

## The Impact of the Great Recession on Regime Change Economic and Political Interactions

Dirk Berg-Schlösser

### Abstract

This essay reports on the analyses of the political consequences of the global economic recession that followed the financial crisis. It does so, first, by examining the macro-level of political systems on a global scale. It looks for regime changes and government turnovers, finding that at this level the effects of the crisis have been relatively limited so far. A different picture emerges when the meso-level of politics is taken into account. At this level, increasing populist social movements and the rise of antidemocratic parties can be noted, especially in the countries that have been most affected by the recession. At the meso-level, some considerable effects also can be observed, for example, in the results of the latest European parliamentary elections. These effects must be analyzed further in a more comprehensive way, drawing on some comparisons with the political consequences of the Great Depression in the 1930s.

**Keywords:** Regime change, government turnover, populist parties, crisis of democracy, authoritarian alternatives.

---

The relationship between socio-economic development and democracy has been most famously stated in the Lipset hypothesis holding that, “The more well-to-do a nation, the more likely it is to sustain democracy.”<sup>1</sup> This statement has been tested, but also contested, many times. There always have been a number of counter-factual examples guarding against an all-too-simple interpretation of Lipset’s thesis. These include the breakdown of democratic regimes in highly modern countries, as happened in Weimar Germany, and the continued existence of workable democracies in poor countries, such as India and some other Third World states.<sup>2</sup> In particular, several of the policy

---

**Dirk Berg-Schlösser** is Professor of Political Science at Philipps-University, Marburg, Germany. He writes here as Research Associate at TRU: Democracy Globally, Stellenbosch University, Stellenbosch, South Africa. <bergschl@staff.uni-marburg.de>

<sup>1</sup> Seymour Martin Lipset, “Some Social Requisites of Democracy: Economic Development and Political Legitimacy,” *American Political Science Review*, no. 53 (1959): 75.

<sup>2</sup> See Dirk Berg-Schlösser, “Conditions of Democracy in Third World Countries,” in *Democracy in the Modern World: Essays for Tatu Vanhanen*, ed. Jukka Paastela (Tampere, Finland: Acta Universitatis Tamperensis, 1989).

recommendations based on such perspectives and advocating “development dictatorships” in the early stages of modernization have turned out to be false.<sup>3</sup> The most comprehensive recent study of this kind clearly shows that, “Democracies can survive even in the poorest nations if they manage to generate development, if they reduce inequality, if the international climate is propitious, and if they have parliamentary institutions.”<sup>4</sup> Rather than being a prerequisite, economic development can be a condition contributing to the emergence of democracy and it can be a factor that increases its sustainability.

The reverse, however, also can be the case. A downturn in economic development and a strong recession may precipitate a political crisis and a breakdown of democracies. This was most clearly demonstrated during the Great Depression in the 1930s,<sup>5</sup> but even then, as indicated below, the relationship was much more complex than a simple correlation between the level of GDP and the survival or breakdown of democracy.<sup>6</sup>

This essay covers the *political* side of the Transformation Research Unit (TRU) project at the macro- and meso-levels of analysis. The analyses include different political system types to assess the consequences of the global financial crisis and of the following Great Recession across the political spectrum. The object is to look for possible regime changes and for the emergence of antidemocratic and antisystem forces.

The first part of the essay covers the period *before* the global crisis by reviewing some broader economic-political relationships since the mid-1990s until 2007. The second part then turns to the *effects* of the crisis from 2008 onward by first considering the macro-level changes in regimes and governments. This is followed by a closer look at the *meso-level* with regard to effects as evidenced by the increase of protest and antidemocratic parties in the most affected countries, mostly among the established democracies. Finally, the essay comes to some (preliminary) conclusions and points to the remaining aspects to be supplemented within the framework of our overall project.

## **The Background to the Crisis (Period 1996-2007)**

Here, we first take a look at the overall relationship between the level of economic growth (2000-2007), the impact of the recession (2008-2010), and

---

<sup>3</sup> For example, Richard Loewenthal, *Die Demokratie im Wandel der Gesellschaft* [Democracy in Changing Societies] (Berlin: Colloquium Verlag, 1963).

<sup>4</sup> Emphasis added. Adam Przeworski, Michael M. Alvarez, Jose Antonio Cheibub, and Fernando Limongi Neto, “What Makes Democracies Endure?” *Journal of Democracy* 7, no. 1 (1996): 39-55.

