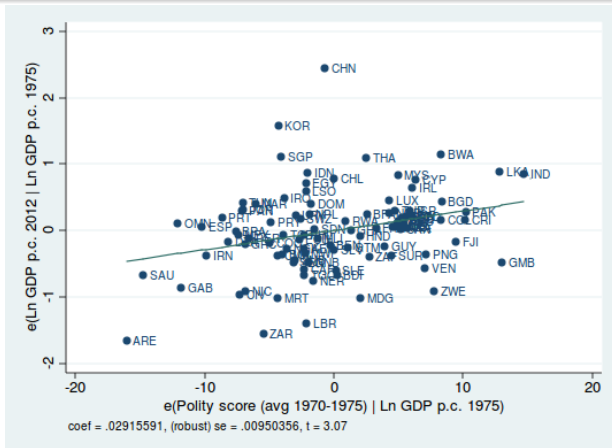
Freedom rating and long-run growth (1975-2012)



Source: FIW, 2014; WDB, 2014.

Figure: Partial correlation between FH freedom rating (avg 1972-1975) and real GDP per capita in 2012 conditioning on the 1975 level

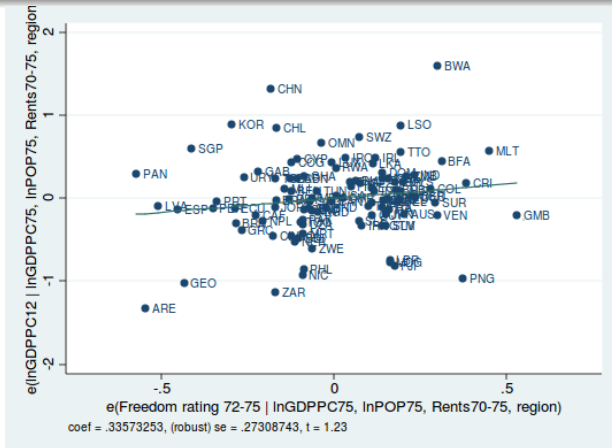
Polity score and long-run growth (1975-2012)



Source: Polity IV Project, 2014; WDB, 2014.

Figure: Partial correlation between Polity score (avg 1970-1975) and real GDP per capita in 2012 conditioning on the 1975 level

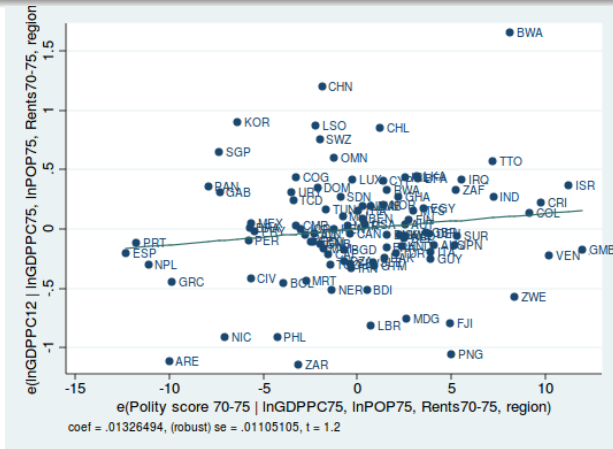
Freedom rating and long-run growth (1975-2012)



Source: FIW, 2014; WDB, 2014.

Figure: Partial correlation between freedom rating (1972-1975) and real GDP p.c. 2012 conditioning on region and initial levels of GDP, population and natural resource rents

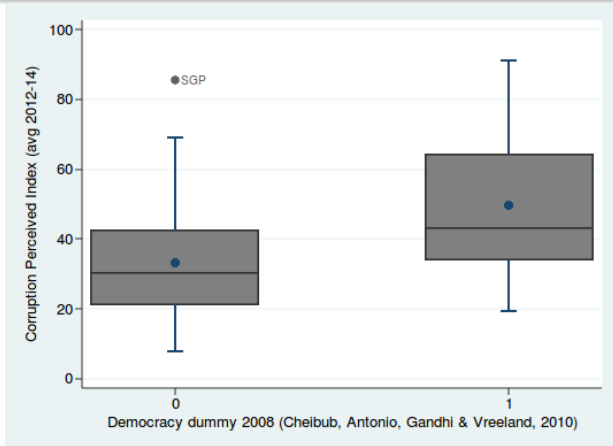
Polity score and long-run growth (1975-2012)



Source: Polity IV Project, 2014; WDB, 2014.

