

# The Dynamics of Democratic Recession

## Economics, Polarisation and Autocratisation

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### **Abstract**

There is a third wave of autocratisation, as it is a new phenomenon there are relatively few explanations and many new avenues for research. We review the literature on democratic recession and find that while there is much attention for the role of polarisation, none have sought to understand when autocratisation occurs. We argue that when confronted with worsening economic circumstances, an incumbent will have to resort to alternative measures, in this case autocratisation. Seeking to be re-elected and enact their preferred policies, the incumbent will polarise in an attempt divide the electorate and prevent mobilisation against their autocratic policies. We highlight the plausibility of this theoretical mechanism in an illustrative case study of democratic recession in India between 2014 and 2019. We further provide preliminary evidence that indicates that the mechanism is potentially valid, although further research is warranted.

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# 1 Introduction

On January the 6th, 2021, during the congressional inauguration of the new US President, a large group of Trump supporters stormed the US Capitol in an attempt to overturn the election results. In what has been dubbed the 'US Capitol Riots', the protestors took over several parliamentary offices and the Senate floor and had to be removed by the police ('Trump's supporters storm the Capitol to block the transfer of power', 2021). While President Biden was eventually confirmed, the riots cost the lives of 5 people and over 400 people were charged with various offences (Durkin Richer & Long, 2021; J. Healy, 2021). World leaders reacted with shock and described the event as an attack on democracy ('US Capitol riots: World leaders react to 'horrificing' scenes in Washington', 2021). This is not an isolated event, several of the leading democracy indices have recently featured worrying headlines in their reports. The V-Dem institute's 2021 report is titled 'Autocratization Turns Viral', Freedom House's report talks about 'Democracy under Siege', and The Economist Intelligence Unit's report is dubbed 'In Sickness and in Health'. These reports paint a bleak picture: the global level of democracy has been declining for ten or more years and is at a level last seen during the 1990s (Alizada et al., 2021; Bussey et al., 2021; The Economist Intelligence Unit, 2021).

Political scientists have recognised this pattern and are currently speaking of the 'Third Wave of Autocratization'. This topic is fairly new and the literature is relatively underdeveloped. There is still a lot of conceptual confusion and a noticeable lack of explanations (Cassani & Tomini, 2018; Tomini & Wagemann, 2018; Waldner & Lust, 2018). This lack of research provides an opportunity for further theory development and empirical inquiry. In an attempt to fill this gap in the literature this thesis will attempt to come up with a general explanation that can account for this third wave of autocratisation. The goal of this thesis is to address the following question: what explains the third wave of autocratisation? This question is not only relevant for academics but also has real-world implications. Many people see their constitutional rights disappear by the hands of an autocratic incumbent, understanding how countries, where these people live, got into a democratic recession help identify ways out of it. This thesis will proceed with a short overview of the political science literature leading up to the third reverse wave. Then we will discuss the relevant concepts and examine present explanations of democratic recession. The thesis then proceeds with formulating a theory on democratic recession. The main argument is that incumbents, seeing their re-election prospects disappear due to worsening economic circumstances, will resort to autocratisation as a means to stay in power. Enacting autocratic policies in a democracy is costly, therefore they will first attempt to divide the electorate through polarisation to prevent citizens from mobilising against their autocratic policies. To demonstrate the plausibility of this mechanism, there will be an illustrative case study of the democratic recession in Modi-led India between the 2014 and 2019 elections. We then continue with a discussion of measurements and estimation strategies and proceed with an empirical test of our mechanism. We find preliminary evidence that indicates that the mechanism is potentially valid. We end with some concluding thoughts.

## 1.1 The third (reverse) wave

Huntington (1991) famously pronounced the third wave of democracy, they explained: "a wave of democratization is a group of transitions from nondemocratic to democratic regimes that occur within a specified period and that significantly outnumber transitions in the opposite direction during that period. A wave also usually involves liberalization or partial democratization in political systems that do not become fully democratic." (Huntington, 1991, p. 15). They viewed democratisation as a dialectical process where each wave was followed by a subsequent reverse wave. The third wave started in 1974 when the dictatorship in Portugal collapsed and was still ongoing by the time that they published his book. They however did not believe that this would go on indefinitely and by the end of his book, they already discussed potential

avenues for a third reverse wave. They did not have to wait long, during the 1990s the initial optimism about democratisation after the fall of the Berlin wall had been replaced by critical assessments of the trajectory of third wave democracies (Huntington, 1996). Diamond (1996) and Rose and Shin (2001) concluded that the third wave had come to a halt and noted that most of the democratisation was formal, the development of more substantial (liberal) democratic institutions was relatively scarce. Eventually, most of the third wave democracies either stagnated or experienced democratic breakdown (Mainwaring & Bizzarro, 2019).<sup>1</sup> Many also developed into hybrid regimes, characterised as neither fully democratic nor fully autocratic (Levitsky & Way, 2010).

## 1.2 Democratic recession

When they reflected on the third wave of democratization, Diamond (1996) and Huntington (1996) both expected that the biggest threat to democracy was going to be gradual assaults against democracy instead of immediate breakdowns. These expectations turned out to be true, recent episodes of autocratisation have been mostly incremental and the changes are often justified by appeals to democracy (Bermeo, 2016; Lührmann & Lindberg, 2019). Besides this characterisation, there is not a lot of consensus on the nature of autocratisation and the appropriate concepts. The recent episodes of autocratisation have come in various forms and have lead to a large body of research that applies to a large array of concepts interchangeably (Cassani & Tomini, 2018). To avoid conceptual confusion this thesis will employ the conceptualisation of a widely-cited paper by Lührmann and Lindberg (2019). The conceptualisation has been visualised in figure 1, the authors conceive autocratisation as 'democratisation-in-reverse' and break it down into three subcomponents: Autocratic consolidation refers to autocracies becoming even less autocratic, democratic breakdown refers to the break down of democracies into autocracies and democratic recession refers to the gradual autocratisation happening in democratic countries. In this thesis, we will focus on autocratisation of the last type and henceforth refer to such episodes by the appropriate concepts of democratic recession and autocratisation.

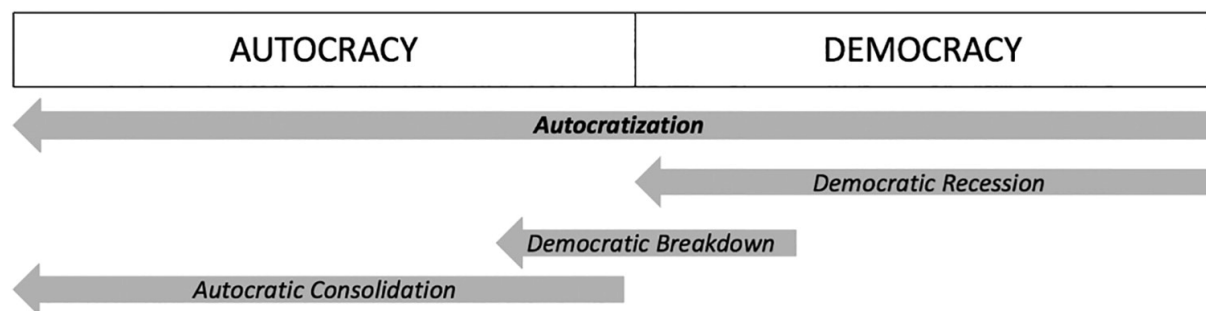


Figure 1: Autocratisation conceptualised. Source: Lührmann and Lindberg (2019).

The primary mode of democratic recession is executive aggrandisement, elected incumbents use legal means and justifications to gradually erode checks on executive power (Bermeo, 2016; Lührmann & Lindberg, 2019). Varol (2015) has given a comprehensive overview of the legal means through which democratic recession is realised. The judiciary can be restructured to shield the incumbent from judicial review, reinforce autocratic policies and legitimise the regime. Voters and opposition parties can be targeted through electoral laws such as disenfranchising voters through voter registration laws, removing opposition by raising electoral thresholds and bankrupting civil society actors through campaign finance and foreign financing laws. Another

<sup>1</sup>Mainwaring and Bizzarro (2019) identify only 23 cases of countries from a total of 91 countries, which experienced a democratic transition from 1974 to 2012, where the level of democracy increased significantly since the initial transition

way to target regime opponents is by prosecuting them for non-political crimes. To prevent criticism the freedom of expression and press are also often attacked, this can happen either indirectly through the use of libel lawsuits and surveillance, or directly through censorship. As can be seen in these examples autocratisation is realised under a legal façade by weakening actors and institutions which limit the government’s power in some way: voters are unable to vote the government out of power, the judiciary and opposition are prevented from actively scrutinising government policy and the media and civil society are limited in their ability to report on and criticise the government. Most of the institutions and legal instruments used for democratic recession are present in the average democracy, yet the fact that some democracies do experience autocratisation while others do not, suggests that the mere presence of these institutions is not sufficient to explain democratic recession (Levitsky & Ziblatt, 2018). There is a broader context that needs to be taken into consideration to be able to adequately explain democratic recession, these explanations will be discussed in the next section.

### 1.3 Causes of democratic recession

The literature on democratic erosion has produced a variety of social, economic and institutional explanations which will be discussed in this section.

#### 1.3.1 Polarisation

Polarisation has become one of the more actively researched topics within the democratic recession literature. In light of the Trump presidency, many American scholars have become concerned with the increasing levels of partisanship in the United States and the challenge this provides to liberal democracy. One can distinguish between papers that focus on polarisation among political elites, and those focusing on mass polarisation. The key difference is that in elite polarisation the main restraining agent is a horizontal actor like a party or institutions, whereas in mass polarisation the restraining agent is a vertical actor, most often the electorate (Luo & Przeworski, 2020).<sup>2</sup>

**Elite polarisation** can be asymmetric where a single party is the source of polarisation, the American Republican party has been accused of this (Lieberman et al., 2019). In other cases, elite polarisation is two-sided, McCoy et al. (2018) and McCoy and Somer (2019, 2021) present a theory of elite polarisation where polarisation is instigated by political entrepreneurs who draw on a variety of political identities to emphasise differences. The authors find that in a lot of cases, when these entrepreneurs come into power, they do everything to remain in power, often through polarising actions like sidelining the opposition or sheer repression. If the opposition has similar mobilisation capacities they are more likely to reciprocate with more polarisation. This can lead to a downward spiral of increasingly pernicious polarisation resulting in lower political trust, media (self-)censorship and more political antagonism. When polarisation occurs at the backdrop of formative rifts, particularly divisive political cleavages, polarised debates turn towards questions of group membership and become exclusionary in nature. When symmetric polarisation and formative rifts meet each other you see a breakdown of democratic norms and the political exclusion of large groups, resulting in democratic recession. The specific dynamics of polarisation differ between cases, regardless, elite polarisation is fundamentally about the deepening divide between elites which raises the costs of electoral loss. If the opposing party is elected, they have the ability to enact polarising policies and change institutions, often at the cost of the incumbent. This raises the stakes of elections and incentivises the incumbent to

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<sup>2</sup>Restraining agent here should be understood in the game theoretic sense, a game is played between an autocratising incumbent and an opposing party with the power to stop the autocratisation attempt. These opposing parties can be opposition parties who can electorally defeat the incumbent, a court that blocks autocratisation attempts on legal grounds, or voters who vote the incumbent out of office. The central question in this literature is under which conditions these opposing parties succeed or fail to prevent autocratisation.

cement their hold on power, for example, by engaging in democratic recession (Grumbach, 2021; Lieberman et al., 2019).

