

## **Challenges of Democracy and the Origins of Power-Sharing: Competition, Exclusion and the Impact of Institutions**

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**Abstract:** In this paper, we seek to understand the impact of legal thresholds on ethnic conflict. In many parliamentary democracies, parties need to get a particular percentage of support to gain entry into the legislature. This can have two effects: preventing an ethnically based party from gaining seats and/or ensuring that a party representing a group can gain a monopoly of representation. Using data on thresholds and ethnic violence, we find that thresholds are related to violence, but only as they relate to a group's relative size. Groups that are larger than the threshold are less likely to engage in violence, and that groups that are smaller than the threshold are more likely to engage in violence. These findings suggest that legal thresholds ought to be considered more seriously when analysts consider the impact of electoral laws on political stability and ethnic conflict. This paper also suggests that institutions do indeed have a strong impact on the likelihood of violence.

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In 2004, one of the authors of this paper (Saideman) was conducting research on irredentism, interviewing Romanians about their kin in Moldova as well as the possibility of Hungarian irredentism aimed at Transylvania. During these conversations, particularly those focusing on the activities and relevance of the Democratic Alliance of Hungarians in Romania [UDMR], we discovered an interesting puzzle. Romania recently changed the threshold at which parties could gain representation in parliament from three percent to five percent. We were initially surprised to learn that the UDMR supported this measure. At first glance, one would think that a party whose base is seven percent of the population should not support higher thresholds, as it might risk their ability to get into parliament if turnout is poor (or extremely high for the other parties), or if demographics turn even slightly against them.<sup>1</sup>

The party justified its stance by arguing that the new threshold would marginalize the even smaller, more extreme nationalist parties. It soon became clear, however, that there was some dissensus within Romania's Hungarian community about the performance of the UDMR, and a potential second party might be developing. This information put the debate over the higher threshold into a new light—now UDMR could (and did) credibly argue that any effort to develop a competing party would split the Hungarian vote, causing the Hungarians to lose all meaningful representation in the parliament.<sup>2</sup> Thus, their support of the higher threshold might be an effort by UDMR to maintain their monopoly over the representation of ethnic Hungarians.

Why is this case significant? In the academic debates about power-sharing between ethnic groups, the focus has largely been on specific institutional reforms that might ensure that

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<sup>1</sup> Of course, this tale of Romania's thresholds makes clear that the choice of threshold level is not arbitrary or exogenous, but determined by politics. The problem of endogeneity is a significant one as Hug (2005) points out, but given the difficulties of implementing the various possible solutions (as our data is ordinal, cross-sectional and time series), we put it aside for now. We will use case studies in the larger project to assess the problem of endogeneity.

<sup>2</sup> All of the minorities get one seat in the parliament, but this gives them only token representation.

minorities can gain representation in parliament or have significant vetoes via federalist designs, and the like. What has largely been ignored is a second dimension to power-sharing as originally conceived by Arend Lijphart (1977, 2004) as consociationalism—the minimization of competition for power within groups. Responding to the threat of ethnic outbidding in democracies characterized by plural societies (Rabushka and Shelpse 1972), Lijphart advocated a set of institutions that would facilitate elite bargaining by providing the major actors with access to the political system AND by reducing the threat of competition. In the Romanian case described above, the UDMR reacted to institutional change not in terms of their relationship to the majority population, but rather in terms of their ability to suppress competition for power within the Hungarian community.

In this paper, then, we consider both dimensions of the consociational model, focusing on the impact of the threshold levels that are designed to determine which parties will and will not achieve legislative representation. We raise these issues here as part of a larger project dealing with the impact of institutions, particularly those shaping elections and their aftermath, on ethnic conflict. In previous papers, we have considered regime type, system duration, federalism, electoral system (degree of proportionality), and the election cycle (see, e.g., Saideman et al., 2002). Here, we will delve more directly into the issue of thresholds in attempt to determine if such electoral rules, common to proportional representation systems, exert a systematic impact on the degree of ethnic strife in a country.

First, we discuss why we believe institutions affect conflict and why we make, but do not test, certain assumptions about that relationship. Second, we consider the rather limited literature on thresholds and develop some hypotheses. Third, we conduct quantitative analyses to consider

the various relationships that might be at work. Finally, we conclude with some implications for debates about power-sharing and for policy.