Figure: Partial correlation between Polity score (1970-1975) and real GDP p.c. 2012 conditioning on region and initial levels of GDP, population and natural resource rents

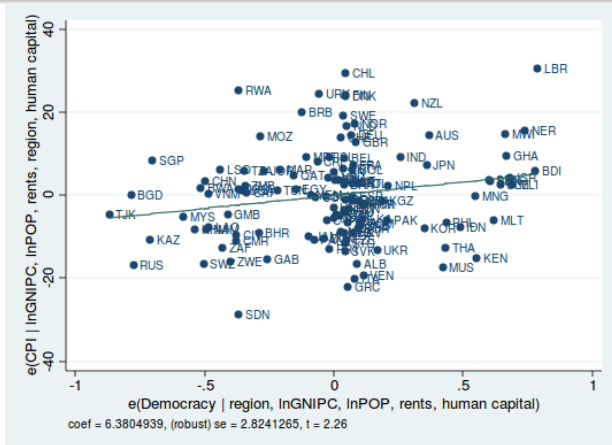
Democracy and corruption



Source: Transparency International, 2014; Cheibub et al., 2010.

Figure: Box plots of perceived levels of public sector corruption by regime (NB: the higher the index, the lower the perceived corruption)

Democracy and corruption



Source: Transparency International, 2014; Cheibub et al., 2010; PWT, 2015; WDI, 2014.

Figure: Partial correlation between PCI 2012-14 and democratic regime 2008 conditioning on region, ln GNI p.c., ln population, natural resource rents (% of GDP) and human capital (avg 2007-2012)

Rodrik on the myth of authoritarian growth

The relationship between a nation's politics and its economic prospects is one of the most fundamental – and most studied – subjects in all of social science. Which is better for economic growth – a strong guiding hand that is free from the pressure of political competition, or a plurality of competing interests that fosters openness to new ideas and new political players?

East Asian examples (South Korea, Taiwan, China) seem to suggest the former. But how, then, can one explain the fact that almost all wealthy countries – except those that owe their riches to natural resources alone – are democratic? Should political openness precede, rather than follow, economic growth?

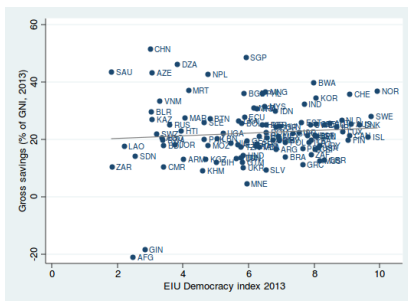
When we look at systematic historical evidence, instead of individual cases, we find that authoritarianism buys little in terms of economic growth. For every authoritarian country that has managed to grow rapidly, there are several that have floundered. For every Lee Kuan Yew of Singapore, there are many like Mobutu Sese Seko of the Congo.

(Rodrik, 2010, The myth of authoritarian growth)

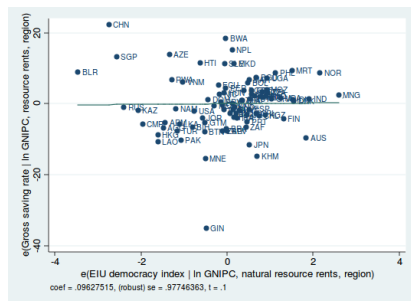


Dani Rodrik

Democracy and savings



(a) Simple association

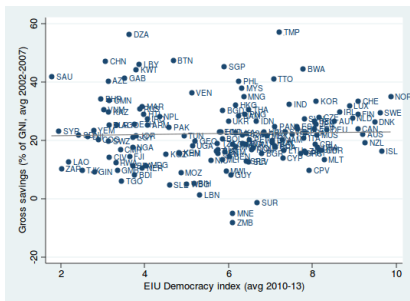


(b) Partial association conditioning on (log) GNI per capita PPP, natural resources rents (% of GDP) and region

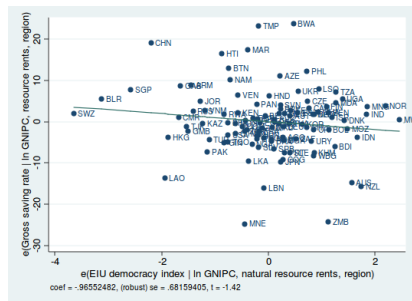
Source: EIU, 2014; WDI, 2015.