**Mass polarisation** builds on the notion that the public serves as a check on government overreach. Democratic survival requires that politicians respect the imposed limits on their behaviour. For this to happen citizens need to develop a civic culture, agreement on the limits of acceptable government behaviour and the willingness to actively defend against authoritarian transgressions (Weingast, 1997). This notion has recently caused Foa and Mounk (2016, 2017) to cite lower support for democracy among young people as a possible sign of deconsolidation, this caused an uproar and led to several academics presenting evidence to the contrary (Alexander & Welzel, 2017; Norris, 2017; Voeten, 2017). A common thread among these papers is that they rely on survey measurements of democratic attitudes which might not reflect the actual willingness of individuals to defend democracy (Svolik, 2019).

Graham and Svolik (2020) and Svolik (2020) posit that voters trade-off democracy for partisan policies, the more mass polarisation there is, the more likely this balance is to tip in favour of the partisan policies. Polarised voters are willing to tolerate democratic erosion by incumbents to see their policy preferences realised and thereby fail to serve as a check against government overreach. To overcome the issue with regular survey questions, Graham and Svolik (2020) and Svolik (2019, 2020) do a candidate choice experiment that uses a more concrete example of democratic backsliding. Their evidence suggests that in the United States, Venezuela and Turkey autocratic candidates are punished, but also that the hypothesised polarised voters exist and that the willingness to punish authoritarian incumbents decreases as polarisation surges.

Saikkonen and Christensen (2020) have repeated this experiment in Finland where they find a significant number of partisan-first voters in what they argue is a seemingly unpolarised country. Fossati et al. (2021) find that voters abandon democracy when subjected to partisan cues in Indonesia, a country that lacks the organised parties which facilitate polarisation in Western democracies. In the United States, these ideas have however received some pushback with survey experiments indicating that there is more nuance suggesting that results depend on party identification, the type of democratic transgression and voter's perceptions of democracy (Carey et al., 2020; Grossman et al., 2020; McCoy et al., 2020; Touchton et al., 2020). Chiopris et al. (2020), argue that voters may support democracy but are uncertain or unaware of the autocratic intentions of political leaders, they attempt to back this up by a survey experiment among Polish voters which shows that younger Poles (which have grown up in a democratic environment) are less likely to vote PiS after being informed about PiS's undemocraticness. All the aforementioned results are experimental single-country studies that focus explicitly on voter attitudes. However, there is also evidence of a relation between mass polarisation and autocratisation, Arbatli and Rosenberg (2021) find that for a panel of 96 democratic countries mass polarisation, measured as the ideological distance between voters, has a positive effect on their measure of autocratisation, government intimidation of the opposition.

### 1.3.2 Social structures

It has long been argued in political science that structural cleavages shape political competition and institutions (Ford & Jennings, 2020). Graham and Svolik (2020) take this idea and argue that whenever the opinions of individuals differ along these cleavages, extremeness in one dimension can be cancelled by moderation in another dimension. Whereas cross-cutting cleavages promote moderation, aligned cleavages may placate extremism and voters will be more likely to support potentially autocratic extreme candidates, they do not have direct evidence for this argument but do find that moderate 'centrists' are more likely to punish autocratisation than extremist voters by a factor of four. McCoy and Somer (2019) argues, based on a wide range of case studies, that not all types of polarisation will necessarily lead to democratic recession. If polarisation sits around a dimension that is an empty signifier, like the populist us vs them distinction, the

effect of polarisation on democratic recession is indeterminate. What is crucial for democratic recession, is that these conflicts are structured around formative rifts: "long-standing and deep-cutting divisions that either emerged or could not be resolved during the formation of nation-states, or, sometimes during fundamental re-formations of states such as during transitions from communism to capitalism, or authoritarian to democratic regimes" (McCoy & Somer, 2019, p. 237). When the discourse of polarisation exploits political, economic or cultural grievances based on these rifts, polarisation turns pernicious.

### 1.3.3 Economics

Recently, theorists have also come up with theories that look into the economic origins of democratic recession. Singer (2018) argues that if voters benefit from the economic policies of an incumbent or they perceive them as competent due to presiding over a strong economy they will be more willing to delegate more authority to an incumbent president. Based on an analysis of survey data collected in Latin American countries between 2006 and 2018, they find that believing that the economy or your personal finances are doing well is positively related to support for democracy, but at the same time negatively related to support for civil rights, free speech protections and opposition rights. Pérez-Liñán and Altman (2017) argues that the incumbency advantages from **economic growth** are short-lasting in well-functioning democracies, incumbents who wish to extend these advantages attempts to do so by limiting free flows of information and denouncing bad news. They report evidence that suggests that in Latin America economic growth led to incumbency advantages when free speech was under attack. Laebens and Lührmann (2021), citing Benin and Ecuador as examples, turn these arguments around and argue that an economic crisis may lead to a significant decrease in incumbent popularity which in turn provides opportunities for opposing actors, like civil society and the media to hold the incumbent accountable and halt democratic recession.

**Inequality** is another variable that has received attention. Tilly (2003) hypothesises that economic inequality increases incentives for the beneficiaries of inequality to erode democracies and create institutions for self-enrichment. Hacker and Pierson (2019) argue that if conservative parties are aligned with these beneficiaries and want to survive politically, they need to offer alternative non-economic motivations to convince voters to vote conservative, as they are unable to appeal to the majority of the electorate using economic policy. These alternatives usually involve divisive illiberal policies which erode democracy. The authors predict that rising inequality will lead to increasingly more extreme appeals, citing the US Republican party as an example. Another variable is **natural resources**, in the democratisation literature these are known to stifle democratisation by helping autocrats sustain incumbency advantages through public spending (Ross, 2015). Windfall gains from natural resources can however also be used for the purpose of autocratisation, Mazzuca (2013) argues that left-populists in Latin America (Argentina, Bolivia, Ecuador and Venezuela in particular) redistributed the gains from natural resources to a majority informal sector and then used their popularity to gradually concentrate power at the executives through plebiscites.

### 1.3.4 Institutions

**Formal institutions** are the bedrock of democracy and define political systems. In the literature, it has been argued that certain institutions are more susceptible to democratic recession than others, presidential systems have been singled out in particular. A lot of episodes of democratic recession have been initiated by the executive and presidential systems have been found to increase the risk of incumbent takeovers (Bermeo, 2016; Svolik, 2015). Pérez-Liñán et al. (2019) argues that democratic recession occurs in presidential systems when the executive exercises control over other branches of government, through which the executive can impose costs on the opposition. They find that their measure of presidential hegemony increases the risk of

autocratisation in a panel of Latin American countries. Levitsky and Ziblatt (2018) argue that **informal institutions**, namely democratic norms, determine how actors interact with formal democratic institutions. They cite two norms as critical: institutional forbearance, the willingness to not abuse formal institutions, and mutual tolerance, the willingness to accept electoral defeat and not begrudge your opponents. If these norms are violated, then democratic recession will come about.

### 1.3.5 International factors

Most of the aforementioned causes of democratic recession are within-country causes, this ignores the role of **foreign actors** and **international organizations** (IOs). Attention to the role of foreign actors has mostly focused on the dangers of electoral interference by the likes of China and Russia. These countries are argued to use a host of actions to reduce institutional trust and increase polarisation, thereby undermining liberal democracy (Hyde, 2020; Walker, 2018; Wigell, 2019; Ziegler, 2018). IOs have also been examined, Meyerrose (2020) argues that IOs who promote democratisation focus primarily on elites and elections, thereby ignoring other democratic institutions. Additionally, they increase executive power through financial assistance, increasing the importance of international representation and requiring extensive bureaucracy to facilitate IO membership. Lastly, IOs limit the domestic policy space which impedes institutional development limits a governments ability to provide public goods and promote populism and clientelism. They find evidence that prior IO membership is associated with subsequent autocratisation, it is also associated with lower horizontal accountability and more party-level ideological convergence. the indicators for executive control and domestic policy respectively. Suspension from an IO could be a productive sanction, however, the geopolitical importance of certain members and IO institutional features hamper suspension attempts (von Borzyskowski & Vabulas, 2019).

The **European Union** (EU) has received additional attention. Historically, countries like the United States, Mexico and Argentina have known authoritarian enclaves, regional governments with authoritarian features (Gibson, 2012; Grumbach, 2021). Authoritarian enclaves may persist when national authorities willingly overlook them if they supply voters to national coalitions, fiscal transfers may also help regional authoritarians to sustain clientelistic networks. Such enclaves only tend to be disrupted when local opposition succeed in convincing national politicians to intervene (Gibson, 2012; Kelemen, 2017, 2020). Kelemen (2017, 2020) extends this notion to the EU and argues that the EU faces an authoritarian equilibrium. The politicisation of the EU means that the Union is hesitant to intervene in national politics but its party politics are developed far enough that EU coalitions may shield national politicians. Case studies indeed show strong domestic reactions against EU interference (Schlipphak & Treib, 2017), while observational evidence shows that MEPs from the European People’s Party were less likely to support resolutions aimed against democratic recession in Hungary (Meijers & Veer, 2019). The other pillars of the European authoritarian equilibrium are EU finances which are used to sustain rentier states and the free movement of people, which allows dissatisfied citizens to exit to other European countries (Kelemen, 2017, 2020).



