

**Foreign-Imposed vs. Self-Administered Elections and People's Economic Perceptions in
Post-Conflict Contexts**

Sughra Amiry

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Adviser: Professor Emily Stull

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Dedications

I dedicate this work to the people of my society whose endless efforts for rebuilding Afghanistan makes it a better place to live.

I also dedicate my dissertation to my loving family. A special feeling of gratefulness to my adoring parents, Mohammad Hussain and Sakina whose sincere support and encouragement has brought me with success and achievements in life. My loving sister, Omul Banin whose tolerance is my life lesson, has inspired a lot and is special.

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Abstract

This paper examines a theoretical explanation answering the puzzle: *Why do some post-conflict countries have higher economic perception¹ than others?* Taking a mix method approach, the study contends that having an election positively increases people's economic activities because it gives them a positive foresight about country's future condition. Moreover, the study argues that self-administered election increases people's economic activities than foreign-imposed election. This is because neither foreign-imposed nor self-administered elections are as transparent as they should be. However, due to weak political institution, the corruption involved during self-administered election can easily be released to the public. That is the time when the people do not stay indifference; rather they have a stronger sense of ownership over the election claiming for fair count of their votes. This gives them more confidence in the new government because they believe their votes can bring an accountable government to the power, which is capable of providing security and business facilities. Once the people are assured that their wealth will be well protected, they are more likely to expand their financial investments. Eventually, these micro-level investments would contribute in macro-level economic improvement. Quantitatively I test this assertion in cross-post-conflict countries that have had any election within 15 years after the end year of the conflict. I use data from Mullenbach dataset regarding presence of peacekeeping mission to create dummy variables for foreign-imposed vs. self-administered election. The World Bank's several economic indicators are used to gauge the dependent variable: economic activities. I also supplement my findings with qualitative fieldwork in Afghanistan to explain how influential the election and the idea of who administers the election in post-conflict context could be on people's economic activities.

¹ By Economic perception, here I mean citizens' engagement in economic activities.

Introduction

Throughout history there have been many post-conflict² countries where a democratic regime is imposed by foreign forces. Foreign powers not only have brought about peace and stability but also played a vital role in post-conflict countries' polity. Their involvement can particularly be discussed in institutionalizing new governance and constitutional structure (Cox, 2001); besides assisting, supervising and to some extent direct control of electoral procedures to promoting a lasting democratic regime (Reilly, 2). Since the new regime is imposed, the factors influencing the duration of the new regime as well as post-conflict peace and security in those countries have been the focus of previous literature. Many scholars, as it will be further discussed in the Literature Review section; have considered present socio-economic condition of these countries as a pivotal element on the durability of the regime (Enterline and Greig 2008). It is crucial, then, to understand what determines these "socio-economic conditions". Therefore, this study matters because it sheds light on this issue discussing the deriving factors for improving economic conditions. In other words, this study is significant because, unlike previous literature that has given less attention, it analyzes the factors influencing the economic performance of people and overall economic condition in post-conflict countries which eventually leads to sustainability of the regime itself. This paper asserts that the economic condition of post-conflict countries depends on the people's support, sense of ownership, and their trust in the political institutions because it is people who, as economic agents, play an important role in the country's economic state. Hence, once the people are confident in their political institution and in functioning of their government, they are more likely to expand or start new businesses. Then it is valid to ask what determines people's perception of the governmental institutions. This question can be answered through the ways the country's election is held, because it is the election and its outcomes that make

² By post-conflict countries, this paper refers to countries that have experienced an intrastate conflict or civil war.

the governing institutions. Therefore, in post-conflict countries, people's perception of the election process matters a lot in shaping their trust and confidence in the new government's functioning, which this trust influences their economic activities in the future. Hence, running successful presidential elections is a sign of political and economic progress in many of these post-conflict societies such as Afghanistan.

Afghanistan is a post-conflict country with a recent experience of having a democratic institution. It has been almost 14 years, which contains three presidential electoral periods that Afghanistan has gone through after the collapse of the Taliban. Based on observations, although there may raise lots of difficulties, doubts, and disputes in the election, the electoral process itself even strengthens the political institutions that result from the election. However, not every election carries on these challenges. There may be some election process that happens as smooth as possible, no matter how clear and transparent these elections might or might not be. Thus, we can see many differences in these electoral procedures mostly in terms of how they influence people's perception of the institution and eventually their economic activities. Therefore, in this research study I am planning to give a valid theory explaining the puzzle:

Why do some post-conflict countries have higher economic perception than others?

Note: by economic perception, here I mean citizens' engagement in economic activities.

Since the collapse of the Taliban, Afghanistan's security, stability, social and political situation has been controlled by foreign forces such as the UN, ISAF, NATO, and more importantly the US's coalition forces. During the Taliban rule, the country's condition had been restricted for many Afghans by not allowing them to freely do business and participate in social, political, and economic activities. After the Taliban, however, Afghanistan has begun a new history with new phases of polity. Since then the country's situation has been

improving, the people's life style changing, and the market place has been also expanding and motivating many emigrated Afghans to return back and put their investments in Afghanistan over other foreign countries. Thus, after the collapse of the Taliban, we can see many infrastructures and developments happening in the country.

However, different people hold different perspectives regarding the role and effectiveness of the Afghan government in making all these developments happen. Some people believe that the Afghan government, particularly President Karzai's institution, has done all it could to maintain the security of the country and accelerating these positive changes in the society. Other people, however, consider the presence of foreign forces more crucial and significant in bringing these changes. Therefore, considering these ideas the topic of *Afghanistan after 2014* (the time when foreign forces were withdrawing from the country) has been a major part of discussion in private as well as public, social and political spheres. Moreover, the 2014 presidential election and its result (the government that would come to the power) have left many scholars as well as local people doubtful of the country's future. It has been difficult to predict whether the country will be able to sustain its security after 2014. More importantly what could have happened to the financial investments that have already been put into the country? Are Afghans confident in their new government to increase their financial investments? Considering these questions and doubts, I was interested in this research to know why only 2014 election has grabbed that much attention but not the previous two: 2004 and 2009 elections. I wanted to know what it is different in 2014 election from the previous ones. To answer these questions, it is important to know that the idea of who administers, manages and monitors the election process matters a lot in shaping people's perception of new government and eventually their willingness to invest. Therefore, this paper argues that self-administered election can increase more economic activities in the society than foreign-imposed elections because people have a stronger sense of ownership

over self-administered election, and are more confident that their votes can bring an accountable government to power that is capable of providing more security and business facilities.

This study takes a mix-method approach containing qualitative and quantitative methods. In the following section, I will review some of existing literature on the topic. The third chapter contains the theory; and the fourth section will be a brief qualitative methodology on how I have chosen my samples and how I conducted my field research. In the fifth part I will elaborate and analyze the findings from field research. The sixth section of the paper will be quantitative research design discussing all the dependent and independent variables I have chosen. The seventh section will be analysis part where I explain the results found from quantitative research. And the last section will be the concluding part of this paper.

Literature Review

Many previous studies have been done in order to analyze the political and economic conditions of post-conflict societies. Few, however, have concentrated on explaining factors influencing economic activities of people in these countries. This study, hence, elucidates that post-conflict elections in general, and the administrators of the election in particular, play an important role in determining the economic activities of the people. Therefore, due to the rarity of my topic, I will review some of existing literatures related into the field. I categorize this part of my paper into three major parts analyzing previous relevant literatures.