<sup>5</sup> Juan Linz and Alfred Stepan, *The Breakdown of Democratic Regimes* (Baltimore, MD: Johns Hopkins University Press, 1978).

<sup>6</sup> Dirk Berg-Schlosser and Jeremy Mitchell, eds., *Authoritarianism and Democracy in Europe, 1919-39: Comparative Analyses* (London: Palgrave, 2002).

the corresponding TRU index of democracy. The index of democracy employed in this project predates the economic data period, as it takes as its base the year 1996, that is, the first year of the World Bank Governance indicators. The data are explained in greater detail in the chapters by du Plessis, Freytag, and Boshoff, and Hoffmann-Lange, and cover almost all independent countries in the world. The results are presented in table 1.

Table 1. Correlations Index of Democracy and Economic Growth

		Average Growth 2000 to 2007	Growth Impact Recession B (V14-V16)	Index 1996
Average Growth 2000 to 2007	Pearson Correlation	1	.530**	-.387*
	Sig. (2-tailed)		.000	.000
	N	187	187	184
Growth Impact Recession B (V14-V16)	Pearson Correlation	.530**	1	.165*
	Sig. (2-tailed)	.000		.025
	N	187	187	184
Index 1996	Pearson Correlation	-.387**	.165*	1
	Sig. (2-tailed)	.000	.025	
	N	184	184	184

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

In the above table, contrary to popular expectations and other findings, a negative relationship between the level of democracy and economic growth becomes apparent. This is confirmed when we differentiate among political system types. Here, we distinguish among strictly authoritarian regimes (a value below 0.35 on our combined and calibrated index), “softer” autocracies or hybrid regimes (values between 0.35 and 0.59), fragile democracies (values between 0.60 and 0.74), and stable democracies (values of 0.75 and above). This is shown in table 2.

Table 2 indicates that during the period under discussion, authoritarian regimes had the highest average growth rates (twenty-eight out of fifty-two having high (above 5 percent) and very high (above 10 percent) rates. Hybrid regimes and fragile democracies performed moderately (less than 5 percent growth), and the longer established democracies had, on average, the lowest growth rates. This finding should not be attributed to specific aspects of governance, something that becomes apparent in table 3.

As table 3 shows, the level of democracy is very clearly correlated to higher government effectiveness, regulatory quality, and political stability. The causes behind the higher growth rates of the more authoritarian regimes

Table 2. Regime Type by Average Growth, 2000-2007

		Average Growth				Total %
		Zero □ 0	Moderate 0 – 4.9	High 5.0 – 9.9	Very High □ 10.0	
Authoritarian	Count	0	24	19	9	52
	% within regime 1996	0.0	46.2	36.5	17.3	100.0
	% within avgrowth	0.0	21.2	31.1	81.8	27.8
Hybrid	Count	2	36	25	2	65
	% within regime 1996	3.1	55.4	38.5	3.1	100.0
	% within avgrowth	100.0	31.9	41.0	18.2	34.8
Fragile Democracy	Count	0	10	13	0	23
	% within regime 1996	0.0	43.5	56.5	0.0	100.0
	% within avgrowth	0.0	8.8	21.3	0.0	12.3
Stable Democracy	Count	0	43	4	0	47
	% within regime 1996	0.0	91.5	8.5	0.0	100.0
	% within avgrowth	0.0	38.1	6.6	0.0	25.1
Total	Count	2	113	61	11	187
	% within regime 1996	1.1	60.4	32.6	5.9	100.0
	% within avgrowth	100.0	100.0	100.0	100.0	100.0

should probably be sought in their stronger position as far as export of mineral resources (oil, in particular) is concerned, and could be ascribed to the catching up of some of the emerging markets during this period. The fact that the highly developed OECD member countries show the same pattern of lower growth rates compared with nonmembers, even if at much higher absolute levels, lends further support to this argument. The OECD economies, all of them democracies, are in the high-income category, while many emerging