## 2 Theory

### 2.1 Economics and democratic recession

In the previous section, we have discussed several arguments about the causes of democratic recession. Most attention in the literature has focused on the role that polarisation plays. Two types of polarisation are distinguished, elite polarisation and mass polarisation. The literature on elite polarisation focuses on the behaviour of incumbents and horizontal restraining agents and highlights the impact of incentives and institutions in incumbent decision making. The literature on mass polarisation seeks to understand the relation between polarisation and support for democracy. Yet surprisingly, none of these papers has sought to take a broader view and try to understand under which conditions politicians will polarise. We take the view, that this is necessary for a more substantive understanding of democratic recession. Inspiration for such reasons can be found in Marxist literature. In 1870, Karl Marx wrote a letter about the promises of revolution in English-occupied Ireland. In this letter, he also commented on the relations between English and Irish workers:

And most important of all! Every industrial and commercial centre in England now possesses a working class divided into two hostile camps, English proletarians and Irish proletarians. The ordinary English worker hates the Irish worker as a competitor who lowers his standard of life. In relation to the Irish worker he regards himself as a member of the ruling nation and consequently he becomes a tool of the English aristocrats and capitalists against Ireland, thus strengthening their domination over himself. He cherishes religious, social, and national prejudices against the Irish worker. His attitude towards him is much the same as that of the “poor whites” to the Negroes in the former slave states of the U.S.A.. The Irishman pays him back with interest in his own money. He sees in the English worker both the accomplice and the stupid tool of the English rulers in Ireland.

This antagonism is artificially kept alive and intensified by the press, the pulpit, the comic papers, in short, by all the means at the disposal of the ruling classes. This antagonism is the secret of the impotence of the English working class, despite its organisation. It is the secret by which the capitalist class maintains its power. And the latter is quite aware of this.

But the evil does not stop here. It continues across the ocean. The antagonism between Englishmen and Irishmen is the hidden basis of the conflict between the United States and England. It makes any honest and serious co-operation between the working classes of the two countries impossible. It enables the governments of both countries, whenever they think fit, to break the edge off the social conflict by their mutual bullying, and, in case of need, by war between the two countries (Marx, 1975).

Marx points out that there is an antagonism between the Irish and English working class and black and poor-white Americans, instigated by the ruling classes. These are instigated to divide the working class and prevent them from organising and revolting against the capitalist class. While the focus of Marx is primarily on class conflict, we believe that this analysis applies to other contexts as well. Polarisation can be used as a tool to ‘divide-and-conquer’ the opposition as a means to remain in power. In the context of democratic recession, polarisation can be used by incumbents to divide or distract any opposition to autocratisation which in turn enables the incumbent to strengthen its hold on power. But when do incumbents engage in such tactics?

We have given attention to several papers which study the relationship between the state of the economy and democracy. This first one is Singer (2018) who argues that support for democracy is tied to whether you believe that you economically benefit from government

policy, though they find mixed effects. The second one is Pérez-Liñán and Altman (2017) who argue that incumbents will autocratise in an attempt to extend the incumbency benefits from economic growth for which they find evidence. Laebens and Lührmann (2021) cite case evidence that suggests that a lack of economic growth can trigger a popularity crisis which provides opportunities to hold the incumbent accountable. Overall, these arguments suggest a positive relationship between economic growth and autocratisation. At the same time, there is a long-standing debate about the relation between economic development, growth and democracy. There are indications that democracy either directly, or indirectly, contributes to economic growth (Acemoglu et al., 2019; Doucouliagos & Ulubaşoğlu, 2008). In the democratisation literature, there is also the long-standing debate about the modernisation hypothesis which argues that economic development contributes to democratisation (Geddes, 1999), by extension, one would expect that consistent economic growth, which leads to economic development, would then also contribute to democratisation. How does that relate to the previously discussed literature which suggests the opposite? In a recent summary of the modernisation hypothesis, Treisman (2020) attempts to synthesise these two effects. They argue that in the short run, economic growth helps authoritarians survive, but in the medium-to-long run, it transforms societies and leads to democratisation. Consequently, authoritarians face a dilemma where they need to balance the short-term benefits from growth with the long term drawbacks.

Such a dilemma is even more relevant for democratically-elected incumbents who want to autocratise. Democracies tend to be more developed than non-democracies which means that the democratising pressures from economic development are more present than in autocracies. The fact that a democratic regime also contributes to economic growth, leading to even more economic development, reinforces these pressures. If economic growth provides incentives for an incumbent to autocratise in a democracy then the benefits seem to be very short term and be limited to democracies with relatively lower levels of economic development where the democratising pressures are less present. This would also explain why Pérez-Liñán and Altman (2017) find their results in Latin America, most of which are middle-income countries. Singer (2018) uses subjective assessments of the state of the economy and personal finances to measure whether individuals benefit from government policy. But such an approach might be problematic for highly polarised societies, if there is a strong affective polarisation in a country this might affect people’s assessment of the economy (Iyengar et al., 2019), in that case, subjective assessments of the economy indicate partisan alignment rather than economic beliefs. Lastly, while economic crises may provide opportunities to mobilise against the incumbent as Laebens and Lührmann (2021) suggests, it is likely that incumbents will attempt numerous alternative strategies before they are willing to resign. Given these considerations, we believe that these explanations do not sufficiently explain the relationship between economics and democratic recession.

## 2.2 A theory of democratic recession

The literature on polarisation and democratic recession has not given enough attention to the conditions under which polarisation emerges. We believe that an answer to this can be found in the present economic conditions but find that the existing explanations which consider economic conditions are insufficient. A solution might be found in combining these two factors into a single theory that explains how economic conditions affect the decision of incumbents to polarise and engage in autocratisation. In the following section, we will present this theory of democratic recession by discussing the process and various relevant components.

### 2.2.1 The incumbent

One of the key features of democratic recession is that it is instigated by elected incumbents (Bermeo, 2016; Lührmann & Lindberg, 2019). For any theory of democratic recession, it is

important to first identify the motivations of the incumbent. In the rational choice tradition, the foremost assumption is that politicians are vote-seeking, the most famous formulation of this assumption is ‘parties formulate policies in order to win elections, rather than win elections in order to formulate policies (Downs, 1957, p. 28).’ Since then, the literature has also come up with alternative models of political behaviour, besides vote-seeking parties can also be office-seeking, meaning that they want to maximise control over the government, or they can be policy-seeking, they want to maximise their policy impact (Strom, 1990). These nuances are also present in formal theories about democratic recession, these models distinguish between candidates whose motivations are to have the power to enact their preferred policies (policy-seeking), whereas others would just simply wish to remain in power (vote-seeking and office-seeking) (Luo & Przeworski, 2020). An example is Svoboda (2020), they assume that candidates are policy-seeking, their results show that incumbents with more extreme policy preferences engage in more electoral manipulation. The logic is that the incumbent uses electoral manipulation to compensate for the loss of votes due to having extreme policies. Another example are Helmke et al. (2021) assume that candidates are office-seeking, for an incumbent in such a situation exploiting constitutional loopholes seems like the logical choice, if you want to stay in office and have the opportunity to abuse institutional mechanisms to do so, why would you not do that? Their answer is that if the opposing parties can respond to such abuses in kind then the logic of deterrence applies and a situation of mutual forbearance emerges. These two examples show that under both assumptions of political behaviour autocratisation can occur, the circumstances determine whether it happens.

It is also important to consider what type of politicians or parties engage in polarisation. Democratic recession has occurred under both left-wing as well as right-wing regimes (Mechkova et al., 2017), the most prominent example of the first are the left-populists in Latin American countries like Venezuela and Bolivia, examples of the latter are the right-populists in Eastern European countries like Hungary and Poland. A common aspect of a lot of cases of democratic recession is that the autocrat is populist (McCoy & Somer, 2019). A logic of the relation between democracy and populism is given by Mudde and Kaltwasser (2012). They argue that inherent to liberal democracy is a tension between majority rule and minority rights, among these two, populism favours majority rule. One of the core aspects of populism is the primacy of ‘the people’, populists are hostile to any institution which threatens this primacy, like courts which ought to play a secondary role according to their political philosophy. This can lead populists to attack the separation of powers in a liberal democracy if these are perceived to limit popular sovereignty. The authors further list the following list of negative impacts of populism on democracy: circumventing and ignoring minority rights, establishing new cleavages which undermine political coalitions, the moralisation of politics which increases hostility, undermining unelected bodies and reducing the political space through an anti-elite thrust. Many autocrats are populists and they can have ideological convictions which lead them to undermine democracy. Mudde and Kaltwasser (2012) conceptualise populism as a thin-centred ideology that can be attached to other ideologies, this can include exclusionary religious and ethnic forms of nationalism which may further enhance the negative effects of populism by targeting specific minority groups.

### **2.2.2 The voter**

Voters are an important check on the incumbent, if they perceive the government as autocratic and they perceive this as problematic they can vote the government out of power and prevent democratic recession. We have already discussed how polarisation can undermine democratic values and cause people to support an autocratic incumbent despite evident transgressions. We have also focused on Singer (2018) who argues that if citizens are happy with the performance of the government, they might be more willing to delegate more policy discretion to the incumbent. This argument relies on the model of retrospective voting: voters judge parties on past events, performance and actions and vote accordingly (Mueller, 2003). A. Healy and Malhotra (2013)

describes the act of retrospective voting as a four-step feedback process: voters observe events, outcomes and policy actions by elected officials, they attribute responsibility, this causes them to evaluate officeholders and adjust their vote, voting leads to policy outcomes which voters in turn thereby starting the process again. With regards to the role of the economy, the literature finds that, generally, incumbents do well when the economy prospers while they do less well when the economy falters (Lewis-Beck & Stegmaier, 2019). However, this relation is highly contingent upon contextual variables such as the local economic context, the ease with which outcomes can be attributed to particular actors and partisan biases that affect how people process information about the economy (Anderson, 2007; A. Healy & Malhotra, 2013). In its simple form, the model of retrospective voting assumes that individuals have access to full and easily accessible information which they can analyse without bias. Such assumptions ask a lot of individuals and are hard to justify given the contingency of retrospective voting.

These contingencies also have implications for democratic recession. The argument of Pérez-Liñán and Altman (2017) for example posits that incumbents will attempt to reduce transparency by attacking free flows of information in order to longer benefit from the incumbency effects of a good economy. Such an act makes it more difficult for voters to vote retrospectively, information availability is reduced which makes it harder for voters to observe events and attribute responsibility. Another example of politicians abusing a lack of information can be found in the political cycle literature, Shi and Svensson (2006) present a model which distinguishes between voters who have access to all available information and those who do not have this access, the latter group can only judge the incumbent by the policies which affect them directly. The greater the share of voters with a lack of information, the more the incumbent is incentivised to use public spending to increase their re-election chances. Unsurprisingly, voters tend to respond positively to positive income shocks (Margalit, 2019), this also provides a logic of why some autocratisers rely on increased welfare spending. Incumbents do not need to resolve to outright suppression, there are examples of alternative strategies: Russia uses selective framing in economics news in an attempt to affect public perceptions (Rozenas & Stukal, 2019), while there is also evidence that authoritarian countries are underreporting Covid-19 deaths (Annaka, 2021). Voters take the state of the economy into account but these considerations are subject to biases, incumbents care about this and will attempt to influence voters through public spending initiatives and the manipulation or outright repression of information flows in order to seem more competent.