Part I: Relationship between Political Stability and Economic Activities

Previous studies have shown an interrelated trend between regime stability and socio-economic conditions in post-conflict countries. These studies have focused on “democratic durability” theory, and they illustrate their ideas through comparison of cases which have experienced imposed democratic regime types. In order to develop their analysis, these

researchers have compared the post WWII West Germany and Japan's case with the survival of democracy in post authoritarian Afghanistan and Iraq's case. These scholars have assumed that the sustainability of the imposed democratic regime in host country depends on two factors, and first one is: the way how the regime is imposed (Enterline and Greig 2008). These scholars have developed the sustainability-theory saying that the process and method of regime cultivation by foreign power has not been equal and same among cases. They argue that though the contemporary cases: Afghanistan and Iraq have had electoral systems, many features of democracy such as freedom of speech, open ability of electing political leadership by the people, and the implementation and regulation of the political institution have not progressed (Enterline and Greig 2008). And it is because the regime-imposing process has been slow in these cases compare to post WWII West Germany and Japan (*Ibid*). The second factor, according to these scholars, is the existing "social and economic conditions" in regime-imposed countries, meaning that fostering economic development is essential in establishing a durable democracy in contemporary cases (Enterline and Greig 2008). It illustrates that these scholars have drawn the causal-effect arrow from economic condition to regime stability. It means that according to these scholars, it is rather economic condition that leads to survival of regime in post-conflict countries than regime stability on economic performance of the people.

In response to this theory I would say that the comparison of cases does not match well in here; implying that post WWII West Germany and Japan are different from contemporary cases: Iraq and Afghanistan. WWII West Germany and Japan were examples of inter-state conflicts; while Iraq and Afghanistan are intra-state post-conflict countries. Moreover, Enterline and Greig argued that improvement in economic condition of post-conflict countries can lead to survival of imposed-democratic regime. Therefore, it is important to explain the leading factors influencing the economic condition of these

countries. In this paper, hence, I argue that the economic well being of these countries depends on individual's investing decisions. It implies that the more people decide to expand their financial investments the more the country's economic condition will grow. What then influences individuals' investing decisions? People's perception of electoral process and their confidence in the political institutions play an important role in determining individuals investing plans. Therefore, this paper will elaborate on citizens' perception of electoral process and its effects on people's economic activities.

Part II: Elections' Effects

Many scholars have studied the effects of political elections on economic variables from different angles. Some researchers have drawn the causal-effect arrow between these two in terms of accessibility of people to the political information and change in "stock-market." Theories in this regard are based on the hypotheses that economic and market activities during the electoral periods significantly depend on "political and information transparency" (Mazol, 2013). Researchers studying this relationship argue that politicians in pre-election periods use "expansionary economic policies" in order to gain votes (*Ibid*). However, due to lack of political and information transparency, mostly in developing countries, the economic agents cannot perfectly verify the objectives of these policies, hence; they "correctly" interpret the economic adjustments (Mazol, 2013). Based on this theory, thus, scholars claim that electoral cycles significantly impact the economic activities of people mostly in developing countries.

Realizing how influential elections are particularly on the economy, it becomes more relevant to my topic to study the effects of post-conflict elections. There have not been many studies, however, to explain the role of post-conflict elections, particularly on economic activities. Rather, so far scholars have tried to explore how effective elections are in establishing a peaceful state in post-conflict countries. There are a lot of contentious views

among scholars regarding the role of elections in conflicted societies. Dileepan Sivapathasundaram, a democracy activist, for instance, argues that though post-conflict elections serve best as peace settlement factor, they do not “necessarily” help to solve “deep political cleavages” because, as he points, post-conflict societies for most part “remain polarized due to several factors” (Sivapathasundaram, 2004). Moreover, other scholars have pointed on post-conflict elections as political variable determining the trends of risk of returning back to violence in post-conflict societies. Based on their research findings, Paul Collier, Anke Hoeffler and Måns Söderbom state that the risk of conflict return is less in the year when the election is held due to political contests between candidates, but it increase in following year because the losers are more likely to return to violence (Collier et al, 2008).

Other scholars, however, argue that post-conflict elections are mostly a great tool in selecting and establishing “a new political leadership and institution capable of preserving the peace and serving the first step in a process of democratization” (Lyons, 2002). Considering these debates over how influential post-conflict elections can be, I believe since elections anyhow affect the post-conflict countries, it should not be the only center of our attention to discuss their effects. Rather, I think it is more important to know firstly how elections are administered in post-conflict societies, how different these administrations are, and then how, of course, each of these electoral administrations plays a role on shaping the economic activities of people in post-conflict societies.

Part III: Effects of Conflict/Intervention on Post-Conflict Countries

In this part I will analyze some of the existing literature regarding the effects of conflict and foreign intervention in post-conflict countries. Particularly, there are many studies looking at how conflict impacts the economic performances in a country. Most of papers in this field are quantitative, whose findings show that economic activities that need more capital investment are severely impacted by the presence of war than those economic

activities that are based on agriculture and “forestry” (Nicolas and Dominic, 2009). To expand their analysis, these scholars focus on manufacturing sector and look at how the factors of production (labor and capital) are affected by conflict. They argue that conflicts negatively impact the price and supply of production factors as investment rates remain low due to devastation of physical capital as well as reduction in human capital due to killing and replacement of people during wartime (Nicolas and Dominic, 2009). It shows the destructing outcomes on the economy of a country that can be caused by wars and conflicts. Moreover, it is also important to look at the societies’ condition after the conflict and explain the role of foreign intervention in aftermath of conflict during state institutionalization.

Realizing the destructive effects of intrastate wars and conflicts, there are, moreover, several pro and con arguments between scholars about the role of international actors in determining the political, social, and security condition of post-conflict countries. In order to analyze how effective foreign interventions have been, many scholars have studied peace implementation process in post-conflict societies. Peace durability hypothesis incorporates scholarly views in two different dimensions. While some thinkers argue that foreign interventions have assisted in sustaining peace in war-torn countries, others think that foreign interventions have not helped and to some extent even failed to avoid relapsing into conflict. Regarding the first group’s assertions, foreign intervention has a significant contribution in peace stabilizing of post-conflict countries (Fortna, 2004). Others, however, argue that by experimenting peace, foreign interventions have tried to enforce their “Western” political and economic model of ruling in post-conflict societies (Paris, 1997). Moreover, these scholars argue that foreign “political and economic liberalization” processes have not only been ineffective for most part but also have destabilized peace in most cases as in Angola and several other cases (*Ibid*). Considering these debates about how effective foreign intervention can be in determining the future security, political and economic condition of post-conflict

countries, it becomes essential to see how scholars have measured foreign intervention. I will further develop my own measurement in the theory section.

In order to measure foreign interventions in post-conflict politics, particularly in cases of imposing a democratic regime, scholars explore the different methods that foreign states use for their invasion. According to Enterline and Greig, a foreign state may “employ exhortations, inducements, threats, and punishments...[e]fforts to alter the policies of another state can also be accomplished by stimulating a change in leadership in the target state...” (Enterline and Greig 2008). It shows that there are several ways: either by force or by talks and understanding, through which a foreign state can interfere in politics of another state. As these scholars point on “change in leadership,” my measurement of independent variable(s) for clarifying them will be around this phrase. It means that as elections can be considered as a symbol of change in leadership, in my theory I will analyze the election patterns in order to operationalize foreign-imposed versus self-administered elections.