Table 3. Index of Democracy, 1996, by Governance Indicators

		IDX 1996	Pol. Stab. & Violence 1996	Government Effectiveness 1996	Regulatory Quality 1996
IDX 1996	Pearson Correlation	1	.562**	.575**	.558**
	Sig. (2-tailed)		.000	.000	.000
	N	184	184	184	184
Pol. Stab. & Violence 1996	Pearson Correlation	.562**	1	.841**	.850**
	Sig. (2-tailed)	.000		.000	.000
	N	184	187	187	187
Government Effectiveness 1996	Pearson Correlation	.575**	.841**	1	.952**
	Sig. (2-tailed)	.000	.000		.000
	N	184	187	187	187
Regulatory Quality 1996	Pearson Correlation	.558**	.850**	.952**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	184	187	187	187

\*\* Correlation is significant at the 0.01 level (2-tailed).

economies are in the middle- or low-income categories, and are mostly fragile democracies or nondemocratic. Most, if not all, economists agree that growth rates in low-income countries are significantly higher than those in high-income countries, for a variety of economic structural reasons.<sup>7</sup>

Overall, the *level of democracy* worldwide increased considerably during the 1996-2007 period, as expressed in the overall sum of our index, as indicated in table 4.

Table 4. Change of Level of Democracy, 1996-2007

	Minimum	Maximum	Sum	Mean	Standard Deviation
Demchange96to07	-.30	.43	6.58	.0358	.09467

Note: Valid N (listwise) 184.

### The Impact of the Crisis on the Macro-Level

Our index indicates that when the global crisis hit,<sup>8</sup> the overall level of democracy declined. This is illustrated in table 5.

<sup>7</sup> See Nobel laureate Michael Spence, *The Next Convergence* (New York: Farrar, Straus and Giroux, 2011).

<sup>8</sup> The causes and the developments of the crisis have been analyzed in our earlier conceptualization of the problem. Stan du Plessis, "Collapse: The Story of the International Financial Crisis, Its

Table 5. Democracy Index Change, 2007-2012

	Minimum	Maximum	Sum	Mean	Standard Deviation
Demchange96to07	-.17	.14	-3.11	-.0166	.4377

Note: Valid N (listwise) 187.

The impact of the crisis at the macro-level remained, however, relatively weak. This is shown by a simple linear regression analysis as in table 6:

Table 6. Impact of Recession on Democracy

R	R Square	Adjusted R Square	Standard Error
.156	.024	.019	.222947

Predictors: (Constant), Growth impact recession B rescaled 0-1.

Dependent Variable: IDX 2012 Geomean.

The R Square (explaining the overall variance) is significant, but quite small.

When we take a closer look, it turns out that the different political regimes were affected in a differentiated manner. Democracies experienced the most severe recession. More than 80 percent of democratic countries had a moderate or severe recession, whereas more than 60 percent of the authoritarian regimes faced no recession at all, or experienced only a mild one (see table 7). Statistically, this is highly significant ( $p < 0.001$ ).

The data in table 7 are a reflection of the roots of the crisis, which began as a real-estate bubble and caused bank failures (Lehmann Brothers) in the United States and elsewhere. The table also shows the different kinds and levels of integration in the world market of the examined economies. Among the more severely affected countries are Greece and Hungary, for example. By contrast, some countries such as Ivory Coast or Tunisia experienced an *improvement* of the level of democracy, which was largely unrelated to the crisis.

It must also be noted that, in contrast to the Great Depression of the 1930s, there have been no real *breakdowns* of democracy; the coup in Mali in 2012 or similar specific events cannot be attributed to the Great Recession.

The first indication of increasing political turbulence is a higher incidence of *changes of government* in the established democracies. These changes are defined as a termination of the incumbent government due to (a) elections, (b) resignation of the prime minister, (c) dissent within the government (break up of a coalition), (d) lack of parliamentary support, (e) intervention by the head of state, or (f) broadening of the coalition (inclusion of new parties). The

---

Causes and Policy Consequences,” in *Democracy under Stress: The Global Crisis and Beyond*, ed. Ursula van Beek and Edmund Wnuk-Lipinski (Farmington Hills, MI: Barbara Budrich Publisher, 2012), 25-46.