Figure: Gross saving rate (% of GNI) and EIU democracy index in 2013

Democracy and savings



(a) Simple association

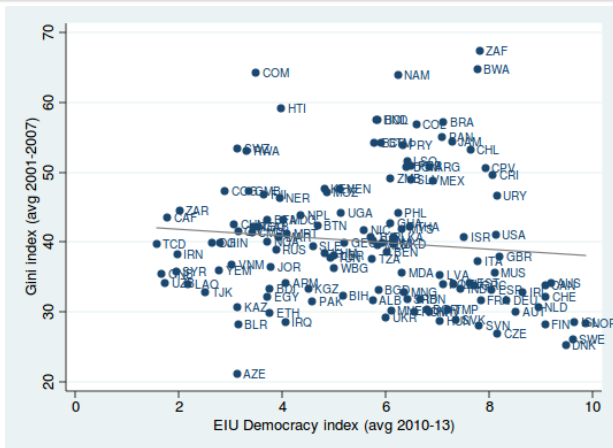


(b) Partial association conditioning on (log) GNI per capita PPP, natural resources rents (% of GDP) and region

Source: EIU, 2014; WDI, 2015.

Figure: Gross saving rate (% of GNI, avg 2002-2007) and EIU democracy index (avg 2010-13)

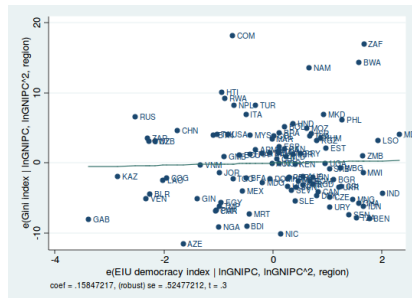
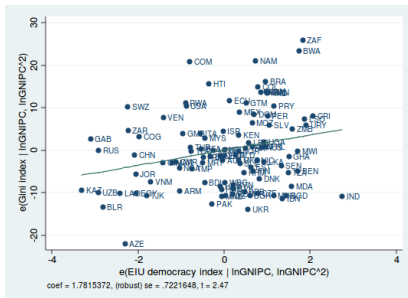
Democracy and income inequality



Source: EIU, 2014; WDI, 2015.

Figure: Gini index (avg 2001-07) vs. EIU democracy index (avg 2010-2013)

Democracy and income inequality



(a) Partial association conditioning on GNI (b) Partial association conditioning on GNI per capita and region

Source: EIU, 2014; WDI, 2015.

Figure: Gini index (avg 2001-07) and EIU democracy index (avg 2010-2013)

Democracy, redistribution and inequality

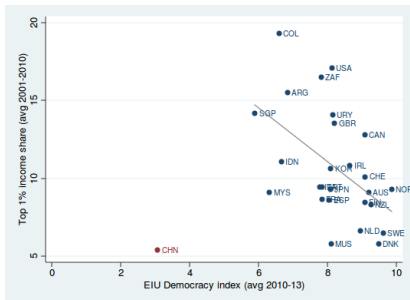
- No conclusive empirical evidence on the relationship between democracy, redistribution and inequality:
 - Rodrik (1999) find evidence that “democracies pay higher wages”;
 - Historical studies (e.g., Acemoglu & Robinson, 2000) provide some evidence that democratic transition leads to redistribution and reduce inequality;
 - Cross-sectional analysis find no evidence of robust association between democracy and income inequality (e.g., Sirowy & Inkeles, 1990).
- Acemoglu, Naidu, Restrepo & Robinson (2013) critically re-examine the relationship, both theoretically and empirically.

Democracy, redistribution and inequality

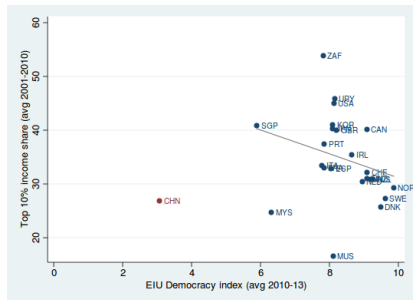
Acemoglu, Naidu, Restrepo & Robinson (2013):

- argue that, in theory, the impact of democracy on inequality might be limited:
 - democracy makes de jure power more equally distributed, but inequality depends also on de facto power distribution;
 - democracies are constrained by other de jure institutions (e.g., constitutions and judiciaries) or by de facto threats of coups, capital flights, and widespread tax evasion by the elite;
 - democratic transitions are accompanied by “inequality-increasing market opportunities”;
 - democracy transfers political power to the middle class, rather than the poor: inequality is reduced only if the middle class is in favor of the redistribution in favor of the poor.
- by analyzing the changes about transitions, find evidence of:
 - large effect of democracy on tax revenues, as % of GDP;
 - general limited effect of democracy on inequality;
 - positive effect of democratization on inequality:
 - in nonagricultural societies;
 - with middle class relatively richer compared to the rich and poor.