Theory

Introduction

Many scholars have studied the impact of socio-economic conditions on the durability of imposed democratic regime in post-conflict countries. These studies have analyzed the issue from a perspective of sustainability of the regime itself than the leading factors such as the economy. Additionally, the previous studies discussed the role of post-conflict elections only on political stability; they did not draw any connection on how post-conflict elections may affect the economic activities of the people. Hence, we have to come up with theories on how to bring the social and economic factors up-to date in order to reach a sustainable economic development. It is important to do so because as some of the scholars pointed, the economy is an important factor in regime and political stability of post-conflict countries. In other words, we have to focus more on analyzing how the socio-economic conditions and

people's economic activities have changed due to rapid regime change and how it improves or aggravates as the dependency level of the regime on foreign forces changes. If we theorize our ideas this way, not only we can highlight the development process of the country, but also the sustainability of the regime will eventually be maintained on its own. Hence, I will reverse the causal arrow and discuss the relationship between economic prosperity and political stability in following sections. Moreover, in most previous scholarly articles, debates were about the role of foreign actors in maintaining peace and sustainability of political regime in post-conflict societies. I, like many of these studies, will talk about the role of foreign actors but of course in comparison with the role of national actors, who were in missing list of many of these scholars. Moreover, as discussed in literature review, the previous studies have illustrated that the durability of the regime as well as peace and security in post-conflict countries depends on foreigner's strategy of intervention. Hence, these scholars established a deductive theory and were trying to test it in each single case (post-conflict societies).

However, I argue the durability of a regime, post-conflict peace, and security is not only and solely dependent on foreign actors. It is true that foreign interventions usually institutionalize a new regime, stabilize peace and facilitate business conditions, but it is not all due to their presence. Because if it was, then post-conflict countries should have relapsed back into conflict once the foreign forces withdraw. However, as we can see from observations it is not always the case. Rather, I think the local people take a significant part not only in reconstruction process of the country (with their economic activities) but also eventually in sustainability of the political institutions and durability of the regime. Therefore, now it is the time to ask what then affects people's economic activities. To answer this question, based on my single observation (Afghanistan) I will generate an inductive

theory and then will derive it into a more general principle (deductive method) and will test my theory in a larger extent (cross-post-conflict-countries).

In order to illustrate the causal-effect arrow between political and economic conditions, I have chosen the (electoral administrators) as my political variable and (people's economic activities) as my economic variable. As discussed in literature review, in general few studies have been done about the relationship between elections and people's economic performance. There has not been any that study administering post-conflict elections and their influence on people's economic activities. It is important to study the factors influencing economic development in post-conflict societies because as previous scholars have pointed, the sustainability of any post-conflict democratic regime is dependent on its economic functioning. Previous studies have signified the role of economic condition on stability of the new regime; however, they have missed to discuss what determines the economic state itself. Therefore, this study matters because it sheds light on factors influencing economic activities which has not been underlined in so far literature. This research paper analyzes the effects that the post-conflict election in general and then administration of elections (foreign-imposed vs. self-administered) might have on people's economic performance.

Post-conflict elections

Usually elections are considered as significant events in any country. As discussed in the literature review, electoral cycles have impacts on the economic activities of people. This paper, hence, analyzes these impacts in a specific context, and that is post-conflict countries. Although there are very contentious debates among scholars about whether immediate post-conflict elections work well in strengthening peace or pave the way back to conflict, this paper asserts that having an election can be a positive influence on people's economic perception than not having any election. It is because as Brancati and Snyder cite from other scholars, undertaking an election in unstable post-war environment can serve as bridge to

peace and democracy (Brancati and Snyder, 2011). Although there are many opposing literature to this idea, this paper does not include them because it will be out of the scope of this research. Rather, what this paper theorizes is that having an election in a post-conflict context positively influences people's perception of country's future condition and therefore their economic investments compared to not having an election. Subsequently, this paper theorizes that this level of perception differs along with the idea of who hold the election. Who administers the election (foreign actors or national commissioners) in a post-conflict country matters a lot in public opinion not only because it is an issue of how strong the political institutions are or have become, but also how confident people are in these institutions. Therefore, the rest of this section will focus on elaborating the difference of self-administered versus foreign-imposed election according to people's perception of these two.

Foreign-Imposed Vs. Self-Administered Elections

In order to define: foreign-imposed and self-administered elections I will lay out the differences between them. I consider an election as foreign-imposed if there is a foreign force on the ground calling for an election as well as monitoring and managing the process of the election. Moreover, I consider any election as foreign-imposed if the decision of having one is passed by foreign actors (UN members, US, EU, etc) without even being present in the country of target. Self-administered election, however, is the one which is directed and monitored by the country's own authority and the people of the country.

Furthermore, in order to conceptualize the electoral administrations: foreign-imposed versus self-administered elections, we can look at their time distance from the end year of the conflict. Usually, foreign-imposed elections are held soon after the conflict is over by foreign interventions, and foreigners are directly involved in the election process. In contrast, self-administered elections usually happen a few years after the conflict because they are mainly reliant on national forces to maintain the security during the election process, and in the

meanwhile the national armies strengthen their capacities. Moreover, the second factor to distinguish between these elections can be to looking at security actors before and during the election, who maintain the security: a foreign armed force or national armed force. It implies that I consider an election as foreign-imposed if there are foreign armed forces sustaining the security of the country. Finally, the main difference to look at these electoral processes is to see how differently people perceive each of them (foreign-imposed versus self-administered elections).

People's perception of these Elections

Transparency is one of the most significant features based on which people's perception of the elections can be discussed. As Adam Gallagher points, in any democratic election transparency and up-to-date information are essentials for credibility of votes (Gallagher, 2014). It demonstrates that transparency plays a significant role in electoral process and its acceptance by the people. In post conflict societies, however, as aftermath of conflict, political institutions are weak in every manner and they lack a capacity to make and implement rules against corruption (Zaum and Cheng, 2012). Hence, it can be a reason that any unprofessional corruption can easily and immediately be released to the public. The transparency of the elections can be regarded based on how much administrative corruption has been involved and how they are carried out in the election process. Mostly in foreign-imposed elections the administrators³ can manipulate the election's result. It cannot be said that these elections are fully transparent and that there is no corruption playing a role. Rather, I claim that in foreign-imposed election the corruption is skillfully carried without causing any quarrels and disputes among the candidates and their supporters. That is why people neither perceive foreign-imposed elections as transparent as they should be nor can they go against it and claim for fair count of their votes because they do not have strong evidence to

³ Just in order to be clear, it is not the case in foreign-imposed elections that all the process is run by foreign players; rather there are national actors, who, however, work together with stronger-foreign power.

show the corruption. This makes people not to have a strong sense of ownership over the election process which eventually negatively affects the vote turn-outs.

Sense of ownership

However, during self-administered elections people feel more responsible to make a better and peaceful future. They significantly take part in the election and want to determine their political destiny by their own votes. They have a stronger sense of ownership over the election and its outcomes, hence it positively affects the vote turn-outs. Even if there was corruption involved in the process, which in most cases does occur due to weak political institutions, which cannot fully cover them up, they are immediately and easily released to the public. That's the time when each candidate's supporters raise their voices and do not allow their votes to be miscounted. It is not only because people have a stronger sense of ownership over the elections, but also because they perceive self-administered elections as more democratic where they can claim for fair competition and a transparent outcome. Therefore, transparency could be one factor to illustrate how people perceive these elections. Although none of these election administration are fully transparent, people act more seriously in self-administered than foreign-imposed elections due to their sense of ownership over the election and the ability to claim for fair count of their votes.