### **2.2.3 The incumbent and polarisation**

We have discussed the motivations and considerations of the incumbent and discussed how voters react to economic circumstances. Faced with worsening economic circumstances, an incumbent who wants to stay in power has to come up with a strategy to prevent them from being perceived as incompetent by voters and being voted out of power. A possible route is the actions that we have previously mentioned, namely autocratising by repressing and manipulating news about the economy. Alternatively, the incumbent can attack the institutions such as election boards and electoral law and artificially inflate their electoral partisan advantage. They can also attempt to remove checks on their power such as the judiciary, parliament and independent central banks in an attempt to increase their policy discretion and implement alternative policies which make them look more competent in the eyes of the voter. All these actions are part of the autocratisation-playbook but they face one big obstacle, they are very costly actions to enact in a democracy. Experience with living in a democracy tends to increase support for democracy (Claassen, 2020; Fails & Pierce, 2010; Fuchs-Schundeln & Schundeln, 2015), if citizens are successful in developing an appreciation for democracy, akin to a civic culture, they may guard against the aforementioned autocratic transgressions and punish incumbents who engage in such behaviour (Weingast, 1997). There is some nuance to this, the dynamics of satisfaction for democracy are complicated and the relation between culture and democracy is controversial

(Waldner & Lust, 2018). Regardless, the notion that naked autocratisation in a democracy is a risky strategy is uncontroversial. So what should an ambitious incumbent do?

Here we return to Marx, earlier we have used Marx to describe how polarisation can serve as a tool to divide the opposition and prevent mass mobilisation. In the literature review, attention has been given to a large number of experimental studies which consistently show that polarisation undermines democratic values and reduces the willingness to punish authoritarian transgressions across a variety of cultural and institutional contexts. Knowing this, incumbents can achieve their aims by first polarising society and undermining support for democracy. This prevents voters from coordinating against the incumbent and reduces the risk of punishment against autocratic transgressions. Polarisation creates a space for the incumbent to autocratise and increases their prospects of staying in power. Polarisation is the crucial step for the incumbent which connects economic variables with democratic recession. Evidence from the United States and other democratic countries points that generally, elite polarisation is a predictor of mass polarisation which (Lupu, 2015; Zingher & Flynn, 2018), which implies that the first precedes the latter and justifies our implicit assumption that polarisation is incumbent-led.

#### **2.2.4 Polarisation and democratic recession**

Having explained the decision of the incumbent to autocratise it is important to link polarisation to democratic recession. We hypothesise that polarisation affects democracy through two channels, one of which is indirect through the actions of the incumbent and the other which is direct. The indirect channel is the one discussed in the previous section, the incumbent engages in polarisation to erode vertical checks on the executive which allows them to autocratise. The channel is indirect because polarisation does not directly affect democracy, instead it is a means by which the incumbent achieves democratic recession. Incumbents can be office-seeking, they care about staying in power, or policy-seeking, they want to enact policies, these motivations can influence the types of autocratic policies that the incumbent enacts. Office-seeking incumbents care purely about the ego-rents which they derive from office and their principal aim is to increase their re-election prospects. Such an incumbent, when faced with reduced re-election prospects due to worsening economic circumstances, is likely to focus their attention on the institutions which are meant to ensure an even-level playing field and hold the government to account. Institutions that ensure an even-level playing field may include election boards and electoral laws, an example of manipulation is the implementation of voter ID requirements by US Republicans in the United States, these actions tend to be supported using a highly partisan narrative and the requirements are suspected of disenfranchising non-ID holding minorities which tend to be aligned with the US Democrats (Gronke et al., 2019; Valentino & Neuner, 2017).

Policy-seeking incumbents care purely about the implementation of their preferred policies, just like the office-seeking incumbent they care about remaining in power, but this is a means to implement policy. When faced with worsening economic circumstances they will have to increase their re-election prospects somehow, but this attention is purely instrumental. Instead, they are expected to primarily focus on institutions that limit their discretionary power. If policy-seeking incumbents have policy preferences that are too extreme for voters or unachievable due to institutional constraints they are likely to attempt to rectify this. Limits on discretionary power are primarily horizontal, institutions like the judiciary and parliament have a certain degree of veto power on executive policies, there are also institutions like the constitution, international treaties and organisations like central banks which limit the menu of available policy options. An example of these autocratic policies is the recent move by the Turkish AK-party to change their country to a presidential system thereby strongly increasing the discretionary power of their leader Erdogan, a move which was subject to a high degree of partisanship (Esen & Gumuscu, 2018; Esen & Gümüşçü, 2017). The two incumbent types are extremes and not mutually exclusive, incumbents may care both about the prestige of office and have ideological preferences, it is therefore also likely to see a mix of these two approaches in most cases. Neither

do the autocratic policies associated with the incumbent types have to be mutually exclusive, an incumbent can for example change electoral laws to increase the partisan electoral advantage which consequently leads to a parliamentary majority, by doing so they increase both their re-election prospects as well as their discretionary power.

Polarisation does more than merely serve as a tool of the incumbent, it can also directly impact democracy. These direct effects of polarisation can exist both at the elite level as well as at the mass level. Elite polarisation can lead to heightened antagonism between political parties, the previously reviewed arguments about democratic norms by Levitsky and Ziblatt (2018) are applicable. If tensions between parties run too high the willingness of parties to respect democratic norms are in danger, the breakdown of mutual tolerance can lead to elites questioning the legitimacy of elections, while the foregoing of mutual forbearance can cause elites to resort to extraconstitutional means to contest power. Especially if the opposition counter-mobilises against the incumbent the resulting dynamic can lead to polarisation spiralling out of control leading to democratic recession or breakdown (McCoy & Somer, 2019). For mass polarisation, the aforementioned arguments regarding social structures are relevant. Cross-cutting cleavages forces individuals to trade-off their preferences along different dimensions leading which tends to lead to outcomes that are moderate overall, meanwhile political parties need to placate voters that operate in different issues spaces which incentivises them to adopt moderate positions on all dimensions to attract as many votes as possible (Goodin, 1975), there is evidence which indicates that increased a measure of cross-cuttingness is associated with lower incidence of civil war (Gubler & Selway, 2012). If polarisation mobilises citizens along a specific cleavage and leads to a reorganisation of society along this cleavage, then cross-cuttingness is undermined. Instead of having multiple identities, people are either in or out of a societal group which can lead to political extremism and violence. An example of this can be found in Indonesia, ethnographic work by Berenschot (2020) indicates that the organisation of patronage networks along ethnoreligious divides causes these divides to harden and make people more susceptible for calls of violence by higher-ups, whereas in patronage networks that cross social divides violence is less common.

### 2.2.5 Theoretical mechanism

In this chapter, we have justified the need for an economic theory of democratic recession and discussed the various parts aspects relevant to this theory. What follows is a synthesis of the various distinct parts into a coherent theoretical mechanism.

We assume that there is an incumbent who receives utility from being in office and enacting their favourite policies. The incumbent faces voters who vote retrospectively, they care about the competence of the incumbent which they judge based on the state of the economy. Before the election, the incumbent faces worsening economic conditions which reduces their re-election prospects, because voters will perceive the incumbent as less competent. The incumbent is unable to counteract the worsening economic situation using conventional policy and therefore has to resort to autocratic alternatives. These autocratic policies allow the incumbent to manipulate and repress information streams about the state of the economy to increase their incumbency advantage, increase their partisan advantage during elections and increase their discretionary power. Autocratic policies are however costly, voters care about democracy and will mobilise against the incumbent when confronted with autocratic policies. The incumbent anticipates this and starts to polarise to create social conflict in society.<sup>3</sup> This polarisation affects democracy in two ways: (i) directly, because it increases animosity among elites and citizens which leads

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<sup>3</sup>This calculation is not always purely instrumental. A policy-seeking incumbent may be motivated by an ideology that is inherently divisive, for example, because they adhere to an exclusionary form of ethnoreligious nationalism. This makes polarisation a goal in and of itself, in those cases, there are however still instrumental reasons for polarisation as the incumbent is still likely to face institutional constraints which limit them in their ability to realise their ideology.

to norm breakdown and societal conflict, and (ii) indirectly, because it prevents voters from mobilising effectively against the incumbent's autocratisation.

### **2.2.6 Hypotheses**

Implicit in our mechanism is a set of relations between concepts which can be expressed in hypotheses. The first hypothesis concerns the relationship between polarisation and autocratisation, expressed in the direct channel.

**Hypothesis 1 (H1):** *An increase in polarisation will result in more autocratisation.*

The second hypothesis concerns the role of the economy in the mechanism. In the theoretical mechanism, the incumbent start to polarise in response to a worsening state of the economy as expressed in the indirect channel.

**Hypothesis 2 (H2):** *A worsening state of the economy will cause the direct effect of polarisation on autocratisation to strengthen.*

### 3 Case study

#### 3.1 Democracy in India

To further clarify the theoretical mechanism we will perform an illustrative case study of India's recent experience with democratic recession. This case study is not purely exploratory nor is it necessarily a valid test of the theory. The logic of a plausibility probe is relevant, hypotheses are not formulated unless one considers them potentially valid, however, to test the actual validity requires extensive tests through elaborate qualitative cross-case comparisons or statistical tests. There is an in-between stage that probes the potential validity of a theory without testing it, in essence, it is a test of plausibility (Eckstein, 1975). Illustrative case studies are such a plausibility test, they serve to familiarise the reader with the argument through a clear example and show the empirical relevance of the mechanism and thereby legitimise the theory. Compared to other case study types, illustrative case studies are relatively brief and lack the necessary detail to establish causality (Levy, 2008). This is closely related to the analytical narrative approach, which is often employed in formal theory research. The guiding principle of the analytical narrative approach is that the author combines an analytical model or theory of action with a qualitative narrative which gives an account of the context and process while displaying the sequence and timing of events. This approach prefers single (or small) case study designs because they allow for a more precise elaboration of the details of a mechanism (Levi, 2004). Besides providing a plausibility test, a narrative can help with linking independent and dependent variables that are used in the statistical analysis. Additionally, because additional variables often show up in a case study a narrative can help contextualise residuals (Laitin, 2003). In that sense, it helps bridge a gap between theory and statistical research while contributing to both. Case selection requirements are less stringent than those used for qualitative hypothesis-testing research designs. These stress the presence, absence or particular value of various variables in cases as a basis for selection so that a general theory can be generated or tested. Rather, case selection in the analytical narrative approach is justified by the amenability of the case to rational choice models, its ability to highlight features not easily accessible otherwise and the demand that lessons from the case, when applied to the model, must be generalisable to other cases (Levi, 2004).