Table 7. Impact of Recession by Regime Type

		No Recession	Mild Recession	Moderate Recession	Severe Recession	Total
Authoritarian	Count	16	8	4	11	39
	% within regime type 2007	41.0	20.5	10.3	28.2	100.0
	% within impacrecBcat	34.0	17.4	8.5	23.4	20.9
Hybrid	Count	25	25	18	9	77
	% within regime type 2007	32.5	32.5	23.4	11.7	100.0
	% within impacrecBcat	53.2	54.3	38.3	19.1	41.2
Fragile Democracy	Count	4	5	5	7	21
	% within regime type 2007	19.0	23.8	23.8	33.3	100.0
	% within impacrecBcat	8.5	10.9	10.6	14.9	11.2
Stable Democracy	Count	2	8	20	20	50
	% within regime type 2007	4.0	16.0	40.0	40.0	100.0
	% within impacrecBcat	4.3	17.4	42.6	42.6	26.7
Total	Count	47	46	47	47	187
	% within regime type 2007	25.1	24.6	25.1	25.1	100.0
	% within impacrecBcat	100.0	100.0	100.0	100.0	100.0

changes of government increased somewhat during the period 2008 to 2012 compared to the previous five-year period, but are, of course, also dependent on the respective constitutional provisions and electoral cycles. All this remained, however, within the democratic rules of the game.

Underneath this surface, a considerable strengthening of *protest movements* and *antidemocratic forces* could be observed in the most seriously affected countries. This becomes evident when one takes a closer look at the meso-level.

## The Impact of the Crisis at the Meso-Level

For this purpose, we have used a dataset compiled at the University of Berne by Klaus Armingeon and his collaborators. This dataset covers thirty-six cases, including the European democracies plus Australia, Canada, Japan, New Zealand, and the United States, which, as we have seen, were most affected by the crisis. The dataset is comprised of, among other factors, election results, changes in the composition and duration of governments, and similar current political data from 1990 onward.

Here, we first look at the emergence and strengthening of antidemocratic and protest parties during the crisis period (increase of election results from 2007 to 2012). The classification follows the grouping into party families by Lane, McKay, and Newton.<sup>9</sup> To these party families we added the category of “right-populist parties and ultra right parties (‘right’).” The set includes all the ultra-right parties and right-populist parties as defined by Cas Mudde.<sup>10</sup> Antidemocratic parties are defined here as communist parties (where they still exist), protest parties (such as the Civic Movement, or *Borgaraflokkur*, in Iceland), and extreme right parties (Front National in France, FPÖ in Austria, and so on).

A first glance at the overall correlations between the changes in electoral results for these parties and the impact of the recession reveals some weak relationships (for the right extremist and populist parties), but not really significant ones. These are shown in table 8.

A more detailed picture can be gained when looking into the development of the radical parties country-by-country (table 9).

Table 9 shows an increase in radical parties. The most significant of these are True Finns in Finland, Jobbik in Hungary, as well as the communist and the Golden Dawn parties in Greece. The Japan Restoration Party (JRP) also is included in this category; the recent successes of Syriza in Greece and Cinque Stelle in Italy have not been covered here.

Looking at possible correlations between the overall increase in antidemocratic and protest parties and the impact of the recession, level of unemployment, and governance indicators, only “political stability” (or, rather, the lack of it) turned out to be statistically significant (see table 10).

Similarly, a multiple linear regression with these factors showed only “political stability” as being significant, as shown in table 11. The R Square remains again quite low.

Further up-to-date information also can be gained from the 2014 elections

---

<sup>9</sup> Jan-Erik Lane, David H. McKay, and Kenneth Newton, *Political Data Handbook: OECD Countries*, 2<sup>nd</sup> ed. (New York: Oxford University Press, 1997).

<sup>10</sup> Mudde lumps the two subcategories under the rubric of “populist radical right parties.” Cas Mudde, *Populist Radical Right Parties in Europe* (Cambridge, UK: Cambridge University Press, 2007).