People's Confidence

Moreover, the strong sense of ownership will increase people's level of confidence in self-administered election and in the government that comes to power as a result of such election. People are more confident in self-administered election and its outcomes because they give importance to their own votes and expect that their votes can bring a more responsible and responsive government to power. Moreover, people are more confident in self-administered elections because once the country starts initiating and organizing the election on its own it will give people the impression that the country begins practicing

democratic principles more independently. Hence, this feeling will give people the hope that the society is reaching a stabilized condition. Finally, people trust their own national armed forces as they start independently maintaining peace and security of the country in general and the election in particular. Despite the uncertainties that many analysts predict about the election and its outcomes, the citizens think that there is a very low possibilities of returning back to conflict. Hypothetically, it is because people are tired of fighting and they do anything it takes to avoid further wars. Thus, people support their army and believe that the people in the national military are also tired of war and conflict so they themselves also do their best to take care of security. Also, statistically, the national military expands its size regarding financial expenditure and manpower, and it may be another reason people become confident in their national army. Thus, trusting self-administered elections people become more optimistic about the country's future condition which gives them financing motivation.

Confidence in Election Affects People's Economic activities

Moreover, self-administered elections positively influence people's long-run microeconomic activities. Previous scholars have generally discussed the effects of elections on economic activities while I will concentrate specifically on administration of elections particularly in post-conflict context. As elaborated earlier how people have more confident in self-administered than in foreign-imposed elections, they are more likely to increase or even start new businesses after the self-administered election. It is because their faith in self-administered election gives people the optimism about future condition of the country, implying that people believe in the new government to be more accountable to the people and their votes. Moreover, people have a good motive to increase their investments because they are confident in their votes to bring an accountable government to power capable of providing security and business facilities. As regards to the first, people see the possibility that the country will go back to conflict and that their wealth will be wasted as very low or

even negligible. No matter even if market activities stop or may “decrease” during the election, for I argue it is natural in any election. Furthermore, it will be only for a very short period of time. Also, as cited in the literature, there would usually be economic fluctuations in any electoral cycles and generally people’s economic performance would be impacted on a regular basis. Thus, short-run analysis should not be very much of our attention because there are always at least some factors causing short-run economic fluctuations either election or any other factor. Rather, it is important to see the election’s effects in the long-run because it is the outcome (government that comes to power) as result of the election that people are more concerned about. We can evaluate the government’s functioning in the long-run. Also we should not forget, as the purpose of this paper is, that the outcome of the election is very much dependent to how the election is administered. As discussed in earlier parts, people count more on self-administered elections and its outcome because they are confident that their votes will not be misused. The government which comes to power is based on their own votes, and it is what the people decide to be. Thus, through a self-administered election, people are more involved in building the new government and they believe it will be functioning well in preserving not only peace and security but also business facilities. Considerably, the more confident people are in this respect, the more they are likely to begin new or to expand their financial investments. Therefore, we can see that a self-administered election and its outcome, which a country’s condition is based on, give people a long-run motivation to pursue more economic activities.

Contribution of Micro-level Investments on Macro-Level Economic Development of the Country

Furthermore, by their micro-level investments, people also contribute in macro-level economic improvement of the society which eventually leads to the stability of a democratic regime. We can see the relationship between individual-micro with country-macro level

economic performance through their functioning. To explain this, I take the example of unemployment rate as a link between these two.

According to economic theories, net investments⁴ (Gellert, 1997-2014) improve activities that already exist in the economy, particularly they positively impact employment rate (Iacovoiu, 2012). It explains that the more financial investments take place the more job opportunities will be available in the country. Thus, we can see that through their micro-level investments, people can positively impact total employment rate which can link to the overall country's macro-level economic development. Based on economic theories such of Arthur Okun's Law, the relationship between real Gross Domestic Product (GDP), usually regarded as economic growth indicator, and unemployment rate is negative (Levine, 2013). It illustrates that the more unemployment rate increases the more GDP growth declines⁵. And as said, unemployment is dependent on individuals' investment decisions, the more people feel confident that their assets will not be destroyed, the more they are likely to increase their investments. Through this way, for instance, unemployment rate falls and GDP growth rises, which we can say that overall country's economic condition will improve subsequently. Eventually, it will be the time when, as many scholars pointed, the more economically well the country behaves the more stable its future political condition will be.

Conclusion

Therefore, as discussed people have stronger sense of ownership in self-administered elections and thus are more confident in their result. People are confident in their votes to

⁴ "Net investment is the total amount of money that a company has invested in capital stock, such as machines or computer hardware, minus depreciation." Available from: <http://budgeting.thenest.com/net-investment-32197.html>

⁵ Of course that these economists have analyzed the relationship much more in detail seeking for all influential factors such as "growth of potential output" and labor supply and their productivity. I, however, due to time constraint, will control these variables; it means that I will take labor productivity and growth of potential output as controlled variables. Rather I am just looking at how unemployment rate affects the GDP which we have seen that the effect is negative.

bring an effective government into the power, and hence are they confident in the future condition of the country. Particularly, they will be more confident in the future political and economic conditions of the country to be protective of their financial investments. This positively affects their economic activity. Moreover, by their micro finance, people significantly contribute in macro-economic development of the country, and hence, in stability of the country.

Case Study: Afghanistan

Introduction

Afghanistan is a country with a background of 25-30 years of war and conflict. Throughout its history, foreign hands have been involved in the country's politics determining not only its leadership and the country's political condition, but also influencing the society's overall functioning. The last war, which was a civil war among the Mujahidin, ended in 2001, with American's ideology of "war on terror" when with the help of US's arm force the Taliban was defeated. Since after, the country is experiencing a new phase mostly considered as a "democratic" Republic State of Afghanistan. Hence, considering its history and its current democratic functioning, Afghanistan can be a suitable case study for this research due to several reasons. Firstly, it can "be representative of a broader set of cases" (Gerring, 2004). Secondly, Afghanistan is a perfect case for approach of this study because this case can present a clear explanation of relationship between variables explored in this study. Finally and most importantly, this case can be significant for theoretical implication of this paper. As regards to the first reason, Afghanistan shares common characteristics with many other post-conflict countries. The similarity is that the conflict was ended with the help of foreign forces; secondly, foreign intervention led to adaptation of a new, democratic regime. Since then, many features of democracy such as election are being practiced in the country which leads us to the second factor.

Moreover, Afghanistan can be a good case for the purpose of this study because through this case we can explain the cause-arrow relationship between variables in this study. In other words, we can see how foreign-imposed versus self-administered election has influenced people's economic activities. For this inquiry, I shall first start with a brief description of my independent variable (foreign-imposed vs. self-administered election) in context of Afghanistan, and then the rest of the case study will analyze the relationship. The first post-conflict election, moving from the transitional government, was held in 2004 and the second in 2009. I shall call these two elections as foreign-imposed election and the third election which was held in 2014 as self-administered election. The reason for this division will be based on many factors. From every angle that we look at first post-conflict decade, the country was not in any way capable to handle an election and build new constitution on its own. Firstly, the country's security was almost entirely dependent on foreign security forces such of NATO, and other countries' military assistants, for instance, the US's coalitions. Secondly, the country was not in any position to decide its political direction. It was since then that foreign powers came up with initiatives to bring a change. That is why The Bonn Agreement finalized that the country needs "a new constitution and holding presidential and parliamentary elections" (Youngs, 2005). Not only the scheme of holding an election was proposed by foreign powers but also they significantly took part in processing the election as Kenneth Katzman phrases it specifically as "joint Afghan-UN management body" (Katzman, 2006). As we could see, international forces had helped in every manner such as financial support, arm and security assistance and even human force in monitoring and facilitating the 2004 and 2009's Afghan presidential elections run successfully (*Ibid*). These assistants, however, rapidly declined in 2014 election as all foreign forces were supposed to withdraw from the country by the end of the year (Hillestad, 2014). That's why it has been a major and critical part of debates whether the 2014 election could "contribute to long-term security and

stability in the country” (Barakzai, 2013). Considering these scenarios, I preferred to call the first two (2004 and 2009) presidential elections after the conflict as foreign-imposed elections as we have seen from the evidences that foreign powers have had strong intervention in the process. And I call 2014 election, on contrary, as self-administered election since it was mainly based on domestic forces. Therefore, I initiated this research to study the impacts that administrating these elections may have on people’s economic activities. To start my analysis, I shall begin with a brief description of how I collected data.