## **A Quick and Dirty Sketch of Institutions and Conflict**

Before discussing specific institutions, we should first be clear about why we think they matter and why we consider them to be causal in the sense that certain kinds of institutions are more likely than others to exacerbate ethnic conflict. The basic idea running through our larger project is that groups are predisposed *not* to engage in violence against the state because the government is often—though not always—quite capable of engaging in significant retaliation. Moreover, the logic of collective action suggests that mobilization is quite difficult (Olson 1965).<sup>3</sup> If one, either as an individual or as a member of a group, can pursue goals through normal political processes—voting for candidates, contacting one’s representative, donating money—then engaging in extraordinary acts of mobilization would seem to be not only unwise but unnecessary. Individuals and groups, then, are most likely to engage in violence only if they cannot voice their concerns effectively through the political process. Thus, our focus is on whether political institutions facilitate access or deny it.

One way to explore these connections is to identify and demonstrate the links between institutions and conflict. Is an institution associated with expanded or reduced representation, is that expanded representation is associated with less violence, and is that reduced representation is associated with more violence?<sup>4</sup> Our approach embraces parsimony, assuming that we can determine a lot with a little information. Thus, we will argue that if we know the legal threshold

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<sup>3</sup> The literature on social mobilization is vast (Aminzade 2001; Finkel and Muller 1998; Lichbach 1994; Muller and Opp 1986). We again ignore much of the processes by which this may occur, but instead focus on one set of concerns that might lead to greater and more violent mobilization—are normal means available for addressing grievances?

<sup>4</sup> For the clearest effort to show how institutions affect representation, see Birnir (forthcoming)

a country has for representation and we know the relative size of key ethnic groups, then we can predict whether or not those groups will engage in conflict. In the larger project, we plan to do case studies to trace the processes by which institutions influence the proclivity for violence.

Before moving forward, we need to be clear about an alternative, elite-based logic regarding institutions and conflict: some sets of rules provide politicians with incentives to play the ethnic card, mobilizing groups on the basis of identity. In very competitive situations, politicians may even foster riots (Wilkinson 2004) to heighten the salience of specific identities, so that they receive greater support. The threat of ethnic outbidding—where politicians engage in increasingly extreme promises to gain support—is recognized by most, if not all, scholars of ethnic politics.

There are two prominent ways to handle the threat of ethnic outbidding. Horowitz (1985) recommends institutions that create multiethnic constituencies that, he argues, reduce ethnic conflict by providing politicians with incentives for moderation. Lijphart (1994), on the other hand, suggests reducing competition by developing institutions that essentially create monopolies for certain ethnic groups. In any event, we raise this second logic of institutions—an elite logic—because it may play out at the same time as the more mass-based logic that forms the basis for our hypotheses and interpretations.

One last detail before moving on—we speak of groups as groups in much of this paper. We do not, however, regard groups as unitary actors, nor do we contend that any act by a group is supported whole-heartedly by the entire group membership. Instead, we consider a group to be a set of individuals sharing an identity that act on behalf of a specific ethnicity, even if others who share that ethnic identity disagree with their efforts or are apathetic.

## Thresholds, Representation and Conflict

Surprisingly, very little has been written on the impact of thresholds on ethnic conflict. Most scholars focus indirectly on the impact of electoral laws on the proportionality of a system. Lijphart (1994), however, discusses three aspects of electoral systems—the formula, district magnitude, and electoral threshold. The first refers to the basic rules for turning votes into representation—first-past-the-post, various forms of proportional representation, and mixed systems. The second refers to the number of seats per district. The more seats there are in each district, the lower the number of votes needed to gain representation. “Low magnitudes have the same effect as high thresholds: both limit proportionality and the opportunities for small parties to win seats (Lijphart 1994, 12).” It is, of course, the third aspect, thresholds, that forms the focus of this paper.

### ***Thinking about Thresholds***

Thresholds usually refer to the legal requirement that a party must exceed a certain percentage of the vote to gain representation in the legislature, with the well known example of Germany’s five-percent requirement. However, given the impact of district magnitude, Lijphart and others (Taagepera 1989; Taagepera and Shugart 1991) focus on “effective” thresholds or empirical thresholds, which combine the effects of district magnitude and legal thresholds. In this study, we simplify the issue and focus strictly on legal thresholds. We do this for three reasons. First, legal thresholds are the clearest, most obvious barrier to representation. Political mobilization should also be more likely to focus on legal thresholds than district magnitude since the size of districts may be the result of many factors, but legal thresholds can be explicitly aimed at shaping which parties get into office. Second, thresholds are probably easier to alter

than district magnitudes, so that if we determine that they have specific effects on ethnic conflict, we can develop clear policy implications. Finally, and more practically, we have already the data for legal thresholds, but will need to incorporate effective thresholds in the next iteration of this project.