This illustrative case study will focus on Indian national politics between 2014 and 2019, with a focus on the role of the Indian Bharatiya Janata Party (BJP) and its leader Narendra Modi, India's prime minister. Notwithstanding an eighteen-month long period of emergency rule in the 1970s, India has been a democracy since its independence in 1949. In a period, where modernisation theory was the primary lens through which political scientists studied democracy India was recognised as a remarkable case due to its low-income status, ethnic and religious divides, and its largely rural, uneducated and traditional population (Ramanathan & Ramanathan, 2017; Varshney, 2015). However, since 2014 India is going through a period of democratic recession, India has seen a 23-percentage point decline in their V-Dem Liberal Democracy Index score, causing V-Dem to label the country as an electoral autocracy (Alizada et al., 2021). This coincides with the ascension of Narendra Modi as prime minister of India after the 2014 elections. The pattern of democratic recession in India is typical for countries in the 'third wave of autocratisation' (Alizada et al., 2021), and largely follows the same tactics and policies which we have described in the introduction and theory sections. What distinguishes India from many other cases is its particular ethnic, religious and caste-based social divisions and its relatively long history of democracy, this contrasts them with many other extensively studied countries which tend to be younger democracies and relatively homogenous societies. This means that India can offer lessons that are hard to find in other cases in the context of a general pattern of democratic recession. The BJP-led government is highly centred around the person of Modi who also has taken the centre-stage during the 2014 and 2019 campaigns (Bajaj, 2017; Jaffrelot, 2015b; Shastri, 2019). There are also clear indications of the presence of strategic calculations in the choices that were made during both elections and the autocratic



policies in-between the elections. The combination of individualised politics and indications of strategic behaviour means that the case lends itself well to the rational choice framework which we have used to frame our mechanism. India as a case is therefore amenable to our theory and offers both particular and generalisable lessons which makes it an ideal candidate for illustrating the theoretical mechanism.

### 3.2 The BJP, Narendra Modi and the 2014 general elections

In 2014, the BJP won the Indian general elections with an outright majority of 282 of a total of 543 seats and 31.3% of the total votes. This was a historic victory as it was the first time in thirty years that a party had won such a majority (Singh & Goel, 2019). The BJP is a right-wing party that is most notably identified by its right-wing economic agenda and associated with Hindutva, Hindu nationalism (S. D. Sharma, 2019; Varshney, 2014). The economic ideology of the BJP can be characterised as a form of economic nationalism, they espouse a combination of support for protectionism, market regulation and selective-financial sector liberalisation. Many of its policies are justified as being Pro-India. but effectively. most come to the benefit of politically well-connected businesses causing some to call the party pro-business rather than pro-market (S. D. Sharma, 2019). The BJP's Hindutva ideology is nationalist in its espousal of India as the land of Hindus<sup>4</sup>, and it has identified Muslims, India's biggest religious minority, as its main adversary. The party portrays itself as moderate but is closely associated with extremist groups that espouse Hindu historical revisionism and has many party members who practice radical forms of Hindu nationalism (Varshney, 2014). The BJP and its leaders Modi, have also made several references to Hindutva ideology and promote policies associated with Hindu nationalism such as beef bans, attempts to rewrite India history and the promotion of extremists to government positions (Tudor, 2018). The BJP also displays majoritarian tendencies and has been called populist (Basu, 2018; McDonnell & Cabrera, 2019; Stepan, 2015), one reconstruction by McDonnell and Cabrera (2019) argues that the BJP is very similar to many right-wing populist parties in Europe. It positions a people, consisting of the Indian Hindu majority, against an elite, consisting of the secular political and intellectual elites associated with the Indian Congress Party but also English-language media, Judges, NGOs and academics. It has also constructed a category of dangerous 'others' which consists of Muslims and anti-nationalists. In that sense, it combines a thin-centred populism with Hindu nationalism and a right-wing form of economic policy centred around economic nationalism.

The BJP entered the 2014 elections with a promise of good economic days to come (Joshi, 2018). The BJP promised neoliberal reforms while claiming to be the most reform-minded party while contrasting themselves with the corruption of the previous Indian National Congress government. These reforms were justified in religious and economic terms, contrasting the good Hindu middle-class entrepreneurs with the secular anti-national elite (Rogenhofer & Panievsky, 2020). The BJP's economic agenda consisted of promises of renewed economic growth, agricultural development and individual empowerment. The BJP stuck to a development theme and generally avoided themes that highlighted existing cleavages such as promoting Hindu nationalism and anti-Muslim sentiments (Jaffrelot, 2015b; Mitra & Schöttli, 2016; Varshney, 2014). The campaign was also heavily personalised being centred around the prime ministerial candidate Narendra Modi, the campaign stressed his strong leadership and track record as prime minister of Gujarat state (Bajaj, 2017; Jaffrelot, 2015b). Several factors are cited as helping the BJP win the elections. The previous Congress-led government was ridden with corruption scandals and policy paralysis, this led to anti-incumbency attitudes on which the BJP capitalised by painting the previous administration as incompetent (Mitra & Schöttli, 2016; Singh & Goel, 2019; Sridharan, 2014). Other factors include the party's mobilisation strategy through which it had managed to attract many new voters, appealing to the newly enfranchised,

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<sup>4</sup>This categorisation also includes Sikhs, Jains and Buddhists (Varshney, 2014)

and attracting new voters by co-opting local candidates and allying with smaller parties that represented particular castes (Heath, 2015; Singh & Goel, 2019; Sridharan, 2014). The BJP managed to attract many voters who previously voted for the Congress Party but not to such an extent to speak of realignment (Heath, 2015). The biggest predictor of BJP support in the 2014 elections was economic status, the party managed to attract many aspiring lower-class voters who were as a neo-middle class during the campaign, promises to uplift this particular cast of voters gave BJP their eventual majority (Jaffrelot, 2015a). The BJP won the election on the back of a campaign stressing development themes, personal leadership and anti-incumbency sentiments through which it managed to create a new social coalition of voters which gave them a majority. What is also notable is the lack of explicit polarisation during the campaign, whereas the party did use nationalist themes the message of Hindu nationalism was relatively overt.

### **3.3 The economy during the first Modi government**

The BJP main campaign item during the 2014 elections was economic development, although the actual campaign was rather devoid of concrete policy proposals (Jaffrelot, 2015b). During their first term, the Modi government managed to stabilise inflation, reduce the current account deficit through fiscal consolidation and managed to address issues with unsustainable public and private debt and thereby managed to ensure macroeconomic stability. They also continued and completed a few major reforms which they inherited from the previous administration (Joshi, 2018). The government however set out with the ambition to transform the Indian economy but its policies were relatively modest and its economic record mixed (Joshi, 2018; S. D. Sharma, 2019). Economic growth initially increased during the start of the term from 7.4% in 2014 to 8.3% in 2016 as a consequence of a fall in oil prices. But the government failed to capitalise on this and has since seen a fall of economic growth to 4% in 2019, the lowest since the 2008 financial crisis. This fall was a consequence of a rebound of oil prices, slow export growth and a fall in fixed investments, among others.

Two other major policies also led to a slowdown in economic activity, the demonetisation effort and the general goods-and-sales tax (GST) (S. D. Sharma, 2019). In 2016, the government decided to demonetise all notes with a value of 500 and 1000 rupees (amounting to 86% of the value of cash in circulation) to tackle the 'problem' of black money which was claimed to be used for drug trade and terrorism, pointing fingers at Pakistan ('The dire consequences of India's demonetisation initiative', 2016; 'Why India scrapped its two biggest bank notes', 2016). 99% of the currency, which was invalidated was returned, forcing the central bank to struggle with printing huge amounts of new banknotes severely reducing its profits (Nag & Chaudhary, 2017; M. Sharma, 2016). This action particularly hit the less well-off the hardest, especially in the rural cash-based economy people were hit hard, with many people forced to lose days on travelling to banks to exchange their notes (Rodrigues, 2018; M. Sharma, 2016; S. D. Sharma, 2019). The action led to a drop in consumption and sales in various sectors and corporate credit growth slowed down. The policy was akin to a very short-term monetary tightening and is estimated to have reduced short-run economy activity by at least 3%-points (Rodrigues, 2018; 'The high economic costs of India's demonetisation', 2017). The GST was a policy effort launched in late 2016 which aimed to harmonise and combine India's state-based goods and sales taxes into one national tax. Instead of turning out simple the policy featured six-tiers and was found administratively burdensome ('India's previously unstoppable ruling party loses momentum', 2017; 'Lost in Transition', 2016). The new tax system led to a slowdown in import volume growth while its rollout was poorly communicated and caused confusion among consumers (Pandya & Sanjai, 2017). During the campaign, the BJP had been a strong critic of the Congress welfare policies dubbing them 'government handouts', in a surprising turn the government repackaged some of these policies into a new one which provided food subsidies to the poor (Aiyar, 2019; S. D. Sharma, 2019). While on some fronts the economic policy was fine the BJP has blundered with some of their major policy initiatives and failed to deliver on their

initial promises and instead chosen to turn to welfare politics as an exit.

### **3.4 Autocratisation during the first Modi government**

Under the auspices of the newly elected Modi government, India has experienced democratic recession. This section will discuss the major democratic setbacks.

#### **3.4.1 Communal violence and minority rights**

India knows a long historic divide between Hindus and Muslims which is rooted in British colonial history, the Hindutva minority and experiences with the partition of India in 1947 which divided the subcontinent into nations for Hindus and Muslims which made the remaining Indian Muslims political outsiders (Ayoob, 2020). This history has carried on during the BJP-led government and has expressed itself in communal violence. Muslims are being continuously attacked, harassed and lynched by Hindu 'cow vigilante groups' which accuse people of eating and trading cows. Authorities protect the assailants from prosecution while harassing victims and even prosecuting some of them. BJP politicians have contributed to this by inciting riots, making discriminatory and inflammatory remarks in public and calling for violence. In 2019, the government amended the Citizenship Act to give individuals a road to naturalisation, it however noticeably excluded Muslims from being able to acquire citizenship. There has also been continued unrest in the northern state of Jammu and Kashmir, the only Muslim-majority state in India. There have been large scale human rights violations by authorities and security forces that remain free from prosecution. This culminated in 2019 with the government revoking statehood and transferring control over the state from the regional government to the central government, effectively taking away any chance at self-governance. There has also been consistent communal violence between members of different castes and consistent discrimination against members of lower castes (Amnesty International, 2015, 2016, 2017, 2018, 2020; Human Rights Watch, 2015, 2016, 2017, 2018, 2019, 2020). There has been continued discrimination, harassment and violence aimed at Muslims, some of which was not interfered with, effectively sanctioning it, while in other instances the government was actively involved.