Democracy and top income share



(a) Top 1% income share



(b) Top 10% income share

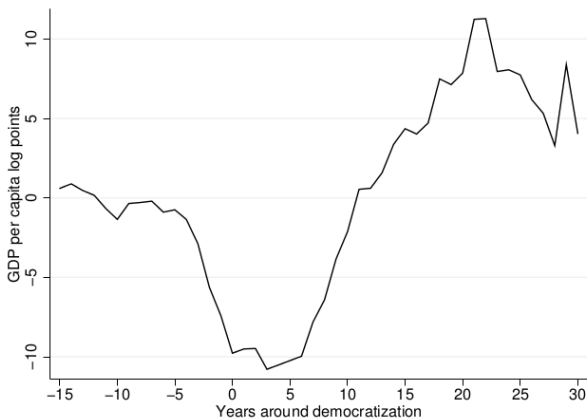
Source: EIU, 2014; World Top Incomes Database, 2014.

Figure: Top income share (avg 2000-10) vs. EIU democracy index (avg 2010-2013)

Democratic transitions, political stability and economic growth

- Columnists and pundits (e.g., Kaplan, 2000; Zakaria, 2003) sometimes claim that democratic transitions in less developed countries have a high probability to lead to instability and chaos, in particular in multiethnic, fractionalized countries.
- By analyzing the series of per capita GDP around democratic transitions, Rodrik & Wacziarg (2005) show that the claim does not find empirical support.
- On the contrary, Papaioannou & Siourounis (2008) and Acemoglu, Naidu, Restrepo & Robinson (2014) show that, after democratic transitions, countries on average exhibit larger rates of growth of GDP per capita.

Dynamics of GDP per capita during democratic transitions



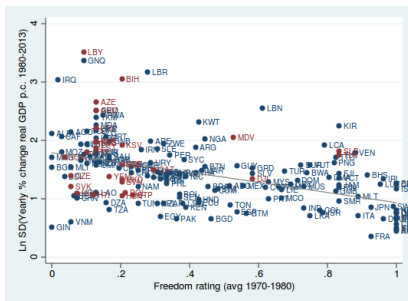
Notes: figure plots GDP per capita in log points around a democratic transition. We normalize the average log GDP per capita in a country to zero. Time (in years) relative to the year of democratization runs on the horizontal axis.

Source: Acemoglu, Naidu, Restrepo & Robinson, 2014, *Democracy does cause growth*.

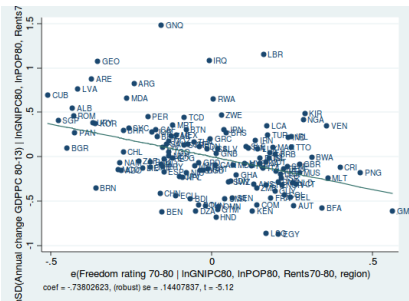
Other economic effects of democracy

- Rodrik (1997, 1999a,b, 2000) points out other economic aspects w.r.t. which democracies do better than dictatorships.
- Democracies are better at:
 - adjusting policies to shocks (Rodrik, 1999a);
 - reducing the volatility of growth (Rodrik, 1997, 2000; Siddharth Chandra, 1998; Quinn & Woolley, 1998).

Democracy and growth volatility



(a) Simple association (red dots: countries with less than 25 obs of yearly change of GDP p.c., not used in regression)

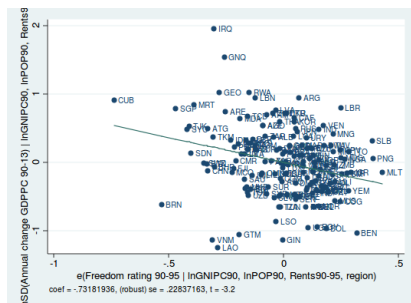
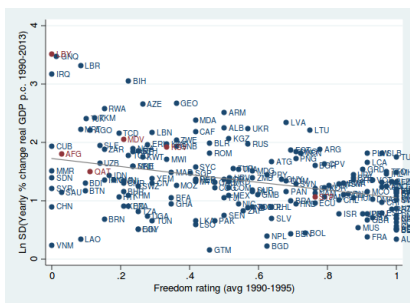


(b) Partial association conditioning on region, GNI p.c., population, natural resources rents (% of GDP)

Source: FIW, 2014; WDI, 2015.

