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An Analysis of Regime Types in Iberoamerica:* 1973-1983

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Abstract

Iberoamerican regimes in existence between 1973 and 1983 are classified into three types: stable democracies, stable dictatorships, and unstable dictatorships. These are compared on twelve background, policy, and performance variables. No great differences in background variables are observed among the three types but there are differences in policy and performance. The democracies pursue a moderate fiscal policy and perform well in general. Among the dictatorships, there is a trade-off between stable and unstable regimes, the former performing very well on economic growth while the latter are very likely to change to democracy and only a little likely to be replaced by a Communist dictatorship. While democracy is generally superior to dictatorship in Iberoamerica, the choice between stable and unstable dictatorship depends on one's subjective evaluation of economic growth, democracy, and risk of Communism.

FOR THOUSANDS OF YEARS political science has been interested in the variable "regime type." Aristotle (1958) classified constitutions and discussed the importance of stability in the state. Rousseau (1954) speculated about the most appropriate constitution, given a country's traits. Modern political science has sought to establish linkages between regime type and public policy or public policy outputs, sometimes successfully (Cohen 1985, Sloan and Tedin 1987) other times not (McKinlay and Cohen 1975, Jackman 1976). These inconsistent findings may be due to differences in the operationalization of independent and dependent variables (Levy 1983).

This paper represents another effort in the analysis of regime type and its correlates. The analysis covers eighteen Iberoamerican countries during the period 1973-1983. (Cuba and Haiti are not included because their respective Communist dictatorship and French colonial heritage make them untypical of the region.) This is a convenient period to study Iberoamerica for several reasons. First, it is recent enough to qualify as contemporary. Second, eleven

* Iberoamerica consists of those countries of the western hemisphere which were colonized by Spain & Portugal.

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years is more than a decade, a period long enough for longitudinal analysis; this is desirable, since studies of regime type have been "hampered by a lack of longitudinal data" (Sloan and Tedin 1987: 99). Third, during this period Iberoamerica was clearly divided into distinct regime types, whereas more recent changes of government toward democracy have reduced the variety of regime necessary for analysis.

For the purpose of this paper, Iberoamerican regimes of the 1973 through 1983 period are classified according to two dichotomous characteristics. One is whether the regime was a democracy or a dictatorship for most of the period. The other is whether the government was stable or unstable. To be classified as a democracy, a regime had to be the product of competitive elections. A regime is classified as stable if it was established no later than 1973 and experienced no coups and no changes in type through 1983. Thus, to qualify as stable, a regime must have had a continuous, uninterrupted life during the period under study.

According to Busey (1985) only four Iberoamerican countries qualified as stable democracies during this period: Colombia, Costa Rica, the Dominican Republic, and Venezuela. All other countries were governed dictatorially for most of the years between 1973 and 1983, and hence are classified as dictatorships. Of these, four regimes—Brazil, Chile, Mexico (see Needler 1982, Story 1986 on the authoritarian nature of Mexico), and Paraguay—were stable. Another ten—Argentina, Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, and Uruguay—were unstable. All these dictatorships were authoritarian, not totalitarian, a distinction found in Friedrich and Brzezinski 1965, and Kirkpatrick 1979. Even the Sandinista regime, which came to power in Nicaragua in 1979, though Communist (Sloan and Tedin 1987) has yet to attain its totalitarian objective (Anderson 1987).

Having classified Iberoamerican regimes as stable democracies, stable dictatorships, and unstable dictatorships, this paper will analyze how these regime types correlate with quantifiable attributes of the countries they rule. But before doing that it is appropriate to discuss some theoretical and normative expectations concerning regime type. First, it is reasonable to assume that democracy is preferable to dictatorship in Iberoamerica. This is a preference which is widely shared in the region. As Anderson puts it: "Despite persistent disappointment and frustration, the goal of Western democracy has remained a remarkably stable culture value in Latin America. When Latin American nations have abandoned democratic process in favor of other forms of government it has always been with a certain sorrow and wistfulness, and the intention to continue the search for democratic society at a later date has never been completely submerged" (Anderson 1967: 379). Paz (1982: 11), a Mexican, agrees, noting that "it is significant that the frequency of military coups has never blurred the legitimacy of democracy in the consciousness of our nations. Its moral authority remains indisputable. Therefore, all dictators invariably and solemnly declare, as they assume power, that theirs in an interim government and that they are ready to restore democratic institutions as soon as cir-

cumstances permit....” It seems, therefore, that Iberoamerican culture has internalized Aristotle’s proposition that “the government of freemen is a finer government, and a government more connected with goodness, than any form of despotism....” (Aristotle 1958: 319).