#### **3.4.2 Freedom of expression**

The government has continually used repressive laws to selectively target dissenting individuals. Another aspect of this repression is the government-sanctioned 'heckler's veto', interest groups and extremists actively targeting individuals with which they disagree. This includes harassment, intimidation, attacks and even outright killings, sometimes security forces and authorities even participate. The targets are usually journalists, academics, human rights activists and lawyers. Besides sanctioning this mob behaviour the government has also actively gone after individuals through the use of sedition, defamation and counterterrorism charges and lawsuits. One notable move was the 2019 amendment of the Unlawful Activities Act which allowed the government to designate any individual as a terrorist using extremely vague descriptions of terrorist acts. There has also been a trend of increasing self-censorship in newspapers under pressure from legal actions, smear campaigns and online threats (Alizada et al., 2021; Amnesty International, 2015, 2016, 2017, 2018, 2020; Ganguly, 2020; Human Rights Watch, 2015, 2016, 2017, 2018, 2019, 2020). The continuous crackdown on dissent by the government and sanctioning of mob violence has resulted in strong reductions in the freedom of expression, academic freedoms and press freedom.

#### **3.4.3 Restrictions on civil society**

The Modi government has inherited the Foreign Contribution Regulation Act (FCRA) which allow authorities to cut off or restrict foreign funding to non-governmental organisations (NGOs).

This has been used to target and harass dissenting NGOs and individuals which are perceived as critical or dangerous to the central government. By cutting off or restricting foreign funding to NGOs, freezing their accounts and detaining people suspected of violating the law Modi attempts to silence opponents. They are being targeted for actions such as opposing government infrastructure projects and seeking justice for unlawful killing. Organisations that were targeted include Greenpeace, the Ford Foundation, the Lawyers Collective and Amnesty India. Such organisations are described as negatively impact economic development, anti-national and acting against national interest and portraying India's human rights record in a negative light (Alizada et al., 2021; Amnesty International, 2015, 2016, 2017, 2018, 2020; Ganguly, 2019, 2020; Human Rights Watch, 2015, 2016, 2017, 2018, 2019, 2020; Tudor, 2018). Due to the excessive usage of legislation that allowed them to restrict foreign funding to NGOs the BJP government has repressed civil society.

#### **3.4.4 Separation of powers and electoral bias**

During Modi's first term the separation of powers has also come under attack. While the Supreme Court has been hailed as a counter-majoritarian bulwark there are indications that they are increasingly less independent (Alizada et al., 2021; Sen, 2017). Members of the court have complained about executive encroachment (Varshney, 2019). The BJP government has attempted to introduce new rules for judge selection but this move was blocked by the court (Khosla & Vaishnav, 2021; Sen, 2017). While there was no court-packing the BJP has been slow with recommending and nominating new judges and has refused to increase the number of judicial posts which contributes to the immense case backlog. Before the 2019 elections, Modi has also worked to increase their partisan advantage, the rules for political financing were relaxed under the guise of an electoral bond scheme which effectively enabled anonymous political donations, thereby circumventing (albeit poorly policed) campaign finance transparency requirements (Khosla & Vaishnav, 2021). During the election campaigns, there was also a publicly available channel that continuously aired speeches by Modi, these are not allowed but despite constant objections the channel was not shut down by the election commission until two days before the election (Ganguly, 2020). There were issues with the voting registry and barriers for party entry have been increased with some being banned altogether (Alizada et al., 2021). The government has also worked to centralise more and more power at the federal level, most notable were the General Goods and Services Tax, the dissolution of the state of Jammu and Kashmir and involvement with certain policies which are legally the exclusive competence of state (Khosla & Vaishnav, 2021). This centralisation is also apparent in the increasing lack of executive oversight and legislative scrutiny by parliament (Alizada et al., 2021). There is a pattern of blurring boundaries between branches of government indicated by questions about judicial independence and greater centralisation of power, the BJP has also worked to increase their partisan electoral advantage.

#### **3.4.5 The 2019 elections**

The BJP won the 2019 elections, they increased their number of seats from 282 to 303 (out of 543) and managed to increase their vote share from 31.3% to 37.4%. They did so on the backdrop of a campaign that focused on the themes of national security and Hindu nationalism. The national security theme was at the backdrop of a suicide attack on security forces in Kashmir by the Pakistani terrorist group Jaish-e-Mohammed. India responded to this attack by performing airstrikes on the groups training camps in Pakistan (Varshney, 2019). This was capitalised on by propagating a militaristic image of Modi and citing achievement on security policies such as the amendment of the Citizenship bill and the revocation of the special status of Jammu and Kashmir (Jaffrelot & Verniers, 2020). Hindu nationalism featured in the form of polarising messages. This includes the denial of Hindu terrorism and openly targeting Bangladeshi Muslim immigrants

and using anti-Muslim tropes aimed at the main opposition leader (Jaffrelot & Verniers, 2020; Varshney, 2019). The last major part of the BJP's campaign was its focus on its centrally delivered welfare policies (Jaffrelot & Verniers, 2020; Sircar, 2020). This campaign was a major departure from the 2014 campaign whose central theme was development, this change was mainly due to the government's poor economic record (Jaffrelot & Verniers, 2020; Sinha & Wyatt, 2019; Sircar, 2020; Varshney, 2019). Researchers have identified several factors which can explain the 2019 BJP victory. The first one is well-publicised welfare policies, despite a lack of evidence that the welfare schemes significantly helped poorer voters many voted for the BJP. This can partly be understood due to the centralisation of several welfare programs, leading people to attribute benefits to the central government rather than the state governments (Chhibber & Verma, 2019; Deshpande et al., 2019; Jaffrelot, 2019; Sridharan, 2020). Another important factor was the popularity of Modi, a large share of voters indicated that they would not have voted BJP if Modi were not their prime ministerial candidate (Chhibber & Verma, 2019; Shastri, 2019). Some indications suggest that voters were swayed by the nationalistic campaign which focused on security issues (Chhibber & Verma, 2019; Jaffrelot, 2019; Kumar & Gupta, 2020). The BJP was also once again successful with targeting specific castes, this is partly attributable to its Hindu nationalism but it also exploited caste dynamics at the local level to increase support among certain groups (Alam, 2020; Jaffrelot, 2019). Economic issues were dwarfed significantly by partisan concerns during the election and voters who prioritised economic issues or had negative economic experiences tended to move away from the BJP, class was also a very poor predictor of the 2019 results (Choudhary et al., 2020; Sridharan, 2020; Swaminathan, 2020). The support for the BJP has become increasingly polarised among communal lines and managed to rally voters around its Hindu nationalism message (Chhibber & Verma, 2019; Heath, 2020; Sardesai, 2019), the public is also broadly, and increasingly more, supportive of the BJP's ethnoreligious nationalism (Chhibber & Verma, 2019; Kumar & Gupta, 2020). In sum, the BJP departed from their previous development message at the backdrop of a poor economic track record and ran a polarising campaign featuring themes such as national security, Modi's leadership and welfare politics. The party had a successful result as a consequence of their popular campaign and some well-publicised policies, economic beliefs and class status lost their significance to the BJP's ethnoreligious nationalism at the backdrop of an overall right-ward shift in the electorate.

### 3.5 Modi and the mechanism

The theoretical mechanism predicts that an incumbent who faces worsening economic circumstances but wishes to be re-elected will engage in polarisation as a means to divide the electorate and freely enact autocratic policies. It also predicts that on top of allowing the incumbent to autocratise, polarisation directly damages democracy by increasing animosity among elites and citizens leading to democratic norm breakdown and societal conflict. All the major indicators relevant to the mechanism were present in the case. Modi was initially elected on the promise of economic development, but worsening economic circumstances and policy failures forced them to resort to alternative measures. Throughout the BJP government's first term polarisation and autocratisation were constant features. This however also provides the biggest challenge to the mechanism, the theory predicts a specific set of subsequent actions and events, the continuous polarisation and autocratisation however makes it so that the temporal relation between the worsening economic conditions, polarisation and autocratisation in India is hard to pin down. This might be an example of the behaviour that a policy-seeking incumbent whose ideology is inherently divisive can display, as is the case of the BJP's Hindu nationalism. In those cases, polarisation is a goal in and of itself which might explain why polarisation was present at the onset of Modi's government. The direct effect of polarisation on autocratisation can then in turn account for the democratic recession that has begun since the 2014 elections. There are however still some indications of a temporal relation between worsening economic circumstances, polarisation and autocratisation. The economic policy failures took place during 2016 and 2017

which was the same time that economic growth started to slack. Some of the major autocratic policies happened relatively late during the government's first term: the amendments of the Unlawful Activities Act and the Citizenship Act and the special status revocation of Jammu and Kashmir all took place in 2019. There is also a clear contrast between the 2014 and 2019 campaigns, whereas the first was relatively moderate and focused on economic development the 2019 campaign shifted away from economic themes and stressed national security, Hindu nationalism and welfare politics while also being very polarising. This shift is also visible among voters, whereas economic concerns were dominant in 2014 and class was a major predictor of party choice, in 2019 economic issues were rather absent among voters the nationalistic messages found huge support among voters. While these facts give some indication of the temporal relation they cannot serve as proof of the mechanism's validity. The case study was however not conducted with validity in mind, but rather to test the plausibility of the mechanism. The case study and this discussion clearly show that the theoretical mechanism is plausible and worth further investigating. Through an in-depth discussion that contextualises democratic recession in light of the theoretical mechanism, the case study has also hopefully contributed to familiarising the reader with the argument. The case study can also contribute to the empirical analysis. The detailed examples of the various variables have indicated what these might entail when contextualised and may serve as a basis for finding measures, relating variables to each other and account for residuals. In conclusion, the case study has shown an example of democratic recession in action in a manner that explores what the mechanism might look like in action. While it cannot establish the validity of the theory, it shows that the theory is plausible and can also help with the empirical analysis.

## 4 Methods

In this section, we will discuss the methods which we use for our analysis. We will first review the concepts and measures used in our analysis. Second, we will discuss the models which will be specified.