Some work on legal thresholds has already demonstrated the relationship between minimum threshold levels and political representation. Wolff (2003) argues that high thresholds overcome the positive impacts of proportional representation, making such arrangements as unrepresentative as first-past-the-post systems. Moraski and Loewenberg (1999) find this to be the case in the Eastern Europe.

The stated purpose of legal thresholds is to provide for greater stability in party systems and in legislatures by eliminating the smallest, most extreme parties, thus fostering fewer and larger centrist parties. This was clearly the motivation for West Germany's system after the miserable experience with multi-party government during the Weimar period. Indeed, for Europe in the 1970s and 1980s, Jackman and Volpert (1996, 501) find "increasing electoral thresholds dampens support for the extreme right as the number of parliamentary parties expands."

In the former Soviet space, thresholds were increased to reduce party fractionalization.<sup>5</sup> Interestingly, these efforts sometimes produced unintended consequences. Some liberal parties found themselves excluded in Russia and elsewhere because they could not unite.<sup>6</sup>

The key here is that legal thresholds reduce the proportionality of PR systems and prevent smaller parties from gaining representation. These effects would suggest that thresholds are

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<sup>5</sup> The new democracies of the former Soviet Union and Eastern Europe quickly raised the legal thresholds to address the problem of party proliferation (Dawisha and Deets 2006).

<sup>6</sup> Aside from the direct impact of thresholds in excluding smaller parties, they also can decrease the legitimacy of the entire system by increasing the percentage of wasted votes (Dawisha and Deets 2006).

associated with more conflict, as minorities find themselves excluded. There are, however, countervailing dynamics as well. We develop the implications for ethnic conflict in the next section.

### ***Limiting Access, Maximizing Monopoly and Conflict***

At first glance, higher thresholds should increase ethnic conflict. First, we already know that systems with proportional representation suffer from less ethnic strife (Cohen 1997; Saideman et al. 2002). Given that legal thresholds reduce the proportionality of the electoral system, they should be associated with greater unrest. Second, and more directly, legal thresholds may limit the ability for minorities to gain representation. If a group's population is smaller than the legal threshold, then they will have to depend on inclusion in larger, multiethnic parties. Failing that, such groups may seek redress through alternative means such as violence.

Because of these dynamics, we propose the following hypotheses:

*Hypothesis 1: Higher thresholds are likely to be associated with higher degrees of violence.*

On the other hand, some competing dynamics might reduce violence. Higher thresholds reduce the ability of extreme nationalist parties to gain representation. This, in fact, was the official justification of Romania's higher thresholds,<sup>7</sup> and, as mentioned above, Jackman and Volpert (1996) find such a result to be true in Western Europe. Second, higher thresholds discourage party fragmentation, not only leading to greater party stability, but also to the reduction of competition within an ethnic group. Splitters are punished because much of the minority will want to avoid wasting votes and undermining their ability to gain representation.

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<sup>7</sup> On the other hand, in the Romanian case, it meant that the extreme nationalist vote concentrated on one party—the Greater Romania Party, which has been able to gain significant representation.

Reduced competition allows elites to engage in bargaining, and they will not feel as much pressure to engage in extreme stands that might incite violence.

This, then, produces a second, competing hypothesis:

*Hypothesis 2: Higher thresholds are likely to be associated with less of violence.*

Of course, different groups will likely respond to thresholds in different ways, depending on how their own characteristics shape the impact of such thresholds on their ability to gain representation. Electoral systems interact with two key group characteristics—size and concentration. Here, we focus on size, although we consider group concentration below. Obviously, larger groups should be able to gain more votes, and thus have a greater chance for representation. More importantly, groups that are larger than the threshold should behave differently than those smaller than the threshold. If the requirement for representation is five percent, but a group is only two percent of the population, it is likely to be excluded from the political process in most meaningful ways. Either it will be dependent on other groups or it will be utterly alienated. Groups in such positions should be more likely to engage in violence against the state.

On the other hand, groups that are larger than the threshold may actually be empowered by the limitation. First, as mentioned above, such a limit will encourage the group to remain cohesive, lest it else risk falling beneath the required share of the vote, thus reducing competition that might lead to outbidding. Second, thresholds exaggerate the representation of those parties that do manage to make it above the minimum requirement, thus giving the minority perhaps more power than their numbers might otherwise merit.

Thus, we can develop a third hypothesis:

*Hypothesis 3: Groups that are larger than the threshold are less likely to engage in violence, while those that are smaller are more likely to do so.*

Our next step, then, is to consider these expectations via quantitative analyses.