Table 8. Correlations Impact Recession and Antisystem Parties

		Growth impact recession B rescaled 0-1	Protestsum	Rightsum	Commsum
Growth impact recession B rescaled 0-1	Pearson Correlation	1	-.200	.047	.003
	Sig. (2-tailed)		.243	.784	.987
	N	36	36	36	36
Protestsum	Pearson Correlation	-.200	1	-.236	-.019
	Sig. (2-tailed)	.243		.166	.913
	N	36	36	36	36
Rightsum	Pearson Correlation	.047	-.236	1	.033
	Sig. (2-tailed)	.784	.166		.847
	N	36	36	36	36
Commsum	Pearson Correlation	.003	-.019	.033	1
	Sig. (2-tailed)	.987	.913	.847	
	N	36	36	36	36

to the European Parliament. As “second order” elections (with fewer direct political consequences<sup>11</sup>), they reflect some of the underlying protest and crisis votes even more closely. These results are presented in table 12. There, the groups of the European United Left (including Syriza, Podemos in Spain, and the Left from Germany), Europe of Freedom and Direct Democracy (including Cinque Stelle and UKIP in the United Kingdom), and the nonattached members (including the Front National) can be regarded as representing the protest and/or radical sentiments. It is remarkable that these groups increased their share from ninety-nine seats in 2009 to 150 in 2014.

## Conclusions and Perspectives

As the above results show, the *direct* link between economic developments and political consequences at the macro-level is relatively weak. The Lipset

<sup>11</sup> Karl Heinz Reif and Hermann Schmitt, “Nine Second-Order Elections—A Conceptual Framework for the Analysis of European Election Results,” *European Journal of Political Research* 8, no. 1 (1980): 3-44.

Table 9. Changes of Antisystem Votes, 2007-2012

	Comm.	Prot.	Right	Total
Australia	.00	.00	.00	.00
Austria	.00	-2.80	13.10	10.30
Belgium	.00	.00	-6.20	-6.20
Bulgaria	.00	.00	1.30	1.30
Canada	.00	.00	.00	.00
Croatia	.00	.00	2.38	2.38
Cyprus	1.60	.00	.00	1.60
Czech Rep.	-1.50	.00	3.70	2.20
Denmark	4.50	.00	-1.60	2.90
Estonia	.00	.00	.00	.00
Finland	-.70	.00	15.00	14.30
France	2.61	.00	8.90	11.51
Germany	3.20	.00	.00	3.20
Greece	18.20	.00	10.60	28.80
Hungary	.00	.00	14.50	14.50
Iceland	7.40	2.10	.00	9.50
Ireland	.00	.00	.00	.00
Italy	-8.10	.00	-8.60	-16.70
Japan	-.07	.00	14.90	14.83
Latvia	.00	.00	-6.90	-6.90
Lithuania	.00	8.30	.00	8.30
Luxembourg	.00	-1.85	.00	-1.85
Malta	.00	.00	.00	.00
Netherlands	.00	.00	4.20	4.20
New Zealand	.00	.00	.00	.00
Norway	.00	.80	.00	.80
Poland	.00	.00	.00	.00
Portugal	.50	.00	.00	.50
Romania	.00	.00	-12.99	-12.99
Slovakia	-3.88	.00	-15.92	-19.80
Slovenia	.00	.00	-6.30	-6.30
Spain	1.90	.00	.00	1.90
Sweden	-.30	.00	2.80	2.50
Switzerland	.00	.00	-2.30	-2.30
U. K.	.00	.90	.00	.90
U. S. A.	.00	.00	.00	.00

Comm: Communist parties; Prot: Protest parties.

Source: Klaus Armingeon, Romana Careja, David Weisstanner, Sarah Engler, Panajotis Potolidis, and Marlène Gerber, "Comparative Political Data Set III 1990-2010," *Institute of Political Science*, University of Berne, 2012 (last update July 31, 2012).

Table 10. Correlations of Democracy Index, Recession Impact, and Governance Indicators