Despite its cultural predilection for democracy, however, Iberoamerica has produced many dictatorships. Some have been fleeting while others have endured. Thus, political choice in Latin America is often limited to dictatorships: either a stable dictatorship or an unstable one. At first glance, it may seem that, purely on political grounds, an unstable dictatorship is preferable to a stable one because the former periodically opens up opportunities to restore democracy. An unstable dictatorship being a weak regime, it is easier to overwhelm it from without or provoke its disintegration from within. Either outcome can pave the way for democracy. Since democracy is an end in itself, it may be argued that a dictatorship which cannot stabilize itself, leaving open the possibility of establishing democracy every few years, is preferable to one which rules democracy out for many years. Argentina’s on-again, off-again military dictatorships, which ruled for most of the years between the late 1960s and 1983, would on these grounds be preferable to a stable dictatorship, such as the one in Paraguay, which has shut democracy out for over thirty years.

The problem with this argument is that it neglects to take into account the possibility that, when an unstable dictatorship is overthrown, it will eventually be replaced, not by democracy, but by a worse dictatorship. As Machiavelli said with his characteristic cynicism: “men change masters willingly, hoping to better themselves; and this belief makes them take arms against their rulers, in which they are deceived, as experience later proves that they have gone from bad to worse...” (Machiavelli 1950: 6). What happened in Cuba after 1959 is instructive: a weak, traditional autocrat was overthrown in a revolution, only to be replaced by a Communist dictator who scorns the very principle of Western (“bourgeois”) democracy (Paz 1982: 11-12).

Furthermore, there are economic reasons for preferring a stable to an unstable dictatorship. A stable dictatorship supplies a minimum of order without which no economy can prosper (Huntington 1968, Cumings 1984). The disorder, violence, and fears of a Communist takeover surrounding an unstable dictatorship slow down economic growth. Iberoamerica being a developing region with many millions of poor people hungry for material improvements, the economic costs of political instability may be too high a price to pay for the mere possibility that out of disorder democracy will emerge.

Objective conditions peculiar to each country at a particular point in time must also be considered. Specifically, a country of little strategic interest to the Soviet Union can more easily afford to risk the disorder of unstable dictatorship in the hope of finding democracy that one prized by the Soviet Union for its geostrategic value. It’s the difference between land-locked Bolivia, on the one hand, and Chile, with its thousands of miles of Pacific coastline, on the other.

Therefore, a stable dictatorship may be preferable to an unstable one in Latin America. No general rule can be established. The choice involves subjective evaluations of risk, the probability of going from bad to worse politically, and the value of potential democracy versus present prosperity.

So much for normative and theoretical expectations about regimes. Proceeding to the empirical analysis of what variables correlate with regime type, Table 1 compares stable democracies, stable dictatorships, and unstable dictatorships of Iberoamerica on eight physical, demographic, and economic variables during the 1973-1983 period. The first thing to notice is that there is no clear relation between a country's size, in area or population, and regime type. There are democracies, and stable and unstable dictatorships, in small as well as in large countries. True, the two very largest countries in population, Brazil and Mexico, were governed by stable dictatorships. But since 1983 Brazil has made a transition to democracy (a development to be discussed later in the paper) so it is safe to conclude that *contra* Rousseau (1954: 99 and 121), there is no relation between size of country and regime type in Iberoamerica.

Another fact is that, with the exception of Venezuela, the democracies are not the richest countries. A state need not be rich (by Latin American standards) like Venezuela to govern itself democratically. Relatively poor countries, like Costa Rica and the Dominican Republic, can have democracy. On the other hand, wealth alone is not sufficient for democracy, as Argentina, Chile, and Uruguay show. This finding is contrary to Lipsets' discovery that in the 1940s wealth and democracy were related in Latin America, indeed, across the world (Lipset 1983: Chapter 2).