## Testing the Claims

We have developed a dataset based on the Minorities At Risk Project—generating a pooled, cross sectional dataset to which we have added information about electoral systems.<sup>8</sup> The dataset is comprehensive, covering all regions of the world from 1980 to 2003.<sup>9</sup> We focus in this paper solely on democracies (Polity score of 6 or higher), and particularly non-presidential ones. That is, we drop from our dataset all democracies that have presidential systems, as we expect that the rules governing legislative representation will not be as important to the dynamics of ethnic conflict where the president is the most important actor. Further below, we will also narrow our focus specifically to parliamentary systems, dropping mixed systems.

Our goal here is to determine the impact of a particular institution, that of electoral thresholds, on ethnic conflict. We focus on three forms of dissent—peaceful protests, inter-communal violence, and violence against the state—coded in the dataset as protest, communal conflict and rebellion, respectively.

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<sup>8</sup> In analyses where states are the unit of analysis, we found that thresholds were associated with greater violence if interactions with ethnic fractionalization were included in the model, but not without such interaction terms.

<sup>9</sup> For more on MAR, see Gurr 1993, 2000, and the project website: <http://www.cidcm.umd.edu/inscr/mar/>. The dataset has been criticized for selection bias—that it only includes groups that are political mobilized or facing discrimination. As a result, the groups in the dataset are more prone to violence than ethnic groups that are omitted. This problem is not as significant for projects considering why politically relevant groups engage in violence as it is for questions focusing on why groups become politically mobilized in the first place. Because our project is of the former type, the selection bias problem is not so severe. An additional challenge, raised by Hug (2003) is that institutions are endogenous. That is, the rules of the game are chosen by the players for a variety of reasons, so to consider their impact without taking seriously why and how they were selected in the first place is problematic. We agree that this is a problem. However, our study has limited aims—to determine associations between given sets of institutions and conflict. In our future case studies, we will try to get a better grip on this problem.

## A Preliminary Look

Our first cut is to determine if thresholds are correlated with any of our dependent variables. Table 1 indicates that higher thresholds are correlated with both peaceful dissent and less violence against the state in parliamentary systems. For systems which have attributes of both parliamentarism and presidentialism, the results are more mixed—thresholds appear to be associated with less communal strife, but more violence against the state. At the group level, the results are the same.

**Table 1: Correlations Between Thresholds and Dissent, Democracies 1985-2003**

	State-Level			Group Level		
	Parl & Mixed	Parl	Mixed	Parl & Mixed	Parl	Mixed
Protest	<b>-.12**</b>	<b>-.15**</b>	-.11	<b>-.06*</b>	<b>-.08**</b>	-.06
Communal Conflict	.02	.09	<b>-.20*</b>	-.01	-.01	<b>-.11*</b>
Rebellion	<b>-.24***</b>	<b>-.32**</b>	<b>.24**</b>	<b>-.14***</b>	<b>-.22***</b>	<b>.22***</b>

\* =  $p < .1$ , \*\* =  $p < .05$ , \*\*\* =  $p < .01$

These initial findings are important for both theory and research design. For theory, this initial distinction suggests that institutions governing legislative elections matter differently in parliamentary systems than they do in mixed systems. Peaceful dissent and violence against the state decline as thresholds increase in parliamentary systems. In mixed systems, on the other hand, thresholds do not seem to have an impact on protests, but they do appear to decrease the likelihood of communal conflict, and they also tend to be associated with *more* rebellion.

A quick look at the data, however, indicates that there are very few observations with mixed political systems and high thresholds—indeed, there are just two groups in Moldova that fit this description. Thus, we should not make too much of the contradictory findings for mixed systems. It is far clearer that thresholds in parliamentary systems are associated with lower

levels of dissent, both peaceful and violent. In any case, because thresholds seem to play different roles in different types of political systems, we will need either to add a control variable in our analyses or focus only on parliamentary systems. We start with the former and then focus on the latter approach in our analyses below.

In addition, if we ignore the Moldovan outlier, our results also suggest that communal conflict is not related to thresholds. While some electoral institutions (e.g., proportional representation) do seem to affect the degree to which groups fight with each other, threshold levels apparently do not. Consequently, we will not present multivariate analyses of communal conflict.<sup>10</sup>

### ***Multivariate Analyses***

Our next step is to engage in multivariate analyses to determine whether the bivariate relationships indicated above persist after other factors are considered. The challenge here, familiar to most students of ethnic conflict, is that our data are ordinal, and there are no good tools for pooled, cross-section time series data. For this piece, as an exploratory effort, we use Prais-Winsten regressions with panels corrected standard errors.<sup>11</sup>

Again, we conduct analyses using ethnic groups as our unit of observation. Group level analyses are quite useful as they allow us to consider why some groups may engage in dissent while others do not. Not only does this allow us to control for key group characteristics that might affect the ability and inclination to engage in peaceful or violent mobilization, but it also allows us to consider how particular group features might interact with key institutions. Our first

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<sup>10</sup> In multivariate analyses not reported here, we find that communal conflict is unaffected by thresholds.