Figure: (Log) standard deviation of annual real GDP p.c. growth rate 1980-2013 vs. freedom rating (avg 1972-1980)

Democracy and growth volatility

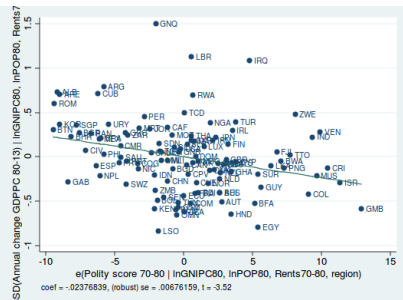
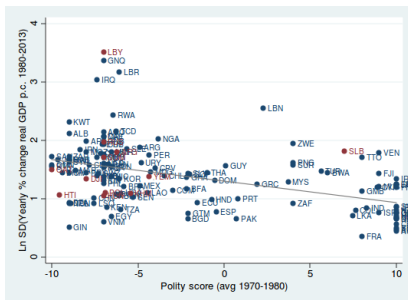


(a) Simple association (red dots: countries with less than 15 obs of yearly change of GDP p.c., population, natural resources rents (% p.c., not used in regression))
 (b) Partial association conditioning on GNI, population, natural resources rents (% of GDP) and region

Source: FIW, 2014; WDI, 2015.

Figure: (Log) standard deviation of annual real GDP p.c. growth rate 1990-2013 vs. freedom rating (avg 1990-1995)

Democracy and growth volatility



(a) Simple association (red dots: countries with less than 25 obs of yearly change of GDP p.c., population, natural resources rents (% p.c., not used in regression))
 (b) Partial association conditioning on GNI, population, natural resources rents (% of GDP) and region

Source: Polity score, 2014; WDI, 2015.

Figure: (Log) standard deviation of annual real GDP p.c. growth rate 1980-2013 vs. polity score (avg 1970-1980)