Brief Qualitative Research Design

This part of my study, the qualitative analysis, is based on my field research that I conducted in summer 2014 in the city of Kabul, Afghanistan. The research contains both interviews and surveys. I have interviewed mainly people who have been involved in some sort of financial investments either as small as a grocery shop or as big as a private company and big businesses. To be specific, I have interviewed total six shopkeepers, seven business expertise and owners, and six private-school principals, whom I have also chosen to include as financial investing sectors. Overall, the study contains a sample size of nineteen interviewees. I have chosen these people based on their occupation through which I could relate it to the study’s dependent variable, economic activities. As a matter of contact, I have interviewed the shopkeepers and the school principals as walk through in Kabul city if they would agree to answer my questions, after providing a description of the study and its purpose. In the case of big business owners and expertise, I had help of my friends engaged in business activities. Moreover, I have surveyed 111 high school students (mainly from 10-12 grades) who have been studying in private schools. The purpose of the survey was to find whether the self-administered election fostered investment on human capital. The reason for choosing students in private schools for the survey was the idea that private enrolment is part of investment, particularly on human capital.

Analysis

The following sections include the analysis of findings from field research as well as a discussion of theoretical implications of this paper. Therefore, due to different and yet important findings of the case this part is divided into three sub-sections as follows.

More confidence in Self-administered Election than Foreign-Imposed

From the field data that I have gathered last summer, most of the Afghan private investors have a positive perception about self-administered election than foreign-imposed election. The reason for this was that as Mr. Hussain Ali Haidari⁶ says: "...foreign forces have lost their reputation among Afghan people; people no longer trust the foreign forces." Evidence shows that first two Afghan post-conflict elections had a high level of foreign interference which had caused to public disagreement on the result of the elections. The reason for foreign involvement was that the country lacked a national independent commission to administer the electoral procedure on its own as in the time of 2004 presidential election the Afghan constitution had lacked existence of an Independent Election Commission (IEC) and it was formed later in 2005 ("Establishment and formation..."). Moreover, although by the time of 2009 election, the Afghan constitution had called for establishing an Independent Election Commission; however, there was not any specified mechanism to appointing its members (Barakzai, 2013). Also due to lack of a specified mechanism for appointing its members, the IEC's neutrality and independency has been the subject of disputes among political parties as well as their supporting voters (*Ibid*). Hence, the UNAMA and other international actors were explicitly involved in electoral process which Afghan people perceived them as the blemished actors in the "flawed process" especially "when the U.S, European Union and UNAMA representatives quickly declared the elections a qualified success" ("Afghanistan: Elections and the Crisis of Governance", 2009). These

⁶ Mr. Hussain Ali Haidari, is a blanket-trader who is running a relatively big private business.

scenarios demonstrate that because of their experience from disputed result of foreign-imposed election, Afghan people no longer perceive this kind of election as transparent as it should be. Comparatively, people were more confident and optimistic about self-administered election than foreign-imposed. It is because “now, people believe that they can choose their political system and government and make their political fate by their own votes.” says Mr. Razeq Daneshwar⁷. These words explicate that Afghan people believe in self-administered election because they see the chance of making a good government by their own votes. Therefore, if people believe that a self-administered election is more effective, and if my theory holds true, I can derive an idea from the research that interviewees are more willing to expand their businesses.

Financial Expansion Plans

After so many questions about politics and election, when I asked my interviewees if they plan to expand their financial investments almost all of my interviewees very assuredly responded as “of course yes.” It is because they are optimistic about the future stability of the country. Despite the uncertainties that many analysts have predicted doubting 2014 election’s capability to maintain the country’s security and sustainability, many of the people that I have interviewed were quite hopeful about the security. Out of nineteen investors that I interviewed almost all of my interviewees pointed on **betterment of security condition owed to the hardworking of Afghan national army and police force**. Theoretically, once people are assured that the country’s condition will be stable and that their assets will not be destroyed, they are more likely to expand their investments. Since the end of war in 2001 the security of the country was maintained by the coalition forces. In 2014; however, most of these coalition forces were withdrawing and the country had to maintain its security on its own. Hence, the Afghan national arm forces were working hard to build up their capacities

⁷ Mr. Razeq Daneshwar is the principal of Talash Private High School in city of Kabul, Afghanistan.

and the Afghan people are confident about the ability of their national armed force to assure a better security. According to one of my interviewees, “in terms of security, as I am a member in financial projects that are for improving apparatus capacities of our national army, I can see and say that our national army has become very strong in compare to last 10 to 12 years back and they are very much likely capable to take care of security” says Mr. Askary⁸.

Therefore, once the investors are confident about future stability of the country, mainly the security of their assets, they try to expand their investments which actually they do plan as my interviewees claimed. For instance, the shopkeeper number 2, a clothier who is running a big shop said: “in the future I aim to invest 6 more branches of this shop which in total it will be 9 shops in different locations of the city. So we, obviously, have the goal of expanding our investment.”

Equally important, among all the investors that I interviewed, some of them emphasized **the role of law and regulation** that function well in the society. Hypothetically, once the people are assured that there is a law for protection of their investment and there is an institution to implement these laws, they are more likely to expand their financial investments. It is because as the scholars and economists argued that good institutions with “secure property rights” are essential factors for investment in human and physical capital in the country (Douglass et al in Acemoglu et al, 2001). Hence, out of nineteen people that I interviewed almost all of them were optimistic about the role and capability of the new government, which is as a result of self-administered election, to facilitate the condition for investment. For instance, “I am confident that the future of the country will not only be stable and sustained but also economic condition will also be good because now we have a

⁸ Mr. Askary is the owner and chief manager of a private logistics company running financial projects (basically importing military equipments) for Afghan National Army and Police.

functioning constitution that can make and implement laws” says Mr. Gul Mohammad⁹. Additionally, Mr. Aziz Royesh¹⁰ comments in this regard as saying: “I am very hopeful about the future of the country because I think the new government that will come to power will be responsible not only to the people but also to the international community.” Thus, once people believe in functioning of law in post-conflict society it means that the people trust their own government to be capable of maintaining the order of the society and giving the investors the incentive to increase their investments. Overall, out of nineteen financiers and investors that I interviewed, all of them responded that they absolutely want to expand their investments and they are significantly (80%-90%) confident that the country’s institutional and security condition will be stable and helping them boost their economy.

Moreover, besides mentioning the future security and stability that will help foster their investments, most of my interviewees addressed the **self-dependency** of Afghan people for improving their financial investments. Even after almost three decades of war and conflict still Afghan people try hard not only to fight against poverty but also to improve their economic well being. Afghan people, hence, perceive the security less of a challenge because they are working hard and try to proceed no matter how many obstacles they face. According to Mr. Abdul Rashid¹¹ one of the investors in Kabul city:

I think Afghan people are a very hard working nation. Even if they are born in poor family, in a poor society and grown up in a conflict period, they still have the tendency to enter into the market and start working. They rarely see the happy, peaceful and comfortable phase of life. And because people have faced so many challenges and difficulties, they have become self-dependent. No

⁹ Mr. Gul Mohammad is the owner and producer in a carpentry factory in the city of Kabul, Afghanistan.