<sup>11</sup> For more on such analyses, see Beck and Katz 1995. Wilson and Butler (2003) are critical of TSCS analyses that blindly use Beck and Katz's recommendations.

independent variable is *threshold*, which is a number that ranges from zero to five,<sup>12</sup> representing the percentage of votes required to gain representation. Our second,  $group > threshold$ , is a dummy variable with a value of one if the group's relative size is greater than the legal threshold, and zero if it is not.

We then include a series of additional variables to control for the impact of other institutions and for group characteristics. For example, we specify an indicator for whether the political system has endured for more than twenty years, since it may take time and practice for institutions to bind behavior.<sup>13</sup> Second, we include variables for the electoral system (ranging from majority to plurality to semi-proportional to proportional representation), federalism (one if federal, otherwise zero), and mixed or parliamentary regimes, to control for the institutional environment within which thresholds operate. We also conduct analyses where only groups in parliamentary systems are included.

Finally, we specify a series of relevant demographic variables. Group size and concentration are likely to interact with political institutions, causing some groups to gain representation more easily than others. That is, larger and more compact groups should be able to gain seats in the legislature more easily than others, so that recourse to other means of expressing interests is less necessary. Thus, we would expect that the positive relationship between thresholds and unrest should be attenuated as group size and concentration increase. While these hypotheses are not central to our study, we will test them as well.

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<sup>12</sup> In our dataset, no country has a threshold higher than five percent. We are in the midst of double-checking our data to make sure this is correct.

<sup>13</sup> In our previous work (Saideman et al. 2002), we found that older systems sometimes are subject to more violence.

We also include two variables to address the state of the economy. One measure, GDP/Capita, will allow us to distinguish between wealthy and poorer countries.<sup>14</sup> The other, change in GDP/capita from the previous year, will help us to capture whether the economy is growing or in recession. Finally, we add a lag term to control for past dissent, since mobilization is path dependent: yesterday's violence shapes today's situation.

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<sup>14</sup> We use the natural log of GDP/Cap since we want to focus on orders of magnitude more than marginal differences.

**Table 2: Analyses of Thresholds and Dissent at the Group Level, 1980-2003**

		Rebellion				Protest			
		All		Parliamentary		All		Parliamentary	
	<b>Lag</b>	<b>.84***</b> (.05)	<b>.83***</b> (.05)	<b>.84***</b> (.05)	<b>.83***</b> (.05)	<b>.48***</b> (.09)	<b>.48***</b> (.09)	<b>.48***</b> (.09)	<b>.48***</b> (.09)
<b>Threshold</b>	<b>Threshold</b>	-.001 (.04)	-.05 (.04)	<b>.12***</b> (.04)	.02 (.07)	-.02 (.01)	-.02 (.01)	-.03 (.02)	<b>-.03*</b> (.02)
	<b>Group &gt; Threshold</b>		<b>-.40***</b> (.14)		<b>-.38*</b> (.22)		.05 (.04)		-.02 (.04)
<b>Institutions</b>	<b>Durable (20+ years)</b>	<b>.22**</b> (.10)	.13 (.10)	.19 (.13)		<b>.10*</b> (.06)	-.09 (.06)	-.06 (.07)	-.06 (.07)
	<b>Electoral System</b>	.02 (.06)	.02 (.06)	.01 (.06)	.08 (.11)	-.01 (.02)	-.01 (.02)	.03 (.04)	.03 (.04)
	<b>Federal</b>	-.03 (.07)	-.09 (.08)	-.02 (.09)	-.11 (.09)	.08 (.06)	.08 (.06)	<b>.11**</b> (.05)	<b>.11**</b> (.05)
	<b>Parliamentary</b>	.12 (.09)	.08 (.09)			.02 (.06)	.02 (.06)		
<b>Group Features</b>	<b>Group Proportion</b>	-.07 (.27)	.25 (.30)	-.82 (.50)	-.15 (.67)	.10 (.20)	.04 (.20)	<b>.96*</b> (.55)	<b>1.02*</b> (.56)
	<b>Group Population, 10,000's</b>	.40 (.45)	<b>.79*</b> (.44)	.45 (.47)	<b>.83*</b> (.49)	<b>.53*</b> (.27)	<b>.50*</b> (.27)	.40 (.26)	.41 (.26)
	<b>Group Concentration</b>	-.001 (.06)	-.03 (.06)	-.01 (.05)	-.04 (.04)	-.01 (.02)	-.01 (.02)	-.02 (.02)	-.02 (.02)
<b>Economic Situation</b>	<b>GDP/Cap, Natural log</b>	<b>-.16*</b> (.10)	-.12 (.10)	<b>-.19*</b> (.10)	-.15 (.10)	.01 (.02)	.002 (.02)	-.02 (.03)	-.01 (.03)
	<b>ΔGDP/Cap</b>	.02 (.02)	.02 (.02)	.03 (.02)	.02 (.02)	-.03 (.04)	-.03 (.04)	-.03 (.04)	-.03 (.04)
	Constant	1.30 (.93)	1.47 (.92)	1.80** (.88)	1.91** (.85)	.19 (.24)	.22 (.24)	.31 (.20)	.28 (.19)
	Rho	1.00	1.00	.99	.98	.58	.58	.62	.63
	N	853	853	605	605	853	853	605	605
	R <sup>2</sup>	.8603	.8633	.8652	.8674	.3731	.3734	.3902	.3894
	Wald Chi <sup>2</sup>	1749.91	1837.13	1765.12	2352.47	205.43	231.74	190.00	654.08
	Prob > Chi <sup>2</sup>	.0000	.0000	.0000	.0000	.0000	.0000	.0000	.0000