Neither is there much of a relation between regime type and population growth. There is no difference between the stable and the unstable dictatorships on population growth. Interestingly, the democracies have, on average, the fastest population growth due to Venezuela's extraordinarily high rate of growth. These findings call into question the view that the population explosion in Latin America is pregnant with political instability (Wiarda and Wiarda 1987). But ours is not a new finding: the lack of relation between population growth and political instability in Iberoamerica is consistent with previous research about the relation between these two variables across the world (Hibbs 1973, Weiner 1971).

Literacy is the first measure in Table 1 discriminating among types of regime. Surprisingly, there is little difference in literacy between the democracies and the stable dictatorships. The difference in literacy is between the stable regimes, democratic and dictatorial, and the unstable regimes, all of which are dictatorial. Literacy is not necessarily conducive to democracy, but it is associated with stability of regime. This finding suggests that while literacy may be necessary for democracy in Iberoamerica, it is not sufficient. An educated public does not ensure democracy, as Chile demonstrates.

Life expectancy is another measure in which differences between regime types are observed. There is no difference between the democracies and the stable dictatorships on life expectancy, but the unstable dictatorships have

Table 1
Area, Population, and the Economy, by Type of Regime, Iberoamerica 1973-1983

Regime and Country	Area ^a	Pop. ^b	Pop. Growth ^c	Lit. ^d	Life Expect. ^e	% change in L.E. ^f	Per Cap. GNP ^g	% change in GNP ^{pc} ^h
<i>Stable democracies</i>								
Colombia	4.4	25	2.1%	81%	63.6	8.7%	\$1292	1.9%
Costa Rica	0.2	2	2.8	88	70.9	6.1	1050	-0.9
Dominican Rep.	0.2	5	2.8	67	62.6	9.8	1208	1.5
Venezuela	3.5	15	3.7	76	67.8	2.1	4458	-0.4
Average	2.1	12	2.9%	78 \emptyset	66.2	6.7%	\$2002	0.5%
<i>Stable Dictatorships</i>								
Brazil	32.9	117	2.4%	76%	63.5	4.1%	\$2017	1.7%
Chile	2.9	11	1.5	89	67.0	8.1	2046	-0.6
Mexico	7.6	65	3.2	81	66.0	5.8	2002	1.2
Paraguay	1.6	3	2.6	80	65.1	6.7	1113	4.6
Average	11.3	49	2.4%	82%	65.4	6.2%	\$1795	1.7%
<i>Unstable Dictatorships</i>								
Argentina	10.7	27	1.8%	92%	69.9	3.7%	\$2207	-1.9%
Bolivia	4.2	5	2.8	63	50.7	5.6	1126	-2.7
Ecuador	1.0	8	2.6	74	62.6	11.8	1317	1.9
El Salvador	0.1	4	2.1	62	64.8	11.7	908	-1.7
Guatemala	0.4	7	3.2	46	60.7	14.5	1172	0.1
Honduras	0.4	4	3.2	57	59.9	13.0	655	-0.2
Nicaragua	0.5	2	2.9	57	57.6	14.3	1089	-1.6
Panama	0.3	2	2.3	85	70.7	7.1	1786	1.8
Peru	5.0	17	2.4	72	59.1	11.5	1142	-1.3
Uruguay	0.7	3	0.4	94	70.3	1.4	3030	1.0
Average	2.3	8	2.4%	70%	62.6	9.5%	\$1443	-0.5%
Iberoam. Average	4.3	18	2.5%	74%	64.0	7.8%	\$1645	0.2%

^aMilitary personnel per 1,000 inhabitants, average during 1973-1983.

^bAverage annual percent change in size of the military.

^cCentral government expenditures as a percent of Gross National Product, average 1973-1983.

^dAverage annual percent change in central government expenditures as a percent of GNP

Source: Calculated from data in U.S. Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers* (Washington, D.C.: 1985).

about three years less of life expectancy than the stable regimes. Once again, stability is the distinguishing factor. However, on life expectancy improvement, the biggest gains were made in unstable dictatorships. This suggests that the greatest gains in life expectancy occur in countries where it is low to begin with, as in most of Central America.