¹⁰ Mr. Aziz Royesh is the chief principal of Marefat High School, a private high school in Kabul, Afghanistan.

¹¹ Mr. Abdul Rashid is the owner of a private bag-producing company.

matter how often they fall down, again and again they stand up and restart over again and increase their investment and businesses—Mr. Abdul Rashid

Even though Afghan people have gone through so much hardship and challenges in life, when it comes to economic performance and financial investment still they have the potential to go ahead and to further improve their businesses. Moreover, the past bitter war time experience and difficulties that people have faced during the conflict encourage them now to make use of their current peaceful opportunities.

As we can see, the country's situation is getting better day by day, I remember long ago when people could not even imagine having big investments, but now in reality they are running big businesses. We did not think that some day we will even reach this stage which I think even only this is a big achievement—says Mr. Abdul Rashid.

Therefore, compared to the past condition, according to many of my interviewees, the current and future condition is improving and encouraging investors to expand their businesses.

Investment on Human Capital

Considering investment on human capital as one of the factors of economic growth, I have conducted a survey of 111 high school students who are studying in private institutions. The questionnaire was designed in form of statement provided with a scale of five (1=strongly agree and towards five which is 5=strongly disagree). Through this survey I wanted to find out whether the number of students studying in private schools has been increased or decreased due to election and electoral administration in the society. Therefore, in the questionnaire I asked multiple questions whether the private enrolments has been increased or decreased in students' family, relative, and community. In respond to each of these questions, I found that 40 respondents out of 111 had “strongly agreed” that the number of private enrolment in their families has increased followed by 22 responses as “agree,” 21

as “neutral” 15 as “disagree” and 13 as “strongly disagree.” Similarly, as regards to next question which was about an increase in number of private enrolment among respondents’ relatives, 27 respondents answered “strongly agree”, 41 “agree” 24 “neutral” 12 “disagree” and 7 answers were “strongly disagree.” The mentioned data indicate that the majority of respondents had agreed that the number of students enrolling in private schools has increased either in their families or in their relatives. Therefore, as we can see from the data we can conclude that not only the number of students studying in private schools did not decline but also had an increasing trend. It supports my theory, implying that in future we are optimistic that we will have more supply of human capital which is one of the pillars for sustainable economic development.

Moreover, the survey questionnaire included questions to appraise the respondents’ views regarding future opportunities necessary for a well economic performance. For instance, in response to the statement: “you prefer to study in private school because you think that the knowledge that you gain here will provide you with better job opportunities in the future” 65 respondents out of 111 answered that they “strongly agree” 30 only “agree” 11 remained “neutral” 4 “disagree” and only 1 “strongly disagreed”. Subsequently, when the questionnaire asked “your parents are very hopeful about the country’s future political and security condition which is why they send you to study in private school”, 34 respondents “strongly agreed”, 39 “agree”, 21 “neutral”, 11 “disagree”, 4 “strongly disagree”, and 2 respondents skipped the question. Moreover, when I asked about students’ own opinion saying “you believe in the new, upcoming government’s strength and capability to provide job opportunity and business facilities for the people” 31 respondents answered “strongly agree”, followed by 40 “agree”, 26 “neutral”, 9 “disagree” and 5 “strongly disagree”. To sum up, the purpose of conducting survey for this study was to check whether the 2014’s election which was a self-administered election has an increasing or decreasing influence on

investments on human capital. Therefore, as the data supports the Afghan people are hopeful about the country's future condition and the new government which will be an outcome of self-administered election and hence they are motivated to expand their investments on human capital.

Conclusion

As we could see, Afghanistan's case has perfectly demonstrated that people in a post-conflict society trust and are more confident in a self-administered election than a foreign-imposed election. Also as mentioned in interviewees' responds and the survey's result, these positive perception of people about self-administered election encourage people to engage more in economic activities and expand their financial investments on physical and human capital.

Quantitative Research Design

The time span of this research is 1990-2014. I wanted to take a bigger time frame, meaning before 1990, but due to lack of economic data for my dependent variable I have chosen this temporal span. My unit of analysis is cross post-conflict country year, 15 years after the end year of the conflict. I will also use STATA software and OLS regression model to run my regression.

Independent Variables

My independent variables are: election, foreign-imposed and self-administered election in post-conflict societies. For finding data regarding post-conflict countries, I used data from PRIO Organization; I kept only observations for civil war conflicts and dropped all other non-civil war conflicts. Then I created a dummy variable named postconflict based on the end year of the war plus 15; meaning that I considered the countries' end year of the conflict and then expanded that to 15 years. Moreover, I have used data regarding election from IDEA organization. As mentioned in literature review and theory sections, there are

many contentious ideas among scholars regarding the *controversial* role of early election in post-conflict contexts. Considering it, in this paper I will look at any election taken place within first 15 years after the end year of the conflict. I have chosen this number completely arbitrary. I thought that 15 years can be theoretically a significant period to consider because it contains three electoral periods which can be important to study the variation in administering election in any post-conflict context. Then I considered if any election has been held in this period, who then administered it: foreign actors or national commissioners? For this, I have generated two independent dummy variables: self-administered (SA) versus foreign-imposed (FI) election based on the presence of peacekeeping missions. It means that I considered an election as foreign-imposed if there was any peacekeeping, and self-administered if there was not any peacekeeping mission. I have used data regarding peacekeeping missions from Mullenbach 2013 website; this data set includes all third party missions in intrastate post-conflict societies.

Moreover, I have controlled for the effects of three more variables which I considered them influential on variation in my dependent variable. It means that I looked for any variable other than the elections that I thought may influence the economic activities of people, and I chose three variables. These variables are: inflation rate, foreign direct investment (FDI) and unemployment rate. I assumed that fluctuation in prices might affect people's economic activities and influence their investing decisions. So I controlled for this effect. A high flow of FDI, I thought, would increase the likelihood of people's investing plans in post-conflict countries. It is because people may become motivated to invest when they see other investors coming in and investing in their country. Additionally, unemployment influences people's economic activities because if any changes happen to employment, people relate it to the state of economy as whole. This affects their investing decisions. If they see the economy is doing well by observing high employment rate, they become more optimistic to expand their

businesses or start new ones. Therefore, for finding a concrete and valid result for the effect of elections, and self-administered vs. foreign-imposed elections, I controlled for all other variables that I considered influential on people's economic activities.

Measurement of Dependent Variable

I measured my dependent variable, economic activities, based on the World Bank's economic indicators. The World Bank has a broad set of economic activity¹² indicators all defined based on different rates of employment (child employment rate, male/female employment etc) in agricultural, industrial and service sectors (The World Bank data set). Thus, I chose to take data for employment rate (% of total employment) in these three sectors as one of my economic activity indicators. Moreover, I will measure my dependent variable based on number of investments in: Energy, Telecom and Transportation with private participation. I have used these indicators because they are part of private investment as they were listed on part of economic activities/private sectors of World Bank dataset. Hence, I thought people's economic activities can be good measured by their financial investment level. Additionally, as part of private economic activity sector, I used data for number of businesses registered and merchandise trade. To sum up, my dependent variable, economic perception best defined by economic activity, is measured by three main indicators: first: employment in agricultural, industrial and service sectors, second: investment in energy, telecom, and transportation with private participation, thirdly: number of businesses registered and merchandise trade. Moreover, I chose these several indicators to operationalize my dependent variable because I thought micro-level economic activities may have different ways to measure, particularly in case of private sectors. I should also add that I collected all of these data from the World Bank dataset.