\* p&lt;.1, \*\* p&lt;.05, \*\*\* p&lt;.01

The first four columns of Table 2 focus on violence against the state, while the last four focus on peaceful protest. We observe an interesting pattern of results. Groups seem to be more likely to engage in violence as the threshold increases in parliamentary systems. However, once we include our interaction term for size and threshold (group > threshold), we find that groups that are larger than the legal threshold are less likely to engage in violence. This, of course, can also be read as indicating that groups smaller than the legal threshold are *more* likely to rebel. Therefore, the pertinent issue is not simply whether or not groups have to exceed some kind of level to gain representation, but rather the relative height of that level, and particularly whether the group's size exceeds the threshold.

Our analyses of peaceful dissent produce less illuminating results. Higher thresholds are associated with fewer and smaller protests in parliamentary systems if we include the interaction term for group size. To be frank, it is not clear why this would be the case. We should note, however, that this finding is relatively weak, and passes only a borderline .10 significant test.

Our control variables do not produce particularly consistent results. We find more dissent in older systems, but only in the analyses including both mixed and parliamentary systems (although this may, in part, be a function of the larger sample size). Further, groups that are larger in absolute terms are generally more likely to engage in violence and in peaceful protests. In addition, GDP per capita seems to be significant, but only if we do not include our interaction term.

To determine the robustness of the results, to consider the dynamics a bit more directly, and to assess other potential interactions, we ran an additional series of analyses, focusing solely on parliamentary systems. The results appear in Table 3.

**Table 3: Additional Analyses of Thresholds and Rebellion**

		Restricted		Competition?		Prop* Thrsh	High Con	No Lag
	<b>Lag</b>	<b>.86***</b> (.05)	<b>.87***</b> (.05)	<b>.87***</b> (.05)	<b>.87***</b> (.05)	<b>.87***</b> (.05)	<b>.87***</b> (.05)	
<b>Threshold</b>	<b>Threshold</b>	<b>.09***</b> (.03)	-.003 (.04)	-.003 (.05)	-.003 (.05)	<b>.14*</b> <b>.08</b>	-.03 (.02)	<b>-.17***</b> <b>(.06)</b>
	<b>Group &gt; Threshold</b>		<b>-.45***</b> (.17)	<b>-.49***</b> (.15)		<b>-.43**</b> (.17)	<b>-.44**</b> (.19)	<b>-1.20**</b> <b>(.54)</b>
	<b>Group &gt; 2* Threshold</b>			.03 (.22)	<b>-.45**</b> (.18)			
	<b>Proportionate * Threshold</b>					<b>-.24***</b> (.07)		
	<b>Highly Concentrated * Threshold</b>						.05 (.07)	
<b>Institutions</b>	<b>Durable (20+ years)</b>	<b>.23**</b> (.09)						
	<b>Group Population, 10,000's</b>		<b>1.07**</b> (.44)	<b>1.07**</b> (.44)	<b>1.06**</b> (.44)	<b>1.07**</b> (.44)	<b>1.06*</b> (.45)	<b>2.39*</b> <b>(1.24)</b>
<b>Economic Situation</b>	<b>GDP/Cap, Natural log</b>	<b>-.19***</b> (.05)						
	Constant	1.70*** (.46)	50*** (.17)	.50** (.17)	.50*** (.17)	.49*** (.17)	.48*** (.18)	2.02*** (.60)
	Rho	.95	1.00	1.00	1.00	1.00	1.00	1.00
	N	605	605	605	605	605	605	627
	R <sup>2</sup>	.8640	.8672	.8672	.8671	.8701	.8675	.0664
	Wald Chi <sup>2</sup>	793.47	818.68	1862.6	818.28	2587.4	1439.0	18.38
	Prob > Chi <sup>2</sup>	.0000	.0000	.0000	.0000	.0000	.0000	.0004