Thus it is safe to conclude that neither literacy nor life expectancy is related to regime type in Latin America. Literacy and life expectancy are associated with *stability* of the regime, be it a democracy or a dictatorship, not with its type, and, in any case, the differences are not great.

One measure of improvement in the quality of life that is associated with regime type is economic growth. First, it should be noted that in the eleven years between 1973 and 1983, Iberoamerica's average growth in real per capita Gross National Product was a mere two-tenths of one percent, indicating severe economic stagnation. There are, however, observable variations in economic growth according to regime type. The stable dictatorships, as a group, have the highest rate of per capita GNP growth, partly owing to Paraguay's impressive 4.6 percent growth. The next highest economic growth is found in the democratic regimes. Although as a group they grew an average of only half a percent per year, this is twice the Latin American average and, for their part, Colombia and the Dominican Republic grew about as fast as the average of the stable dictatorships. As usual, the worst performance is found in the unstable dictatorships, which as a group had a *negative* growth rate, minus half a percent. The worst performers economically were, starting at the bottom, Bolivia, Argentina, and El Salvador. Only Ecuador and Panama had a respectable economic growth rate among the unstable dictatorships. This finding confirms our expectations regarding the economic costs of an unstable regime. Political instability takes its material toll in slower, or even negative, economic growth.

It is disturbing that the democracies were outperformed economically by the stable dictatorships. Two of the four Latin American democracies, Costa Rica and Venezuela, did not grow at all during the period. In fact, in both cases GNP per capita fell. This is disturbing because it is not known how long a democracy can be sustained without economic growth. Although Iberoamerican culture regards democracy as superior to dictatorship, and although the democratic ethos is well established in both Costa Rica (Ameringer 1982) and Venezuela (Baloyra 1986), it would be injudicious to believe that democracy can survive indefinitely under stagnant economic conditions. In time, the lack of economic growth will probably erode the legitimacy of democracy in Costa Rica and Venezuela, leading more and more people to contemplate radical changes of regime. Thus, economic growth should become a priority of the Costa Rican and Venezuelan governments.

In judging whether it is better (or less onerous) to be governed by a stable or an unstable dictatorship in Iberoamerica, one confronts a trade-off between political and economic values. On the one hand, a country is better off economically under a stable dictatorship, with its higher rate of per capita

GNP growth. On the other hand, since 1983, eight of the ten unstable dictatorships (all but Nicaragua and Panama) have become what Martz (1987) calls "insecure democracies." One, Nicaragua, has gone Communist (Sloan and Tedin 1987) although the regime is encountering stiff resistance from armed and unarmed groups supported by the United States (Purcell 1987). Furthermore, one of the stable dictatorships, Brazil, has also evolved toward democracy since 1983. Thus, if these changes are representative, in the unstable dictatorships there is an 80 percent probability of changing to democracy and a 10 percent probability of ending up with a Communist regime. In the stable dictatorships, there is a 25 percent probability of evolving toward democracy and zero probability of going Communist.

These observations do not dictate a choice between stable and unstable dictatorship. The choice involves subjective expectations concerning (1) the political gain of exchanging dictatorship for democracy; (2) the political loss of exchanging an authoritarian dictatorship for a Communist dictatorship, as in Nicaragua; (3) the economic costs of unstable dictatorship; and (4) the economic loss of exchanging stable dictatorship for an insecure democracy, as in Brazil. With respect to the last point, note that it may cost Brasil better than a one percent point per year in economic growth if its economic performance were to approach that of the average of the democracies now that it is no longer governed by a growth-oriented military regime as it was in the 1960s and early 1970s.

These political and economic costs and benefits have to be considered in any choice between stable and unstable dictatorship. Indeed, they have to be considered in every comparison of regimes in Iberoamerica.

Take, for example, the choice between Costa Rica and Paraguay. Both had about the same per capita GNP between 1973 and 1983, an average of around \$1,100 in 1982 dollars. But, whereas authoritarian Paraguay registered the highest rate of economic growth in Latin America, Costa Rica's per capita GNP actually declined at a rate of nearly one percent per year between 1973 and 1983. Yet, there can be little doubt that Costa Ricans prefer their regime to Paraguay's on purely political grounds, believing that their democracy is worth having even at the cost of economic stagnation. Nevertheless, it would be imprudent for Costa Rica to ignore the threat which persistent economic stagnation poses to its democracy.

