Economic Prosperity in Developing Countries: A Necessary or a Sufficient Condition for Democratization?

Jan Sporina

Introduction

Few would argue that the single most important challenge the mankind has had to face for centuries is the elimination of poverty. By a variety of measures, approximately half of the planet's population can be described as poor. One of the questions that have been in the centre of attention of many social scientists is the relationship between poverty and regime. Generally, democratic regimes tend to be richer than their autocratic counterparts. Moreover, democracies tend to perform better by other measures of progress than just the gross domestic product. Hence an assumption has been proposed, that to become a democracy should be, at least hypothetically, a goal of all nations around the world. Clearly, the reality is far from that as the majority of the world's countries can be described as partly free, or not free at all.

The purpose of this paper is to examine the relationship between economic progress and regime type, and to determine whether a certain level of economic development facilitates a transition to democracy. That is, do countries become democratic when a certain level of wealth is achieved? Is this a reasonable assumption to make, and what are the other factors that play a role? Could a certain level of economic development be considered a sufficient, or merely a necessary condition for a transition to democracy?

Defining Democracy

To successfully conduct the analysis, it is important to establish certain elementary definitions, namely that of democracy and the concept of democratization, as well as that of development. As there exist several approaches toward defining democracy, I will attempt to briefly illustrate the most prominent ones and contrast them with one another.

There is considerable debate regarding the meaning of democracy, the type of democracy, and the level of democracy that can realistically be expected within public sphere. Democracy can be understood as an ideology, a concept, or a theory.[1] It is an ideology in so far as 'it embodies a set of political ideas that detail the best possible form of social organization.'[2] According to Grugel, "To be a democrat is to have faith in people, to believe that people have inalienable rights to make decisions for themselves, and to be committed to the notion that all people are equal in some fundamental and essential way."[3] Beetham (1992) summarizes democracy as

"A mode of decision-making about collectively binding rules and policies over which people exercise control, and the most democratic arrangement is that where all members of the collectivity enjoy effective rights to take part in such decision-making directly – one, that is to say, which realizes to the greatest conceivable degree the principles of popular control and equality in its exercise. "[4]

[1] Grugel, J. *Democratization: a critical introduction*. Palgrave, 2002, p.12.
[2] MacKensie. Introduction: The Arena of Ideology, 1994. In Grugel. *Democratization*, p. 12.
[3] Grugel. *Democratization,* p.12.
[4] Ibid

Grugel complements the theory with several issues addressed by 20th century democratic theory. These include: how much democracy is appropriate, i.e. is there a tradeoff between democracy and other rights? Further, should democracy be confined to the political sphere or should it include the system of economic production? How can the tensions between the rights of the individual and the rights of the community be resolved?[5] Since the questions regarding the theoretical role of democracy are very broad, this paper will consider primarily the first two, that is, the tradeoff between democracy and other forms of governance, and the resulting relationship, and possible causality between regime type and economic growth.

While the development of different views of democracy is beyond the scope of this paper, it might be useful to touch upon the current perspective as to what democracy entails. As Storm points out:

"With hundreds of different definitions of democracy in use today, it has become almost impossible to gauge what is meant by the term… the term democracy has come to describe such different circumstances as a situation where there are competitive, free and fair elections; one where elections are not only free and fair, but there is also respect for basic civil liberties; and a situation where the cabinet has effective power to govern (i.e., is not subordinate to a non-elected elite), where elections are free and fair, and basic civil liberties are respected and protected."[6]

[5] Grugel. Democracy, p. 13.
[6] Storm, L. "An Elemental Definition of Democracy and its Advantages for Comparing Political Regime Types." *Democratization*, Vol.15, No.2, April 2008, pp.215–229, p.215.

To simplify the overall complexity resulting from the existing variety of definitions, Collier and Levitsky came up with "models of classification."[7] According to this model, it is possible to place most definitions of democracy within six categories: non-democratic (ND), electoralist (ED), procedural minimum (PM), expanded procedural minimum (EPM), prototypical conceptions of established industrial democracy (PCEID), and maximalist definitions.[8] The aforementioned categories were created mainly on the basis of "conceptual benchmarks", of which four are deemed of particular importance:

- RCE: reasonably competitive elections, devoid of massive fraud, with broad suffrage.
- BCL: basic civil liberties: freedom of speech, assembly, and association.
- EP: elected governments have effective power to govern.
- AF: additional political, economic, and social features associated with industrial democracy.[9]

The disputes among scholars as to what definition of democracy is the most universal have existed ever since democracy became a matter of theoretical analysis in the realm of the social sciences. In this context, Grugel argues that the main dispute is "Between those who insist on a minimal definition of democracy, and those who, in contrast, argue that democracy implies not only procedures for government but also substantive rights."[10] Kaldor and Vejvoda highlight the main difference between the two conflicting