	Growth Impact Recession B Rescaled 0-1	Unemployment	2013 HDI Value	Pol. Stab. & Violence 2012	Government Effectiveness 2012	Regulatory Quality 2012	Control of Corrupt. 2012	Total Change 0712
Growth Impact Recession B Rescaled 0-1	Correlation Sig. (2-tailed) N	.392* .018 36	-.393* .018 36	-.330* .049 36	-.327 .052 36	-.238 .163 36	-.373* .025 36	.156 .364 36
Unemployment	Correlation Sig. (2-tailed) N	1 .003 36	-.476** .003 36	-.710** .000 36	-.498** .002 36	-.564** .000 36	-.574** .000 36	.218 .201 36
2013 HDI Value	Correlation Sig. (2-tailed) N	-.393* .018 36	1 .003 36	.515** .001 36	.816** .000 36	.723** .000 36	.833** .000 36	.138 .424 36
Pol. Stab. & Violence 2012	Correlation Sig. (2-tailed) N	-.330* .049 36	.515** .001 36	1 .000 36	.703** .000 36	.664** .000 36	.657** .000 36	-.332* .048 36
Government Effectiveness 2012	Correlation Sig. (2-tailed) N	-.327 .052 36	.816** .000 36	.703** .000 36	1 .000 36	.875** .000 36	.948** .000 36	.045 .795 36
Regulatory Quality 2012	Correlation Sig. (2-tailed) N	-.238 .163 36	.723** .000 36	.664** .000 36	.875** .000 36	1 .000 36	.0878** .000 36	.054 .756 36
Control of Corruption 2012	Correlation Sig. (2-tailed) N	-.373* .025 36	.833** .000 36	.657** .000 36	.948** .000 36	.878** .000 36	1 .000 36	.005 .979 36
Total change 0712	Correlation Sig. (2-tailed) N	.156 .364 36	.138 .424 36	-.332* .048 36	.045 .795 36	.054 .756 36	.005 .979 36	1 36 36

\* Correlation is significant at the 0.05 level (2-tailed).

Table 11. Model Summary—Increase of Antidemocratic Parties

R	R Square	Adjusted R Square	Standard Error
.332 <sup>a</sup>	.110	.084	8.54059

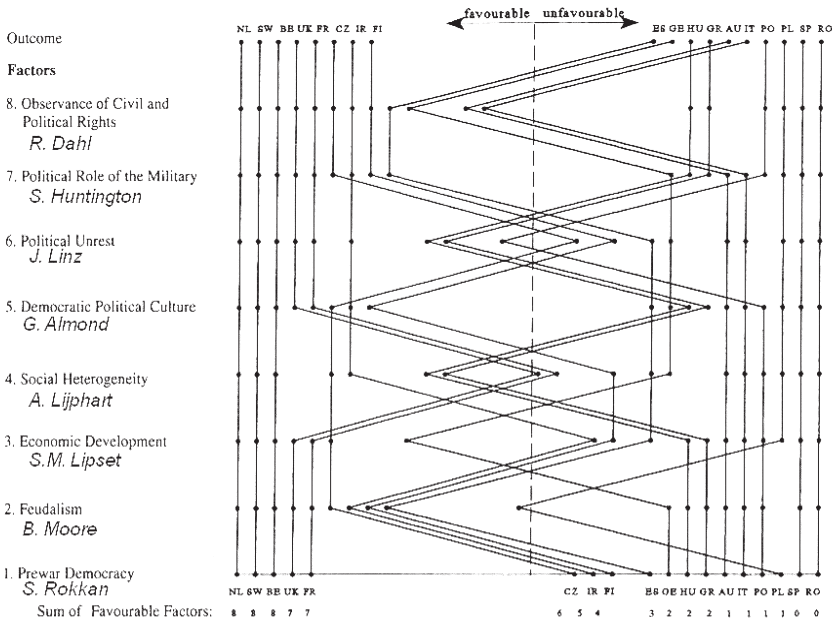
a. Predictors: (Constant) Political Stability and Violence, 2012.

b. Dependent Variable: totchange0712.

hypothesis, either in a positive or a negative sense, is far too general to capture these relationships. In contrast to the Great Depression of the 1930s, so far, no significant breakdowns of democracy have occurred. There is, however, reason for considerable concern when looking at the *meso-level* and the increase of protest and antidemocratic parties. The case of Greece (further exacerbated by the specific situation in the eurozone) is clearly the most dramatic one, and the crisis there is far from over.

This also suggests that we need to take a more *comprehensive* look at such developments. The specific historical background, other major factors of empirical democratic theory, and actor-related aspects in a particular crisis situation have to be taken into account in order to identify both more general

Figure 1. Analytic Map of Interwar Europe



Source: Dirk Berg-Schlosser and Jeremy Mitchell, eds., *Authoritarianism and Democracy in Europe, 1919-39: Comparative Analyses* (London: Palgrave, 2002), 282.