Another easy choice is between unstable Nicaragua and stable Paraguay. Both were governed dictatorially and had about the same average GNP per capita between 1973 and 1983. During that decade, however, Paraguay was first in Iberoamerica on economic growth whereas Nicaragua had a negative growth rate, the fourth worst economic performance in the region. As if that were not bad enough, Nicaragua went from an authoritarian to a Communist dictatorship in the early 1980s and is presently involved in a civil war between a regime supported by the Soviet Union and Cuba, and an anti-Communist resistance supported by the United States and Honduras (Purcell 1987).

The choice is less easy with another pair, unstable Argentina and stable Chile. Both had about the same per capita GNP, around \$2,100. Both countries registered a loss in GNP per capita between 1973 and 1983. But in Argentina, this loss was three times as great as in Chile. After 1983, though, Argentina became democratic whereas Chile remains a dictatorship. Was the political gain of democracy in Argentina worth the loss of income during the previous decade?

The choice becomes even more difficult when one juxtaposes Argentina against another authoritarian neighbor with a similar per capita GNP, stable Brazil, which had the fifth-highest GNP per capita gain in the period. In Argentina, democracy was re-established two years earlier than in Brazil, in 1983 as opposed to 1985. The political value of having elections two years sooner in Argentina than in Brazil has to be weighed against the nearly four percent point difference in annual economic growth between the two countries in the 1973-1983 period. Was it worth it to Argentina to have foregone economic growth in the 1970s in order to get elections in the 1980s two years earlier than Brazil?

Turning now to the relations between regime type and public policies, Table 2 compares Iberoamerican regimes on the size and growth of the military and the size and growth of the public sector between 1973 and 1983. The size of the military is measured by the average number of armed forces personnel per 1,000 inhabitants. The size of the public sector is given by the average percent of Gross National Product spent by the central government. The growth of both variables is calculated as the average annual percent change between 1973 and 1983.

Focusing first on differences in the military part of these regimes, the proportional size of the military was only a little more than half as big in the democracies as in the dictatorships and, although there were individual variations, the average military size of both stable and unstable dictatorships was exactly the same. Dictatorship, whether lasting or short-lived, implies a larger military than democracy in Iberoamerica.

Table 2 also shows that the military grew faster in the dictatorships than in the democracies, and that the largest increase in the size of the military occurred in the unstable dictatorships. The latter finding is perplexing, raising interesting questions. Is political instability associated with increases in the size of the military? If so, what is the nature of this relationship? Does an increase in military size destabilize the regime? Or does political instability prompt a dictatorship to increase the size of the military?

The latter view seems more reasonable. If there is a relationship between expanding the military and political instability in a dictatorship, it is probably instability which prompts the government to expand the military and not the other way around. It seems logical that dictatorships, which are by nature coercive, react to political instability by increasing the size of the military in the hope of consolidating power by force. One cannot, on the other hand, easily conceive how increasing the size of the military destabilizes a dictator-

Table 2.
Size of Military and Fiscal Expansion, by Type of Regime, Iberoamerica, 1973-1983

Regime and Country	Size of Military ^a	% change Size of Military ^b	Central Govt. Exps. as % of GNP ^c	% change in exps. as % of GNP ^d
<i>Stable democracies</i>				
Colombia	2.3	1.4%	12.7%	-0.1%
Costa Rica	1.3	5.3	22.3	0.6
Dominican Rep.	3.7	1.2	17.3	-2.4
Venezuela	3.8	-2.2	30.7	4.2
Average	2.8	1.4%	20.8%	0.6%
<i>Stable Dictatorships</i>				
Brazil	3.9	-1.6%	23.7%	4.8%
Chile	10.1	4.1	33.9	0.7
Mexico	1.7	1.5	20.8	11.1
Paraguay	4.9	-1.9	11.2	-0.5
Average	5.2	2.3%	22.4%	4.0%
<i>Unstable Dictatorships</i>				
Argentina	5.9	-8.4%	20.4%	7.0%
Bolivia	4.3	1.7	13.8	13.3
Ecuador	3.9	4.4	13.7	1.5
El Salvador	2.8	13.2	15.8	3.9
Guatemala	2.2	0.5	12.7	4.5
Honduras	3.6	-1.1	21.9	8.1
Nicaragua	7.5	12.8	29.1	15.3
Panama	4.6	1.8	34.7	6.6
Peru	7.4	6.2	18.2	1.9
Uruguay	9.4	4.0	24.6	1.9
Average	5.2	3.5%	20.4%	6.5%
Iberoam. Average	4.6	2.4%	20.9%	4.6%