[7] See David Collier and Steven Levitsky, "Democracy with Adjectives: Conceptual Innovation in Compara- tive Research", *World Politics*, Vol. 49, No. 3 (1997), pp. 430–51.
[8] Storm, Lise. "An Elemental Definition of Democracy and its Advantages for Comparing Political Regime Types." *Democratization*, Vol.15, No.2, April 2008, pp.215–229, p. 216.
[9] Ibid
[10] Grugel. *Democratization*, p. 6.

approaches: "Formal democracy is a set of rules, procedures, and institutions… Substantive democracy is a process that has to be continually reproduced, a way of regulating power relations in such a way as to maximize the opportunities for individuals to influence the conditions in which they live, to participate in and influence debates about the key decisions which affect society."[11] According to Przeworski, the minimalist democracy is the only possible democracy due to the constraints of capitalism. For him, the structural power of capital is such that it can veto distributional democracy. Moreover, any attempt may, in fact, provoke a capitalist backlash and put an end to even minimal democracy.[12] This paper will, however, consider democracy a substantive phenomenon rather than minimalist.

To summarize, democracy is a political system which contains and resolves power struggles. It can be said to exist when there is popular consent, popular participation, accountability and a practice of rights, tolerance and pluralism.[13]

Democratization

History has demonstrated that the process of democratization, i.e. of becoming a democracy from some other mode of governance, is by no means a simple task. Countries do not become democratic overnight not only because of the mere complexity of such a transition, but also due to varying interests operating within, as well as outside the state.

[11] Kaldor and Vejvoda. "Democratization in Central and East European Countries." *International Affairs*, 1997, p. 67.
[12] Przeworsky, A. "Some Problems in the Study of Transition to Democracy." In O'Donnell, Schmitter and Whitehead (eds), *Transitions from Authoritarian Rule: Comparative Perspectives*. Baltimore: John Hopkins University Press, 1986.
[13] Grugel, *Democratization*, p.7.

There are no recipes for successful democratization. Commitment to democratization is often unsteady, and countries fail more often than they succeed. [14]

To illustrate the factors needed for a country to become democratic, Rostow (1971) defines the conditions for a successful democracy:

"First, there [has to be] a relatively broad majority agreement within the society on the main directions of policy towards security, growth, and welfare; that is, on the substance of the first two basic tasks of government. The ability of a society, through its representative leaders, to find effective majority agreement on the great issues, while permitting factional competition and compromise to settle lesser issues, is perhaps the most fundamental condition for stable democracy."[15]

Furthermore, the second condition refers to the constitutional limits on the power of majority and the protection of the rights of the minority. Third, the entire political process is to be underpinned by a widespread loyalty to democratic values.[16] If the above conditions are fulfilled, a country can be considered "ready" to undergo the process of democratization.

Contemporary democratization is by many scholars considered a "third wave," while the first two are represented by the developments in the nineteenth century, and the period after the Second World War, respectively. According to Huntington (1991),

"A wave of democratization is a group of transitions from nondemocratic to democratic regimes that occur within a specified period of time and that significantly

[14] Grugel. *Democratization*, p.1.
[15] Rostow, W. *Politics and the Stages of Growth*. Cambridge: Cambridge University Press, 1971, p. 271.
[16] Ibid

outnumber transitions in the opposite direction during that period of time. A wave also involves liberalization or partial democratization in political systems that do not become fully democratic. Each of the first two waves of democratization was followed by a reverse wave in which some but not all of the countries that had previously made the transition to democracy reverted to nondemocratic rule."[17]

In Huntington's view, the first wave can be dated between the end of the 19th century to approximately 1930, when the Fascist seizures of power in Germany and Italy brought it to an end. A reverse wave followed, with many of European countries falling under dictatorial rule, which in cases of Spain and Portugal lasted until the 1970s.[18] The second wave was notably shorter, lasting from 1945 until the decolonization that followed after the Second World War. The last wave of democratization is usually deemed to have begun in the 1970s and 80s, when Portugal, Spain, and Greece, as well as many Latin American countries gained independence.[19] Moreover, the fall of communism provided a solid base on which the idea of the third wave could be justified. As a result, liberal democracy has become viewed as the only legitimate political ideology. This has become known as the "end of history" thanks to Francis Fukuyama (1992). The economic, ideological and geopolitical triumph of the West became an almost universally adopted doctrine. Hence, no real alternative to either capitalism, or liberal democracy was deemed possible.