Table 12. European Parliamentary Elections 2014, Seats by Party Groups

	EPP	S&D	ECR	ALDE	GUE / NGL	Greens / EFA	EFDD	NI	Total
E.U	221	191	70	67	52	50	48	52	751
Belgium	4	4	4	6		2		1	21
Bulgaria	7	4	2	4					17
Czech Rep.	7	4	2	4	3		1		21
Denmark	1	3	4	3	1	1			13
Germany	34	27	8	4	8	13		2	96
Estonia	1	1	1	3		1			6
Ireland	4	1	1	1	4				11
Greece	5	4	1		6			5	21
Spain	17	14		8	11	4			54
France	20	13		7	4	6	1	23	74
Croatia	5	2	1	2		1			11
Italy	17	31			3		17	5	73
Cyprus	2	2			2				6
Latvia	4	1	1			1	1		8
Lithuania	2	2	1	3		1	2		11
Luxemb.	3	1	1	1		1			6
Hungary	12	4				2		3	21
Malta	3	3							6
Netherl.	5	3	2	7	3	2		4	26
Austria	5	5		1		3		4	18
Poland	23	5	19					4	51
Portugal	7	8		2	4				21
Romania	15	16		1					32
Slovenia	5	1		1		1			8
Slovakia	6	4	2	1					13
Finland	3	2	2	4	1	1			13
Sweden	4	6		3	1	4	2		28
U.K		20	20	1	1	6	24	1	73

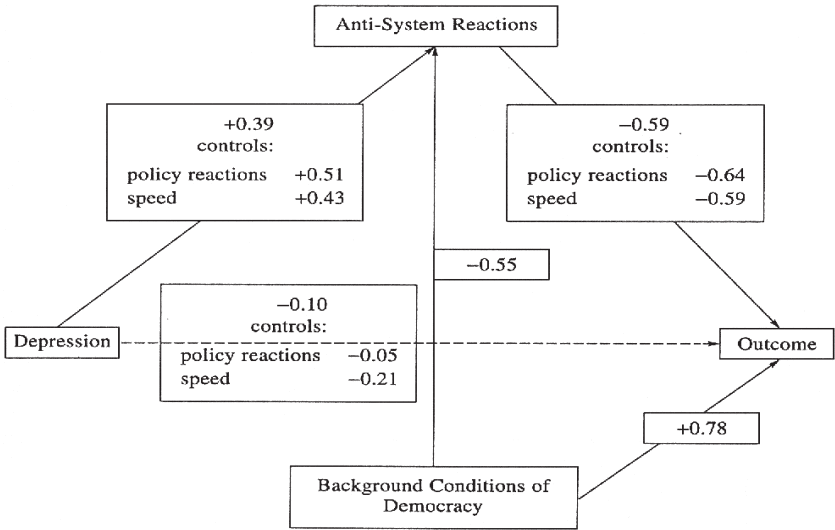
Source: European Election Database, [http://www.nsd.uib.no/european\\_election\\_database/](http://www.nsd.uib.no/european_election_database/) (accessed July 6, 2015).

patterns and insights and relevant country-specific findings.

In a previous project analyzing the survival or breakdown of democracies in Europe in the period between the two World Wars, we could summarize some of these factors in an “Analytical Map” of the examined cases (see figure 1).

All cases at the beginning of the period (roughly 1919/1920) are listed at the bottom of the above map. Initially, all these countries were democracies, at least in some formal sense, as they were holding regular elections, and so on. Some of the democracies had existed before the war; others were newly created states that had emerged from the dissolution of the Habsburg, Ottoman, and Tsarist empires—countries such as Czechoslovakia, Hungary, Estonia, and Finland—yet others, such as Weimar Germany and Austria, had become democracies only after the war. The top of the map shows the situation toward the end of the period in the late 1930s, with the surviving democracies grouped on the left and the breakdown cases on the right. On the left-hand side, eight major historical, structural, and cultural factors are listed which contributed to this outcome either in a favorable or an unfavorable sense. These factors were derived from a comprehensive empirical analysis. The details of the analyses cannot be presented here, but they all correspond to some major works and authors in empirical democratic theory as indicated by the names below each factor.

Figure 2. Path Diagram—Factor Interactions



Source: Dirk Berg-Schlosser and Jeremy Mitchell, eds., *Authoritarianism and Democracy in Europe, 1919-39: Comparative Analyses* (London: Palgrave, 2002), 306.