^aIn hundreds of thousands of square miles.

^bPopulation in millions of inhabitants, average 1973-1983.

^cAverage annual rate of growth in population, 1973-1983.

^dPercent of population that was literate between 1970 and 1980.

^eLife expectancy, circa 1983.

^fPercent in life expectancy, 1970-1983.

^gPer capita GNP in constant 1982 dollars, average 1973-1983.

^hAverage annual change in per capita GNP, 1973-1983.

Sources: Calculated from data in U.S. Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers* (Washington, D.C.: 1978 and 1985); James W. Wilkie and Adam Perkal (eds.), *Statistical Abstract of Latin America*, Volume 23 (Los Angeles: UCLA Latin American Center Publications, 1984).

ship, unless it does so by fueling the ambitions of commanding generals, turning them against the dictatorship. Although plausible, this process is paradoxical. Thus, it seems more sensible to suppose that it is political instability which leads dictatorships to increase the size of the military in the hope of restoring stability than that a growing military destabilizes the regime.

Another state policy associated with regime type and political stability is fiscal policy. There is virtually no difference between the three regime types on the percent of Gross National Product spent by the central government. This is a fiscal measure of the size of the state. In Iberoamerica, the average is 21 percent of GNP spent by the central government, and all regime types cluster around this average. There is, however, a difference between fiscal *expansion* and political instability among the regimes. The slowest rate of fiscal growth is found in the democracies, while the fastest is observed in the unstable dictatorships, the stable dictatorships occupying a middle point between the other two regimes.

This pattern parallels the one for increases in the military. Fiscal expansion and increasing the size of the military are related. Unless the state redistributes expenditures to the military, increasing the size of the military requires additional expenditures. The Pearson correlation between these two types of increases is .33. This is a significant, but weak relationship, implying that changes in the size of the military and expenditures are far from perfectly related, leaving room for changes in one that affect the other only a little or not at all. For example, Argentina, Brazil, and Venezuela all reduced the size of the military while increasing expenditures, whereas Costa Rica, Chile, and Guatemala increased the size of the military while barely increasing expenditures. This far from perfect congruence between changes in expenditures and size of the military permits us to hypothesize that fiscal expansion in and of itself contributes to regime instability.

There are reasons for supposing that fiscal expansion contributes to political instability. The more government spends out of GNP, the less money is left in private hands to satisfy consumer wants. As this ratio rises, voters-consumers become less supportive of the incumbents, and this encourages rival elites to contest the incumbents for power or even to attempt a change of regime. Statistical analysis supports the hypothesis that fiscal expansion is a factor in political instability in Iberoamerica (Cuzán 1986). Related research shows that fiscal expansion is associated with defeat of the incumbents in elections (Peltzman 1987; Cuzán and Heggen 1984, 1985). That fiscal expansion erodes support for the regime is not a new idea. Machiavelli (1958: 58) believed that it is better for a prince to be thought of as miserly rather than as liberal because, otherwise, he will have to impose heavy taxes that will cause the people to hate him.

There are, then, arguments in both classical and modern political science suggesting that fiscal expansion contributes to political instability. This explains the differences between regimes observed in Table 2. On average, the highest rate of fiscal expansion is found in the unstable dictatorships. Three

stable regimes—two democracies and one dictatorship—actually had a fiscal contraction between 1973 and 1983. Only Mexico, among the stable regimes, had a fast rate of fiscal expansion.