### 4.1 Concepts and measures

#### 4.1.1 Democratic recession

The main variable of interest is democratic recession as conceptualised by Lührmann and Lindberg (2019). They perceive democratic recession as gradual autocratisation in democratic countries. In their article, they operationalise autocratisation as episodes, "connected periods of time with a substantial decline in democratic regime traits". Substantial is understood as a drop of at least 0.1 in their democracy index. In a recent critical response, Skaaning (2020) notes that this operationalisation imposes an arbitrary threshold and instead proposes to consider all negative movements towards autocracy as autocratisation, an operationalisation that is more consistent with a spectrum-based understanding of democracy. They further note that while imposing a threshold may reduce noise any small change in democracy is real and should be considered. Lührmann and Lindberg (2019) use V-dem's electoral democracy index as a basis for their measure of democratic erosion, which excludes the V-dem liberal component index. V-dem's liberal democracy index does include this component and therefore also considers protections of individual and minority rights (Coppedge et al., 2021). In the case study, a consistent feature of democratic recession in India was the government's failure to protect Muslims and those of the lower castes. We believe that any measure of autocratisation should consider such cases and therefore opt for the V-dem's Liberal Democracy Index. Our measure of autocratisation is calculated by subtracting the previous year liberal democracy score from the current year democracy score. Because autocratisation is a negative measure we divide the calculate change by minus one so that any positive value of autocratisation indicates a move towards autocracy.

#### 4.1.2 Polarisation

The main independent variable of interest is polarisation. In the various sections, we have discussed different forms of polarisation, most notably elite and mass polarisation. Elite polarisation is generally understood as the distribution of beliefs among political elites (Zingher & Flynn, 2018). This can be a calculation based on a measure of party placement or legislative behaviour, the issue with these measures is however that the data coverage is limited to Western developed countries. The risk of incumbent takeover, however, tends to be highest in less developed countries which are relatively young democracies (Svolik, 2015). Therefore, these measures will not be included in the analysis. For mass polarisation the data availability is better, V-dem has two indicators for two different kinds of polarisation (Coppedge et al., 2021). The first is political polarisation which is measured by asking experts the following question: 'Is society polarized into antagonistic, political camps?'. There are five answer categories that range from 'Not at all' to 'Yes, to a large extent', the measure is converted to interval through the measurement model. The second measure of mass polarisation is policy polarisation which is measured by asking experts the following question "How would you characterize the differences of opinions on major political issues in this society?". There are five answer categories that range from 'Serious polarisation' to 'No polarisation', the measure is converted to interval through the measurement model. We also develop a third measure of mass polarisation following Arbatli and Rosenberg (2021) and Lindqvist and Östling (2010). They use World Values Survey data (Inglehart et al., 2014) to generate an indicator that measures mass polarisation as the national standard deviation of the self-placement along a left-right scale. The logic here is that the greater the standard deviation is the more spread out the left-right dimension is which implies that

more people consider themselves ideologically extreme and society is, therefore, more polarised. The left-right scale is imperfect as it does not necessarily touch upon the cultural dimension of politics which is important to democratic recession, it is however the only variable that is consistently present in various WVS waves. There is however but a limited number of WVS waves with large gaps between them which means that the number of observations is limited and the panel is highly unbalanced.

#### 4.1.3 The state of the economy

The other important independent variable is the state of the economy. The literature on retrospective voting distinguishes between subjective and objective measures of economic voting. Subjective voting involves individual assessments of the economy and personal income, whereas objective measures are economic indicators (Lewis-Beck & Stegmaier, 2019). Previously we have argued that subjective measures are inadequate because they are influenced by partisan alignment and might therefore indicate polarisation rather than economic concerns in the context of our mechanism. Therefore, we will use objective measures of the state of the economy. The economic voting literature has found that the two most important predictors of elections are economic growth and unemployment (Lewis-Beck & Stegmaier, 2019). However, measures of unemployment might be inapplicable in countries with larger informal sectors that are not taken into account in official statistics, additionally, there is evidence that indicators that concerns about the state of the economy are more important than concerns about personal economic well-being (Lewis-Beck & Stegmaier, 2019). Therefore, the measure of the state of the economy is economic growth. This is also consistent with the role that economic growth plays in the case study, the policy failures caused a slowdown in economic activity which in turn translated into lower economic growth. We use economic growth data from the Worldbank. Because we argue in the theoretical mechanism that polarisation is a response to a worsening state of the economy we implicitly assume that a worsening state of the economy comes before polarisation. To take this into account, the measure of economic growth is lagged by one year.

#### 4.1.4 Control variables

Throughout the thesis, we have discussed a wide variety of alternative explanations of democratic recession. These alternative explanations can in turn be used to inform appropriate control measures for our specifications. The first control variable is economic development, which will be measured using logged GDP per capita. In the theory section, we have highlighted the dilemma which an incumbent faces regarding balancing economic growth and economic development. Incumbents in a democracy face the democratising pressure exerted by economic development, economic growth increases economic development in the long run and has therefore got an indirect positive effect on democracy. Therefore, incumbents have to trade-off the short term autocratisation possibilities provided by economic growth with the long-run contribution to democracy, through economic development (Treisman, 2020). Consequently, there is a need to take into account the effect of economic development. We measure economic development using the logged GDP per capita measure from The Maddison Project Database that is included in the extended V-dem database (Coppedge et al., 2021). GDP per capita is a common measurement of economic development. GDP per capita can vary by a factor of a thousand or more between countries meaning that an unlogged variant we will return a very low and hard to interpret coefficient sizes, logging corrects this variation and results in an easier to interpret coefficient. The second control variable is the share of natural resources in government revenue. Windfall gains from natural resources can be used by incumbents on public spending and redistribution which allows incumbents to generate the necessary popularity to engage in autocratisation (Mazucca, 2013). There is a wide variety of measures of natural resource rents but one of the most important ones is government revenues from the extractive sector (Ross, 2015). The United



Nations University World Institute for Development Economics Research provides access through public revenues data in the Government Revenue Dataset (McNabb, 2017). We calculate our measure of the share of natural resources of public revenues by dividing total resource revenue over total revenue, excluding grants and social contributions, and then subsequently remove observations flagged as problematic. Our third and last control variable is presidentialism. As discussed in the introduction, presidential systems have been found to face a greater risk of autocratisation. The logic is that as a presidential system has a greater degree of power concentrated in a single office the incumbent has more access to instruments to allow them to implement autocratic policies (Bermeo, 2016; Pérez-Liñán et al., 2019; Svolik, 2015). To measure presidentialism we use the regime typology from the Political Regimes of the World Dataset by Anckar and Fredriksson (2019) to calculate a dummy variable which is 1 when the country has a presidential system.

## 4.2 Model specification

To test our hypotheses they need to be specified in a statistical model. The measure of autocratisation relies on expert survey data which is inadequate for cross-country comparison, we, therefore, use fixed effects. The data includes temporal variation which is why the analysis will use a cross-country time-series fixed-effects model. The relevant model is:

$$(\text{Autocratisation})_{i,t} = \beta_0 + \beta_1(\text{Polarisation})_{i,t} + \beta_2(\text{Economic growth})_{i,(t-1)} + \beta_3(\text{Polarisation} \times \text{Economic growth})_{i,(t-1)} + \beta_4(\text{Control variables})_{i,t}. \quad (1)$$

In this equation,  $(\text{Autocratisation})_{i,t}$  denotes autocratisation in country  $i$  at time  $t$ ,  $(\text{Economic growth})_{i,(t-1)}$  denotes economic growth in country  $i$  in the previous year  $t - 1$ , and  $(\text{Polarisation} \times \text{Economic growth})_{i,(t-1)}$  denotes the hypothesised interaction effect between both variables. The factor  $(\text{Control variables})_{i,t}$  denotes the control variables, GDP per capita and the share of natural resources revenues as a share of total revenues, in country  $i$  at time  $t$ . Because the analysis features country fixed effects estimating time-invariant dummies is not possible, therefore the presidentialism dummy is not part of the estimation. To consider the effect the equation will instead be estimated for a panel including all countries, and a panel with counties that only have a presidential system. The third measure of polarisation is unsuitable for cross-sectional time series analysis due to the inconsistent time gaps and limited data availability, because of this we perform a pooled cross-sectional analysis. Formally, the measure of autocratisation is unsuitable for cross-sectional analysis, regardless the might analysis might provide interesting results. The relevant model is:

$$(\text{Autocratisation})_i = \beta_0 + \beta_1(\text{Polarisation})_i + \beta_2(\text{Economic growth} (t-1))_i + \beta_3(\text{Polarisation} \times \text{Economic growth} (t-1))_i + \beta_4(\text{Control variables})_i. \quad (2)$$

In this equation,  $(\text{Autocratisation})_i$  denotes autocratisation in country  $i$ ,  $(\text{Economic growth} (t - 1))_i$  denotes previous year economic growth in country  $i$ , and  $(\text{Polarisation} \times \text{Economic growth} (t - 1))_i$  denotes the hypothesised interaction effect between both variables. The factor  $(\text{Control variables})_{i,t}$  denotes the control variables, GDP per capita, the share of natural resources revenues as a share of total revenues and a presidentialism dummy, in country  $i$ . The control variables also feature a year-dummy which controls for year-specific effects. Effects are estimated for a panel of democratic countries between 1995 and 2018, the number of countries varies between 60 and 62 in the main models. To control for the possibility of serial correlation and heteroskedasticity the estimates are calculated using robust standard errors. The calculations are performed in STATA 16.

## 5 Empirical analysis

A total of eight variables are analysed, the summary statistics can be found in figure 2. The total observations in the dataset are more than three thousand but due to the inclusion of various variables with lower observations counts or missings the amount of observations in the two main models amount to around a thousand. In particular, the measure of natural resource revenue share of total revenue contributes to this. The analysis excludes autocratic countries, as the main topic of interest of this thesis is democratic recession, autocratisation in democratic countries. The cutoff of a liberal democracy index score of 0.3 has been used for this, this just below the cutoff which V-dem uses to distinguish between full electoral autocracies and border cases. The data is estimated between 1995 and 2018. 2018 is the maximum because this the upperbound of available democracy measures. 1995 is chosen because it is just after the starting data of the third wave of autocratisation (Lührmann & Lindberg, 2019).