Alternative Hypotheses

¹² I should mention that I have used the term "economic activities" equally as to capture economic perception.

H1: Having an election increases people's economic activities than having no election.

H2: Self-administered election increases people's economic activities than foreign-imposed election.

Null Hypothesis

There is no relationship between having an election in general and/or who hold the election and people's economic activities in post-conflict countries.

Analysis

To test my hypotheses I have run 1 regression model between each of my independent variables and each economic indicator. I discuss their result in this section based on the table below.

	Service Employment	Telecom Investment	Merchandise Trade	Transportation Investment	Industrial Employment	No. of Businesses Registered	Energy Investment	Agricultural Employment
Election	7.726627* (3.57849)	2.136494* (.4071996)	-46.95266* (5.262379)	2.20e+09 (2.04e+09)	-11.88856* (.6232905)	1.745452* (.321795)	4.198505* (.4435235)	13.14235* (2.360281)
Foreign-Imposed Election	-19.94126* (4.169745)	-3.775132* (.3891545)	20.11366* "7.416735)	-1.99e+09 (1.64e+09)	-13.93331* (1.388846)	Omitted	-36.61796* (1.086724)	-19.94126* (4.169745)
Self-Administered Election	19.94126* (4.169745)	3.775132* (.3891545)	-20.11366* (7.416735)	1.99e+09 (1.64e+09)	13.93331* (1.388846)	1.745452* (.321795)	4.677739* (.7320932)	-16.60673* (4.909313)
Inflation Rate	-.6334812 (.4049044)	-.0073919 (.02518)	.8879545* (.260855)	3.07e+08 (4.14e+08)	-.1492935 (.1054374)	-.085067* (.0338074)	.0241906 (.0415016)	.7824948 (.4079208)
FDI	4.12e-11 (4.00e-11)	-1.29e-10* (3.59e-11)	4.10e-11 (7.44e-11)	-.1050991 (.0678483)	7.09e-15 (2.87e-11)	2.45e-12* (1.05e-12)	-9.61e-11* (5.43e-11)	-4.08e-11 (6.16e-11)
Unemployment Rate	1.102114 (.8117526)	-.0322701 (.0747319)	-.8099642 (1.476366)	-2.98e+08 (3.10e+08)	.275866 (.3389523)	-.0768149 (.0659822)	-.0880601 (.0761113)	-1.425653 (1.027342)
_cons	40.94121* (6.45102)	18.41008* (.3771126)	106.3664* (9.789228)	-7.14e+08 (2.01e+09)	17.73769* (2.067)	10.20976* (.4671012)	16.74735* (.4677152)	35.00615* (7.622145)

Notes: Dependent variables: columns (2)-(9), independent variables: rows: (2)-(8). The robust standard errors are in parentheses. Also asterisks are there to indicate the coefficients of variables that are statistically significant. Exception: the regression result for Number of Businesses registered with Foreign-Imposed election is omitted. See Appendix 1 for variable definitions and sources. The model above is combination of two models: OLS regular regression for percentage values

and negative binomial regression for amount values. Moreover, in this model I have run twice regression for each dependent variable placing each one once with selection and foreign-imposed election variables and second election with self-administered election listing all controlling variables in both regressions. For individual regressions see Appendix 2.

I will interpret the table above through explaining each dependent variable's result individually. The first variable, as we can see from the table, is employment in service sector. The results for service employment with each election variables as shown in the table are statistically supportive of my alternative hypothesis. Significant at 0.04 level, if we have an election preferably than not having any would increase the employment in service sector by 7.726627 percentages. In contrast, yet interestingly if the election was administered by foreign actors, service employment would even decrease by 19.94126 percentages while it would increase by same amount if the election was initiated by national authorities.

Similarly, the telecom investment, as we can see from the table, is also statistically significant and in predicted direction. Regarding to election in general, foreign-imposed and self-administered elections the coefficients are: 2.136494, -3.775132, and 3.775132 respectively. It implies that if we have an election than not having any increases investment on telecom by 2.136494 percentages. However, it would be decreased by 3.775132 percentages if the election was held by foreigners and increased by 3.775132 if the election was administered by the national actors.

The third measurement of economic activities is merchandise trade. Again, as it is evident from the table the results for merchandise trade along with all three election variables are statistically significant though not in expected directions. Surprisingly, the coefficients of an election in general and self-administered one in particular are negative in case of merchandise trade; implying that if we have an election the merchandise trade would decrease by 46.95266 and by 20.11366 if the election was held by the national authorities. However, foreign-imposed election has positive impact by 20.11366 percentages.

Even though statistically insignificant, the transportation investment is also in predicted direction. However, since I get significant result for all other variables except this one, maybe transportation investment is not as good measurement of economic activities as other measurements. It means that transportation investment may not well operationalize my dependent variable unlike other variables.

The result for industrial employment is also statistically significant and in predicted directions. The coefficients for having an election, foreign-imposed election and/or self-administered election are: -11.88856, -13.93331, and 13.93331 respectively. It, interestingly, implies that if we have an election than not having any will decrease (as the sign is negative) the employment in industrial sector by 11.88856 percentages. However, if the election is a foreign-imposed one industrial employment decreases by 13.93331 percentages. Moreover, if we have a self-administered election, the industrial employment, fascinatingly, increases (as the sign is positive) by 13.93331 percentages.

The number of businesses registered is also in the predicted direction. As we can see from the table, the result for this DV with election in general and self-administered election is statistically significant. However, the result for foreign-imposed election is omitted. Perhaps, it is because of limitation in the data or possibly the effect is not as strong on this measurement as others. Surprisingly, the coefficients of both: election and self-administered election are exactly same, which is 1.745452. Probably there was not much variation in the data. But still this result supports my hypotheses too.

In regards to the second last measurement of economic activities which is investment on energy, the results for all three election variables are statistically significant, supportive of my hypotheses. The coefficients are also in predicted directions. With any election, foreign-imposed election and self-administered election the investment on energy changes by: 4.198505, -36.61796, and 4.677739 respectively.

Finally, the last measuring variable of economic activities is employment in agricultural sector. As we can see from the table, the result for agricultural employment is also statistically significant supportive of my alternative hypotheses. The coefficients of each three election variables with agricultural employment are: 13.14235, -19.94126, and -16.60673 respectively. It means that if we having an election the employment in agricultural sector will increase by 13.14235 percentages while it would decrease by 19.94126 percentages if the election was foreign-imposed one. Surprisingly, if the election was self-administered one the agricultural employment would also decrease by 16.60673 percentages. Hence, even though the result for self-administered election is not in expected direction but still the amount of decrease is less than in case of foreign-imposed election.

Moreover, the controlling variables: inflation, FDI, and unemployment although almost all of them are in expected directions, very few of these variables are significant. Even though I estimated that inflation would adversely impact economic performance of people, it shows statistical significance only in case of merchandise trade and number of businesses registered; for the rest it remains insignificant. Moreover, I thought the presence of FDI would positively affect people's perception of country condition and hence encourage them to expand their investment. However, the data does not show big support of that. Surprisingly and unexpectedly the unemployment has no effect on any of the dependent variables.