\* p&lt;.1, \*\* p&lt;.05, \*\*\* p&lt;.01

First, we drop all of the insignificant variables from the previous table. We find that the remaining coefficients are in the same direction, of roughly the same magnitude, and still significant. This suggests that our earlier results are reasonably robust.

Second, we include an additional interaction term—whether a group is more than two times the size of the threshold. Our earlier results suggest that groups larger than the threshold engage in less violence. It is unclear, however, what that finding tells us about the dynamics at work. Indeed, there are three possible explanations for this finding:

- 1) thresholds might reduce intra-group competition among larger groups, thus minimizing the need for extreme stands that might polarize and lead to violence;
- 2) because thresholds exclude smaller groups, they may choose to resort to violence to have any meaningful influence;
- 3) or both.

The first possibility suggests that higher thresholds are beneficial because of their ability to lessen intra-group competition and dangerous ethnic outbidding. The second indicates that higher thresholds are dangerous because they tend to drive relatively small, excluded groups to acts of rebellion.

This new variable identifying groups that are more than twice the size of the threshold should help us deal with this issue. We might, for example, expect ethnic groups that barely make it above the bar to have less intra-group competition, and thus less outbidding, than groups whose membership easily exceeds the threshold. Groups should, after all, place the highest value on representation, and should be wary of internal squabbles that might put such representation in jeopardy. However, if a group is two or three times<sup>15</sup> larger than the threshold,

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<sup>15</sup> We ran an additional analysis where we substituted a dummy for when a group is three times or more larger than the threshold, and received similar results.

then there is little risk of being entirely shut out of the process. Thus, it is more likely that splits will emerge, multiple parties will compete, and moderation will become more difficult. If competition is a driving force in this process, therefore, we should expect groups that are significantly larger than the threshold to be more likely to foster violence, as the intra-party conflict fosters greater extremism.

The third and fourth columns of Table 3 consider this proposition. The pattern that emerges here—that the new variable is small and insignificant if the original dummy variable is included, but large and significant if it is not—suggests that it does not matter by how much the size of a group exceeds the threshold. Rather, the key factor is simply whether or not it is larger than the threshold by any amount at all. This suggests that the key dynamic here is not so much the concern about competition within the group leading to immoderate behavior and extremist violence. Instead, our findings strongly suggest that it is smaller groups that are more likely to engage in violence if the size of the threshold excludes them from the political process.

The fifth column in this table addresses the literature discussed at the outset of this paper, which argues that thresholds, particularly high ones, make proportional representation systems much like plurality systems (Wolff 2003). We created a variable multiplying a dummy for PR or semi-PR systems and the threshold variable. Given the conventional wisdom, we would expect that groups that are in PR systems with high thresholds should be as likely to engage in violence as those in plurality systems without thresholds. We find, instead, that groups in these situations are actually less likely to engage in violence. Since it is, of course, difficult to assess interaction terms (Braumoeller 2004), we need to be modest here. What is clear, however, is that the pacifying impact of PR systems is not necessarily attenuated by higher thresholds for representation, at least after all other relevant factors are accounted for.

The sixth column addresses the interaction between group concentration and thresholds. As noted above, concentrated groups may be better able to exert influence even in the face of relatively unfavorable institutions because they bunch votes together, making it more likely that they can gain representation. Highly concentrated groups can be politically powerful even in plurality systems, such as the Scots, the Quebecois or Cuban-Americans, because they can win particular districts where they are a plurality or majority. However, we find no evidence in our analysis that such groups are either more or less likely to engage in conflict in parliamentary systems.