As can be seen, these background and structural conditions determine the clear-cut survivor cases: the Netherlands, Sweden, Belgium, and the United Kingdom, as well as the breakdown cases: Portugal, Poland, Spain, and Romania. The mixed cases in the middle (Czechoslovakia, Ireland, and Finland as survivors, and Estonia, Germany, and Austria as breakdowns) cannot be explained by these conditions alone. In the latter cases, in addition to the impact of the crisis, social and electoral reactions and some economic policy measures came into play. The interactions of all these factors, based on quantitative data across all cases, are modeled in figure 2.

As the path diagram in figure 2 shows, background and structural conditions (as presented in the “Analytical Map”) were very strong, whereas the direct effect of the Great Depression remained relatively weak. Decisive for the breakdowns in the more fragile cases were the antisystem political reactions (as represented by the increased strength of antisystem parties). Controls by policy reactions (fiscal or monetary measures taken in response to the crisis) did not change this pattern very much.

What does this mean for our project and where do we go from here? First of all, the findings presented in this essay are *supplemented* in a number of ways by the findings offered in the other contributions to this collection of articles. This applies both to the *economic* and *political* sides of the project at the *meso-* and *micro-*levels.

In terms of empirical democratic theory, the longer-established democracies do not seem to be threatened by the present economic recession. In the case of those democracies, the institutional, social-structural, and political-cultural conditions seem to be sufficiently strong to withstand the economic downturn and fend off some of the populist reactions. Even though, as has been shown, the OECD countries were most strongly affected by the crisis and its continuing fallout, regular democratic feedback mechanisms such as government turnovers as a result of elections and a generally high level of good governance are in place to cope with the situation. This applies at least with regard to the respective internal economic and political conditions. But the lack of sufficient global regulations to cope with the purely speculative rampant “casino capitalism,” which led to the original bubble as well as to the rapid spread of its consequences around the world, remains a cause for concern—even if some stronger measures have been implemented by the IMF and the respective central banks.

Similarly, a greater number of the authoritarian regimes presently seem to survive relatively easily. By and large, they have not been affected so much by this crisis and mostly are still at a different stage of their socioeconomic development. As far as they are producers of raw materials (oil, minerals, agricultural products), they still can benefit from an increased demand from the more rapidly growing emerging economies such as China or India. The question of their stability is closely linked to internal political succession mechanisms. The monarchies and emirates in the Middle East continue to

follow their traditional rules of inheritance and succession in this regard. The authoritarian regimes in Central Asia rely on strong family ties and clientelistic patterns of support. However, as the “Arab Spring” has shown, such patterns can be broken relatively quickly when public discontent about high levels of corruption of the ruling clans, an inefficient administration, and poor public services reach a point where pure patronage is no longer sufficient. A rapid social mobilization in the large cities, facilitated by the availability of new social media, can swiftly sweep away the old oligarchs, although—as recent developments have shown—establishing firmer and better-working institutions to replace the old ones remains a daunting task.

Popular dissatisfaction could also threaten the “fragile” democracies and hybrid regimes, which were referred to above. They are both economically and politically in a difficult situation. This applies, for example, to the transformation countries in Latin America and parts of Africa. Their (relative) economic gains can be quickly threatened by a new crisis and their institutions may not yet be sufficiently strong and/or be trusted enough by an increasingly critical (and quickly mobilized) public. Here, the answer will not be found in going back to an authoritarian or military regime, but instead in creating better working democratic institutions. This also requires time and political cultural habituation to democratic practices.

A very critical borderline case between the more established democracies in the OECD and the more fragile ones clearly remains Greece. In spite of belonging to the European Union, it maintained clientelistic practices by both dominant political parties (Pasok and Nea Demokratia) and indulged in large-scale public spending and indebtedness over long periods of time. The formation of a new government by two populist parties from the Left (Syriza) and the Right (Independent Greeks, ANEL) in February 2015 has so far not led to any visible improvement of the situation. On the contrary, both capital flight and the banking crisis continue unabated. Whether Greece will actually manage the necessary reforms and will remain in the EU framework remains to be seen.

Our collective findings presented in this assembly of essays will be supplemented in the course of our newly launched project by more detailed analyses of *non-OECD countries* in other parts of the world and under different *regime types* for some specifically selected characteristic cases. The analyses will continue to be embedded and integrated into a *global* perspective. So, we still have a good deal of work on our hands!