Country list

country	code	country	code	country	code	country	code	country	code
1 Afghanistan	AFG	44 Congo, Dem. Rep.	ZAR	87 India	IND	130 Mongolia	MNG	173 Somalia	SOM
2 Albania	ALB	45 Congo, Rep.	COG	88 Indonesia	IDN	131 Montenegro	MNE	174 South Africa	ZAF
3 Algeria	DZA	46 Costa Rica	CRI	89 Iran, Islamic Rep.	IRN	132 Morocco	MAR	175 South Sudan	SSD
4 American Samoa	ASM	47 Cote d'Ivoire	IVV	90 Iraq	IRQ	133 Mozambique	MOZ	176 Spain	ESP
5 Andorra	ADO	48 Croatia	HRV	91 Ireland	IRL	134 Myanmar	MMR	177 Sri Lanka	LKA
6 Angola	AGO	49 Cuba	CUB	92 Isle of Man	MYI	135 Namibia	NAM	178 St. Kitts and Nevis	KNA
7 Antigua and Barbuda	ATG	50 Curacao	CJW	93 Israel	ISR	136 Nepal	NPL	179 St. Lucia	LCA
8 Argentina	ARG	51 Cyprus	CYP	94 Italy	ITA	137 Netherlands	NLD	180 St. Martin (French part)	MAF
9 Armenia	ARM	52 Czech Republic	CZE	95 Jamaica	JAM	138 New Caledonia	NCL	181 St. Vincent and the Grenadines	VCT
10 Aruba	ABW	53 Denmark	DNK	96 Japan	JPN	139 New Zealand	NZL	182 Sudan	SDN
11 Australia	AUS	54 Djibouti	DJI	97 Jordan	JOR	140 Nicaragua	NIC	183 Suriname	SUR
12 Austria	AUT	55 Dominica	DMA	98 Kazakhstan	KAZ	141 Niger	NER	184 Swaziland	SWZ
13 Azerbaijan	AZE	56 Dominican Republic	DOM	99 Kenya	KEN	142 Nigeria	NGA	185 Sweden	SWE
14 Bahamas, The	BHS	57 Ecuador	ECU	100 Kiribati	KIR	143 Northern Mariana Islands	MNP	186 Switzerland	CHE
15 Bahrain	BHR	58 Egypt, Arab Rep.	EGY	101 Korea, Dem. Rep.	PRK	144 Norway	NOR	187 Syrian Arab Republic	SYR
16 Bangladesh	BGD	59 El Salvador	SLV	102 Korea, Rep.	KOR	145 Oman	OMN	188 Tajikistan	TJK
17 Barbados	BRB	60 Equatorial Guinea	GNQ	103 Kosovo	KSV	146 Pakistan	PAK	189 Tanzania	TZA
18 Belarus	BLR	61 Eritrea	ERI	104 Kuwait	KWT	147 Palau	PLW	190 Thailand	THA
19 Belgium	BEL	62 Estonia	EST	105 Kyrgyz Republic	KGZ	148 Panama	PAN	191 Timor-Leste	TMP
20 Belize	BLZ	63 Ethiopia	ETH	106 Lao PDR	LAO	149 Papua New Guinea	PNG	192 Togo	TGO
21 Benin	BEN	64 Faeroe Islands	FRO	107 Latvia	LVA	150 Paraguay	PRY	193 Tonga	TON
22 Bermuda	BMU	65 Fiji	FJI	108 Lebanon	LBN	151 Peru	PER	194 Trinidad and Tobago	TTO
23 Bhutan	BTN	66 Finland	FIN	109 Lesotho	LSO	152 Philippines	PHL	195 Tunisia	TUN
24 Bolivia	BOL	67 France	FRA	110 Liberia	LBR	153 Poland	POL	196 Turkey	TUR
25 Bosnia and Herzegovina	BHM	68 French Polynesia	PFY	111 Libya	LYB	154 Portugal	PRT	197 Turkmenistan	TKM
26 Botswana	BWA	69 Gabon	GAB	112 Liechtenstein	LIE	155 Puerto Rico	PRI	198 Turks and Caicos Islands	TCA
27 Brazil	BRA	70 Gambia, The	GMB	113 Lithuania	LTU	156 Qatar	QAT	199 Tuvalu	TUV
28 Brunei Darussalam	BRN	71 Georgia	GEO	114 Luxembourg	LUX	157 Romania	ROM	200 Uganda	UGA
29 Bulgaria	BGR	72 Germany	DEU	115 Macao SAR, China	MAC	158 Russian Federation	RUS	201 Ukraine	UKR
30 Burkina Faso	BFA	73 Ghana	GHA	116 Macedonia, FYR	MKD	159 Rwanda	RWA	202 United Arab Emirates	ARE
31 Burundi	BDI	74 Greece	GRC	117 Madagascar	MDG	160 Samoa	WSM	203 United Kingdom	GBR
32 Cabo Verde	CPV	75 Greenland	GRL	118 Malawi	MWI	161 San Marino	SMR	204 United States	USA
33 Cambodia	KHM	76 Grenada	GRD	119 Malaysia	MYS	162 Sao Tome and Principe	STP	205 Uruguay	URY
34 Cameroon	CMR	77 Guam	GUM	120 Maldives	MDV	163 Saudi Arabia	SAU	206 Uzbekistan	UZB
35 Canada	CAN	78 Guatemala	GTM	121 Mali	MLI	164 Senegal	SEN	207 Vanuatu	VUT
36 Cayman Islands	CYM	79 Guinea	GIN	122 Malta	MLT	165 Serbia	SRB	208 Venezuela, RB	VEN
37 Central African Republic	CAF	80 Guinea-Bissau	GNB	123 Marshall Islands	MHL	166 Seychelles	SYC	209 Vietnam	VNM
38 Chad	TCD	81 Guyana	GUY	124 Mauritania	MRT	167 Sierra Leone	SLE	210 Virgin Islands (U.S.)	VIR
39 Channel Islands	CHI	82 Haiti	HTI	125 Mauritius	MUS	168 Singapore	SGP	211 West Bank and Gaza	WBG
40 Chile	CHL	83 Honduras	HND	126 Mexico	MEX	169 Sint. Maarten (Dutch part)	SXM	212 Yemen, Rep.	YEM
41 China	CHN	84 Hong Kong SAR, China	HKG	127 Micronesia, Fed. Sts.	FSM	170 Slovak Republic	SVK	213 Zambia	ZMB
42 Colombia	COL	85 Hungary	HUN	128 Moldova	MDA	171 Slovenia	SVN	214 Zimbabwe	ZWE
43 Comoros	COM	86 Iceland	ISL	129 Monaco	MCO	172 Solomon Islands	SLB		