Finally, there is much debate about how properly to specify time series, cross-sectional analyses, particularly whether lag terms ought to be included or not.<sup>16</sup> The problem with a lag of the dependent variable is that it might capture most of the variance of the model since many of values of today's values are similar or identical to yesterdays. On the other hand, yesterday's violence should influence the likelihood of today's as well. So, we run the restricted model but drop the lag. The key finding remains consistent—that groups that are larger than the threshold engage in less conflict. However, now thresholds are associated with less violence as well.

It is clearly unwise to speculate too freely about this result, but it may simply indicate that base levels of ethnic violence may be greater in those countries that have higher thresholds, for reasons unrelated to the thresholds themselves (e.g., countries within the same region—with similar levels of violence—may adopt similar systems, countries with a deadlier history of ethnic conflict may be more likely to eschew higher thresholds in the first place, etc.). When the lag indicator is removed, the threshold measure may thus become a surrogate for these base levels.

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<sup>16</sup> We also ran an additional analysis controlling for groups in the former Soviet Union and Eastern Europe, but this dummy was insignificant and the other results remained the same.

We would argue, therefore, that, given the wide variance in historical levels of political violence throughout the world, it is best to include the lagged measure in our models.

## **Conclusion**

This paper provides significant new insight into the impact of threshold requirements on ethnic conflict. Previous scholars have suggested that high thresholds may exacerbate protest and rebellion by increasing the probability that minority groups will be excluded from representation, and thus be motivated to turn to extralegal means to redress their grievances. Others, however, have indicated that higher thresholds may be beneficial in that they discourage relatively small groups from splintering into smaller, and often more extremist, factions.

Our findings suggest that the former is more important than the latter, although our basic results suggest that both can be in play. Groups that are larger than the threshold do seem to engage in less violence against the state. There is no evidence, however, that the tendency toward violence increases as a group's size moves more comfortably above the minimum threshold for representation. Smaller groups, on the other hand, are significantly more likely to fight the government as thresholds increase and their hopes at gaining a voice in government fade. In short, thresholds affect ethnic unrest in a consistent manner: groups that are advantaged by the threshold level are pacified, while groups that are harmed by it are radicalized.

What does this mean for the larger debate about power-sharing? Our analyses suggest that competition is not as harmful as has been suggested and that the key seems to be exclusion. Small groups, excluded by thresholds, can view violence as a potentially useful option. Larger groups, including those much larger than thresholds, seem to benefit from these requirements, as they increase their representation and provide access to government. Competition within groups that are much larger than the threshold does not seem to matter so much, despite the possibility

that outbidding might break out. While this study does not provide definitive evidence, it is suggestive that exclusion is probably a great threat to political stability than intense competition. Thus, power sharing efforts should focus, as they have, more so on the former than the latter.

Despite the value of these findings, there is still much work to be done, even on the question of thresholds. As noted above, it will be important for students of comparative politics to engage in field work that can tease out the micro-level issues and processes that have produced these findings. While our aggregate-level data can help determine the results of constitutional tinkering, it cannot shed much light on the strategies and decision making processes that go into the negotiations between groups that lead to the development of particular thresholds.

Finally, it is necessary to take the next step to determine the differences between legal and effective thresholds. District magnitude and other factors may shape the odds that a group can gain representation more than just the legal threshold. Our next effort will compare legal and effective thresholds on ethnic conflict. Still, it is clear that a specific institution influences the likelihood of violence, depending on how it interacts with group size. For those revising electoral laws, the simplicity of this finding should have clear implications—do not draw the line too high to exclude groups that might otherwise seek more violent means to gain a voice. Romanian elites may have chosen a line that works just fine—because the size is right for the Hungarian minority.

## Appendix: Descriptive Statistics

<b>Variable</b>	<b>Obs</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
<b>Rebellion</b>	1188	0.81	1.62	0	7
<b>Threshold</b>	627	0.69	1.58	0	5
<b>Group &gt; Threshold</b>	1201	0.41	0.49	0	1
<b>Durable (20+ years)</b>	1201	0.56	0.50	0	1
<b>Electoral System</b>	1124	2.68	0.92	1	4
<b>Federal</b>	1201	0.41	0.49	0	1
<b>Group Proportion</b>	1191	0.08	0.11	0	0.85
<b>Group Population, 10,000's</b>	1122	6400.68	17525.97	35	112176
<b>Group Concentration</b>	1201	1.66	1.24	0	3
<b>GDP/Cap, Natural log</b>	1156	8.77	1.08	6.42	10.27
<b>ΔGDP/Cap</b>	1114	0.04	0.30	-0.89	7.85

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