Variable	Observations	Mean	Std. Dev.	Min	Max
<i>Autocratisation</i>	2,015	-.1632968	.3033827	-.82	.583
<i>Political polarisation</i>	2,590	-.5226494	1.28086	-3.686	3.148
<i>Policy polarisation</i>	2,153	.2420655	1.17007	-3.006	3.015
<i>Left-right polarisation</i>	182	3.104224	.738798	0	4.629036
<i>GDP growth (t-1)</i>	3,041	3.883286	6.330493	-62.07592	149.973
<i>GDP per capita</i>	2,247	9.327388	1.106544	6.54	11.35
<i>Natural resource revenue share of total revenue</i>	1,441	.0794214	.1864556	0	.9792007
<i>Presidentialism dummy</i>	3,500	.1865714	.3896228	0	1

Figure 2: Summary statistics

The results of the fixed effects analysis are reported in figure 4. The first proposition reads *an increase in polarisation will result in more autocratisation*. The measures of polarisation in the fixed effects analysis are political polarisation and policy polarisation. In the first model, which includes all countries and the political polarisation measure, the direction of effect is as predicted and significant at the 0.01 level. In model 2, where the effect is estimated only in countries with a presidential system the coefficient is in the other direction and loses its significance, although this is likely related to the relatively low number of observations compared to the first model. In the third and fourth models, we test the hypothesis using the policy polarisation variable with a panel of all countries and only countries with a presidential system respectively. In neither model the coefficient is significant, and in the third model, the direction of effect is also different than expected. What is also striking, is that across all models the explained within-variance is relatively low, none of the  $R^2$  values exceeds 0.12. Figure 3 features pooled-OLS estimates that use the World Values Survey polarisation measure. As mentioned before, these estimates are problematic but might provide interesting insights. While the coefficient of left-right polarisation has a positive effect sign, as expected, it is insignificant. The results from the first model provide evidence for the validity of our first hypothesis, although the results from the other models show that these are not robust for other measures of polarisation. The reason that the indicator for policy polarisation is not significant might be because it indicates major policy disagreements rather than political antagonism. If there are major policy disagreements in a country, but the nature of these policies is not situated around formative rifts then the probability of democratic recession is likely lower. In contrast, the measure of political polarisation asks whether society is divided into antagonistic camps, any positive answer to this question indicates some degree of the type of mass polarisation that is dangerous to democracy.

	(1)	(2)	(3)	(4)
Parameter	Political polarisation, all countries	Political polarisation, presidential system only	Policy polarisation, all countries	Political polarisation, presidential systems only
<i>Political polarisation</i>	0.0446*** (0.0164)	-0.0282 (0.111)		
<i>Policy polarisation</i>			-0.0386 (0.0233)	0.0551 (0.163)
<i>Economic growth (t-1)</i>	-0.000950* (0.000543)	-0.00850 (0.00752)	-0.00184 (0.00114)	-0.0112 (0.00726)
<i>Political polarisation x Economic growth (t-1)</i>	-0.000481* (0.000275)	0.00380 (0.00590)		
<i>Policy polarisation x Economic growth (t-1)</i>			0.000946 (0.000782)	0.00790 (0.00835)
<i>Log GDP per capita</i>	-0.0150 (0.0492)	0.161 (0.219)	-0.0515 (0.0497)	0.212 (0.250)
<i>Natural resource revenue share of total revenue</i>	0.360** (0.163)	0.475 (0.454)	0.291* (0.152)	0.484 (0.460)
<i>Constant</i>	-0.00813 (0.484)	-1.667 (2.093)	0.338 (0.486)	-2.098 (2.342)
<i>Observations</i>	1,078	160	913	142
<i>R<sup>2</sup></i>	0.044	0.074	0.027	0.112
<i>Countries</i>	62	13	60	12

*Note.* Robust standard errors in parentheses.  $R^2$  is the model within R-squared. Sources: Coppedge et al. (2021), Worldbank, McNabb (2017), Anckar & Fredriksson (2019).

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1; (two-tailed)

Figure 4: Fixed effects model estimates

The second proposition reads *A worsening state of the economy will cause the direct effect of polarisation on autocratisation to strengthen*. This hypothesis predicts a moderating effect of economic growth on political polarisation and is measured using the interaction between these two variables. The interaction between last year economic growth and political polarisation in the first model indicates that a decrease in last year economic growth is associated with an increase in the effect of polarisation on autocratisation. Therefore, the direction of effect is as expected and the interaction term is significant at the 0.1-level. It is noticeable that the effect size of both past year economic growth, as well as the interaction term, are very small. This indicates that only large swings in economic growth have a consequential effect on the relation between polarisation and autocratisation and can perhaps hint towards the role that economic crises play in democratisation and autocratisation. The interaction term between policy polarisation and past year economic growth is insignificant and has a direction of effect which is differ-

Parameter	Pooled OLS estimates
Left-right polarisation	0.0368 (0.111)
Economic growth (t-1)	-0.0313 (0.0714)
Political polarisation x Economic growth (t-1)	0.0103 (0.0226)
Log GDP per capita	-0.0316 (0.0502)
Natural resource revenue share of total revenue	0.351 (0.211)
Presidentialism dummy	-0.0387 (0.0870)
Year dummies	Yes
Constant	-0.316 (0.657)
Observations	77
R <sup>2</sup>	0.428

*Note.* Robust standard errors in parentheses. Sources: Coppedge et al. (2021), Worldbank, McNabb (2017), Anckar & Fredriksson (2019), Inglehart et al. (2014).

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1; (two-tailed)

ent than expected. This may be due to the policy polarisation measure. Figure 3 features pooled-OLS estimates that use the World Values Survey polarisation measure. The direction of effect is different than expected and insignificant. Overall, there is evidence for the validity of the second hypothesis, but these are not robust for other measures of polarisation.

The estimates also feature several control variables. The first control variable in the analysis is Log GDP per capita. Given the democratising effects of economic development, it is expected that Log GDP per capita has a negative effect on autocratisation. In the first and third models, the direction of effect of the coefficients is as expected, but neither coefficient is significant. The second control variable is the natural resource revenue share of total revenue. The windfall gains from natural resources are expected to be used on redistribution and public spending leading to a popularity surge that allows the incumbent to enact autocratic policies, the expected effect is positive. In the first model, the direction of effect is as expected: the greater the share natural resources revenues take up of total revenues, the greater the autocratisation. The coefficient is significant at the 0.05-level. Similarly, there is a positive and significant (at the 0.1-level) coefficient in the third model. The last control variable is the presidential dummy. Because the estimates of figure 4 are the result of a fixed-effects analysis, time-invariant dummies cannot be estimated. Therefore, the first and third models were estimated using a panel of countries with only a presidential system. However, likely due to the low number of countries in the panel the results turn out insignificant. The pooled OLS estimates in figure 3 also feature a presidentialism-dummy, the expected direction of effect should be positive, as countries with a presidential system are expected to experience more autocratisation. The direction of effect is, however, negative and insignificant.

In the introduction, we asked: *what explains the third wave of autocratisation?*. In the theory section, we argued that when an incumbent is faced with worsening economic circumstances, they will polarise in order to enact autocratic policies as a means to stay in power and increase their ability to enact their preferred policies. This resulted in two hypotheses: more polarisation will result in more autocratisation and worsening economic circumstances will increase the effect of the one on the other. In the case study section, it was shown that this theoretical mechanism is plausible. And now we also provide some preliminary evidence that indicates that the mechanism might be valid, although these results are not robust. Therefore our answer to the research question is that there is a reason to believe that polarisation and economic growth through polarisation might explain the dynamics of autocratisation. However, the lack of robust results implies that these results are primarily indicative and further research is warranted. The positive coefficients of the measure of resource dependence are also promising. Throughout the thesis, we have mentioned the role of natural resources and welfare spending in autocratisation. Windfall gains from natural resources allow incumbents to sustain continuous public spending and welfare spending and give them political room to enact autocratic policies and may provide another way for the incumbent to evade the negative effects of worsening economic circumstances.

## 6 Conclusion

This thesis started by describing the worrying state of democracy in the world. It noticed that the literature was new and was relatively underdeveloped, which provides opportunities to develop new theories. We asked *what explains the third wave of autocratisation?* A discussion on theories of democratic recession followed. First, it was highlighted how the optimism of the 1990s regarding democratisation turned sour when academics started to notice that many new democracies regressed into autocracies, an occurrence which has been dubbed the 'third wave of autocratisation'. In response, many academics have sought to explain this phenomenon. The literature has focused on explanations that include polarisation, social cleavages, the role of economic growth, inequality and natural resources, formal and informal institutions and the role of international organisations. We argued that polarisation is a promising explanation, it serves as a tactic for incumbents to divide the electorate to prevent them from mobilising against autocratic policies. But it is important to understand when incumbents engage in such tactics. We found the answer in worsening economic circumstances. When faced with a declining economy and an inability to turn the situation around using conventional measures, incumbents need to resort to alternative measures if they want to stay in power, such as autocratic policies. These are however costly to enact in democracies, incumbents anticipate this and therefore start to polarise. We hypothesised that polarisation has both a direct as well as an indirect effect on autocratisation. Polarisation leads to democratic norm breakdown among elites and societal conflict among citizens, the resulting dynamic contributes to autocratisation. Indirectly, it affects the autocratisation through the autocratising incumbent who uses societal divide and a lack of public mobilisation against autocratic policies as a means to enact autocratic policies which help them stay in power. We explored this theoretical mechanism in an illustrative case study of democratic recession in India between 2014 and 2019. The case study shows how democratic recession, in light of the theoretical mechanism, plays out and why the mechanism might be plausible. We then performed empirical tests of our mechanism and found some scant evidence that the mechanism is potentially valid, although our findings were not robust. We answered our research questions by stating that *there is a reason to believe that polarisation, and economic growth through polarisation, might explain the dynamics of autocratisation.*

The findings in this thesis are preliminary in nature due to the scant evidence and lack of robustness. The empirical estimation also suffered from a serious lack of data, especially with regards to measuring polarisation. Most measures of polarisation are only available in western democratic countries while much of democratic erosion occurs in new democracies which are less developed. The case study was also illustrative and can therefore only serve as a test of plausibility. The theoretical mechanism relies on the rational choice framework. While we attempted to substantiate our assumptions as much as possible they are still abstractions and not necessarily reflective of the actual calculations and choices which incumbents make. We also left out many alternative explanations. We found promising results with regards to the role of natural resource dependence which we did not explore further and also noted the role of welfare spending on several occasions. These shortcomings provide many avenues for future research. In some western countries, researchers observe elite polarisation using measures derived from parliamentary and legislative behaviour. Extending such efforts to new democracies and electoral autocracies might result in data that can give further context to the elite dynamics of democratic recession. Additionally, a multi-N case study approach with the theoretical mechanism in mind might give better context to the predictions and serve as a proper qualitative test of validity. Case studies could also seek to delve deeper into the calculations and give substance to the role of the incumbent in a manner that goes beyond simple rational choice abstractions. There is a wealth of additional theoretical arguments which might help with understanding the dynamics of incumbent-led democratic backsliding, we mentioned the role of natural resources as an example of this. In conclusion, there is much to improve and much more to learn. The literature on

autocratisation is new and exciting and provides many new avenues for future research. It is also relevant for finding ways to escape autocratisation. Democratisation has long been considered a public good and it is regrettable if many recent democracies would see their newly acquired freedoms vanish at the hands of an autocratic incumbent. A careful secondary conclusion might therefore be that the world needs to understand more about autocratisation, in order to prevent it.

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