The relation between increases in expenditures, political instability, and increases in the size of the military in dictatorships suggests a three-step model. Fiscal expansion and increases in the size of the military are partially related, both changing in the same direction. As fiscal expansion creates political unrest, quelling it requires that the dictatorship increase the size of the military. Unless the budget is redistributed from civilian to military expenditures, this requires fiscal expansion, which creates additional unrest, necessitating more military personnel, more expenditures, and so on in a cycle of instability leading to collapse of the regime.

To break out of the cycle of instability set off by an initial fiscal expansion, a dictatorship has two options. One, the totalitarian path, is by nature both fiscally expansionist and militarizing (Heggen and Cuzán 1981). Confronted with unrest created by fiscal expansion, the totalitarian response is to continue expanding fiscally, redistributing expenditures in an accelerating rate from the civil to the military part of the state until naked force stamps out all resistance to the regime, the dictatorship ruling totally over a subservient mass of denizens.

The totalitarian solution to the cycle of instability set off by fiscal expansion is, however, foreclosed to authoritarian regimes, such as those of Iberoamerica, which are by nature limited in scope. In their case, what is required for shoring up the regime is to reverse fiscal course immediately while redistributing reduced expenditures to the military, creating no new unrest while coercively restraining the unrest that already exists until stability is restored. Fiscal cut-back has to accompany increased coercion, otherwise the authoritarian dictatorship cannot recover the stability it lost when it first increased expenditures.

Being dictatorships, it was only natural that, confronted with unrest for which their fiscal policy was probably partly responsible, the unstable regimes of Iberoamerica reacted by increasing the size of the military. That was a necessary measure, but insufficient. Increasing the size of the military beyond a certain threshold or above a certain rate is impossible for an authoritarian regime. Only totalitarian regimes have few constraints to expanding the military to whatever size they like. For example, in 1983 Cuba had 25.3 and Nicaragua 16.3 military personnel per 1,000 population, confirming the finding that Marxist regimes have high rates of militarization (Payne 1986). An authoritarian regime cannot stabilize itself by military methods alone without becoming a totalitarian dictatorship. Hence, stability in an authoritarian regime requires fiscal restraint so as not to create political opposition and unrest or, once unrest has been unleashed, stability cannot be restored without fiscal cut-backs.

Summarizing the findings of this paper: Neither physical nor population size, nor per capita income, is associated with regime type in Iberoamerica.

Seemingly, democracy can arise in small or large, rich or poor countries. There are, however, important differences in policies and economic performance among regime types. Democracies have a smaller military and are more restrained in increasing public expenditures or the size of the military than dictatorships. The fastest growth in expenditures and the size of the military occur in unstable dictatorships.

As for performance of regimes, stable governments—democracies and dictatorships—outperform unstable regimes on per capita GNP growth, the fastest growth taking place in the stable dictatorships. As a group, the democracies do as well as the stable dictatorships on literacy and life expectancy, although they fall short on economic growth on account of economic contraction in Costa Rica and Venezuela. The other two democracies, though, Colombia and the Dominican Republic, do as well as the stable dictatorships on economic growth. All things considered, including the value of democracy itself, it can be concluded that democracy is the superior regime in Iberoamerica. Our only concern is with economic stagnation in Costa Rica and Venezuela which, if it persists long enough, could conceivably undermine support for democracy in those countries.

As for the dictatorships, there are political and economic trade-offs when choosing between stable and unstable regimes. On the one hand, stable dictatorship provides economic growth and a 25 percent probability that the regime will evolve into a democracy. The best example is Brazil. On the other hand, negative economic growth plagues unstable dictatorships, but their very political instability periodically presents opportunities for changing the regime: there is an 80 percent probability that an unstable, economically declining regime will become a democracy in short order, as happened in Argentina. However, not all political changes in unstable dictatorships are for the better—there is a 10 percent probability that an authoritarian regime will be replaced by a Communist dictatorship, Nicaragua being a case in point.

These trade-offs do not dictate a choice of regime among the dictatorships of Iberoamerica. They are constraints on choice, to be evaluated subjectively according to one's devotion democracy, desire for prosperity, and aversion to Communism, coupled with one's willingness to take risks. Each individual and every country has to weigh the costs, benefits, and risks associated with every regime type.

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