To sum up, almost all of the p-values for independent variables: election, foreign-imposed and self-administered election with each dependent variable are statistically significant (*note*: except transportation investment). I can conclude that there is significant support for accepting my alternative hypotheses and reject the null hypothesis. Therefore, there is a relationship between having an election and people's economic performance. Interestingly, people's engagement in economic activities increases more if the election is administered by national authorities than foreigners.

Conclusion

In this study I tried to analyze how having an election in aftermath of conflict positively affects people's economic performance. Most significantly, the paper examined how that the idea of who administers and monitors the election influences people's economic activities in post-conflict countries. I determined that whether the election is a foreign-imposed or self-administered matter in shaping people's perception of electoral process and eventually their confidence in the outcome of the election. I argued that neither of these elections is as transparent as they should be. However, during self-administered election people have stronger sense of ownership over the election and are more able to claim for fair count of their votes. Therefore, people have more faith in self-administered election and its outcome because they believe their votes can bring a responsive and responsible government to power capable of assuring security and providing more business facilities. Once people are confident that their wealth will not be destroyed, they are more likely to increase their micro-level investments, which these will eventually contribute to the country's macro-level economic growth. Interestingly, both the qualitative and quantitative data supported my claim and I found that actually self-administered election does increase individuals' economic activities. Considering this, I can conclude from my findings that this paper has a good policy implication not only at domestic level but also at international level.

My result suggests that having a self-administer election is important at domestic level not only because it increases the credibility of electoral process and accountability of the new government among the people, but also it boosts and fosters a sustainable economic growth. Therefore, for having a self-administered election the existence of an independent electoral commission is essential. Not only a symbolic commission but rather a responsible and responsive electoral commission is needed in post-conflict context that can answer people's confusions regarding the electoral process and its results. Also, the country's media

play a significant role in the process by helping accessing to honest and transparent data and keeping people up-to date of information. Moreover, having self-administered election is important at international level because it assists not only in the democratization process but also in the “survival of democracy” in post-conflict countries which is an important topic among scholarships as shown in literature review. In order to attain that, hence, the finding of this paper recommends the international community to minimize their interference in the electoral procedures and its results.

I should say that the finding of this paper is not without limitations. Firstly, I have operationalized my independent variables (foreign-imposed vs. self-administered elections) based on the presence or absence of peacekeeping missions. This dichotomous measurement, however, may not be an inclusive measurement for I believe foreign powers may have other alternative ways of influencing the electoral process and its outcome. Moreover, I believe my dependent variable, economic activities, can be even more inclusive by adding more economic indicators. Therefore, in the future I plan to expand this analysis and improve it by finding more alternative measurements for my independent variable as well as adding more economic indicators for my dependent variable.

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Appendix 1: Data Descriptions and Sources

I. Measurements of the Dependent Variable: Economic Activities,

Agricultural Employment: Employees are people who work for a public or private employer and receive remuneration in wages, salary, commission, tips, piece rates, or pay in kind. Agriculture corresponds to division 1 (ISIC revision 2) or tabulation categories A and B (ISIC revision 3) and includes hunting, forestry, and fishing. From: World Bank, ILO.

Industrial Employment: Industry corresponds to divisions 2-5 (ISIC revision 2) or tabulation categories C-F (ISIC revision 3) and includes mining and quarrying (including oil production), manufacturing, construction, and public utilities (electricity, gas, and water). From: World Bank, ILO.

Service Employment: Services correspond to divisions 6-9 (ISIC revision 2) or tabulation categories G-P (ISIC revision 3) and include wholesale and retail trade and restaurants and hotels; transport, storage, and communications; financing, insurance, real estate, and business services; and community, social, and personal services.

New Businesses Registered: New businesses registered are the number of new limited liability corporations registered in the calendar year. From: <http://econ.worldbank.org/research/entrepreneurship>

Energy Investment: Investment on Energy: Investment in energy with private participation is the value of energy projects that have reached financial closure and directly or indirectly serve the public, including operation and management contracts with major capital expenditure, greenfield projects (in which a private entity or public-private joint venture builds and operates a new facility), and divestitures. Movable assets and small projects such as windmills are excluded. From: <http://ppi.worldbank.org>

Telecom Investment: Investment in telecoms with private participation is the value of telecom projects that have reached financial closure and directly or indirectly serve the public, including operation and management contracts with major capital expenditure, greenfield projects (in which a private entity or public-private joint venture builds and operates a new facility), and divestitures. Movable assets and small projects are excluded. From: <http://ppi.worldbank.org>

Transportation Investment: Investment in transport with private participation is the value of transportation projects that have reached financial closure and directly or indirectly serve the public, including operation and management contracts with major capital expenditure, greenfield projects (in which a private entity or public-private joint venture builds and operates a new facility), and divestitures. Movable assets and small projects are excluded. From: <http://ppi.worldbank.org>

Merchandise Trade: Merchandise trade as a share of GDP is the sum of merchandise exports and imports divided by the value of GDP, all in current U.S. dollars. From: World Trade Organization, and World Bank GDP estimates.

II. Independent Variables:

Election: The International IDEA Voter Turnout Website contains the most comprehensive global collection of political participation statistics available. Regularly updated voter turnout figures for national presidential and parliamentary elections since 1945. From: <http://www.idea.int/vt/introduction.cfm>

Foreign-Imposed Election: Created variable in STATA based on presence of peacekeeping missions or any third party present in 15 years post-conflict countries, data regarding peacekeeping missions taken from: <http://uca.edu/politicalscience/dadm-project/dadm-data-sets/>

Self-Administered Election: Created variable based on absent of peacekeeping missions.

III. Controlling Variables:

Unemployment: refers to the share of the labor force that is without work but available for and seeking employment. From: International Labour Organization, Key Indicators of the Labour Market database.

FDI: Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows total net FDI. In BPM6, financial account balances are calculated as the change in assets minus the change in liabilities. Net FDI outflows are assets and net FDI inflows are liabilities. Data are in current U.S. dollars. From: International Monetary Fund, Balance of Payments Statistics Yearbook and data files.

Inflation Rate: Inflation as measured by the annual growth rate of the GDP implicit deflator shows the rate of price change in the economy as a whole. The GDP implicit deflator is the ratio of GDP in current local currency to GDP in constant local currency. From: World Bank national accounts data, and OECD National Accounts data files.

Appendix 2:
A Model without controlling variables:

	Service Employment	Telecom Investment	Merchandise Trade	Transportation Investment	Industrial Employment	No. of Businesses Registered	Energy Investment	Agricultural Employment
Election	11.63952* (3.911012)	2.834852* (.6664236)	-7.295171 (4.51466)	4.92382* (.839627)	4.172757* (1.744285)	1.665029* (.5061325)		-13.88007* (4.843006)
Foreign- Imposed Election	-24.58071* (3.446352)	-3.455789* (.3707588)	-5.153047 (4.361414)	-2.157795* (.4253112)	-15.47488* (3.164159)	-3.76782* (.4383022)	-1.826977* (.6834078)	33.77764* (8.934589)
Self- Administer ed Election	13.8727* (3.664863)	3.149692* (.5084303)	-7.291542* (3.711076)	2.597705* (.5127938)	5.948901* (1.603985)	1.665029* (.5061325)	1.83802* (.6440816)	-16.52949* (4.469844)

Notes: Dependent variables: columns (2)-(9), independent variables: rows: (2)-(8). The robust standard errors are in parentheses. Also asterisks are there to indicate the coefficients of variables that are statistically significant. The model above is combination of two models: OLS regular regression for percentage values and negative binomial regression for amount values.