The last 20 years, however, have proved that reality differs from Fukuyama's hypothesis significantly. Certain countries in Asia had adopted the path of

[17] Huntington, S.P. *The Third Wave: Democratization in the Late Twentieth Century*. Norman: University of Oklahoma Press, 1991, p. 15-16.
[18] Grugel. *Democratization,* p. 33.
[19] Ibid

democratization, which is rather different from that of a "typical" liberal democracy. In response to this controversy, Zakaria (1997) used the term "illiberal" democracy[20] to demonstrate that other modes of development are not only possible, but also happening, and in many ways can be deemed successful, depending on the criteria used to define democracy. Illiberal democracies, or liberal autocracies, as some label them, have developed primarily in the countries of South and South-East Asia, but elsewhere in the world as well. While Zakaria referred primarily to Iran and Fujimori's Peru,[21] Singapore and Honk Kong are currently cited as classic examples of what is meant by "illiberal democracy." To some extent, other countries, including Russia, also fall within this category. Therefore, it is important to include these in any analysis regarding the process of democratization.

Modernization Theory

While there exist several theories of democratization, such as modernization theory, historical sociology, and transition theory, this paper will focus primarily on the first one due to its importance within the broader context being analyzed.[22]

Historically, the modernization school can be considered a product of three crucial events in the post-World War II era. "First, there was the rise of the United States as a superpower. Second, there was the spread of a united world communist movement; and third, there was the disintegration of the European colonial empires in Asia, Africa,

[20] Collier and Levitsky (1997) use the term "democracy with adjectives," referring to the use of prefixes such as proto, semi, quasi, limited, partial, pseudo, façade democracy, and so on. (From Burnell, P. and V. Randall. *Politics in the Developing World*. Oxford: Oxford University Press, 2008, p. 270.)

[21] For the original context, see Zakaria, F. "The Rise of Illiberal Democracy." *Foreign Affairs*, 1997, 76/6: 22 – 43.

[22] It should be noted that these theories deal with the issue of democratization in particular, while the modernization as well as dependency, and world-systems schools seek to explain development in general, rather than focusing solely on the phenomenon of democratization.

and Latin America. These nascent nation-states were in search of a model of development to promote their political independence."[23] Hence, it was natural for America to promote economic development and political stability in the Third World, so as to avoid losing the new states to the Soviet communist bloc.[24]

Given the dire circumstances of the developing countries after the Second World War, emulating the capitalist, industrial states to achieve economic growth and modern political institutions appeared to be the natural choice. A widely held belief among policymakers and scholars alike was that all countries go through very similar stages of development. According to this belief, all countries start as predominantly subsistence agricultural societies. Over time, they undertake the process of industrialization which results in higher incomes and rising living standards. Ultimately, technological sophistication is achieved, and mass production and consumerism become the defining socio-economic elements. According to Rostow (1962), the stages of growth that each society would eventually have to go through in order to "modernize" were: a) Traditional society; b) Preconditions for take-off; c) Take-off; d) Road to maturity; e) High mass consumption.[25]

Modernization theory embraces the classical economic model and free-market capitalism. At the same time, it was influenced by naturalistic theories in sociology and

[23] So, Alvin Y. *Social Change and Development: Modernization, Dependency and World-System Theories*. Sage Library of Social Research, 1990, p.17.
[24] Chirot (1981, p. 261-262) in So. *Social Change and Development*, p.17.
[25] See Rostow, W. *The Process of Economic Growth*. New York: W.W.Norton, 1962, p.307.

geography, which stressed the role of environmental factors along with Max Weber's emphasis on cultural aspects of development and structural functionalism.[26]

In the context of modernization theory, modern societies are essentially Westernized. The theory also holds that developing societies would have to change their values, and adopt Western technology and institutions that would facilitate effective industrialization. As per institutional framework, Lipset (1959) and others highlight the necessity of adopting capitalism to foster the development of fragile democracies. In Lipset's view, capitalism produces wealth that ultimately trickles down to all levels of society, and thus enables creation of an educated middle class, thereby fostering increased secularism and reduction of primordial identities. He maintains that

"Increased wealth is not only related causally to the development of democracy by changing the social conditions of the workers, but it also affects the political role of the middle class through changing the shape of stratification structure so that it shifts from an elongated pyramid with a lower-class base, to a diamond with a growing middle class. A large middle class plays a mitigating role in moderating conflict since it is able to reward moderate and democratic parties and penalize extremist groups."[27]

Nevertheless, modernization theory, while consistent in its reasoning, has certain deficiencies that result from some unrealistic assumptions having been made in the first place. It assumes an overly simple and linear relationship between capitalism and democracy. Also, it is by many considered ahistorical in that it presumes that all societies

[26] See Payne, R. and J. Nassar. *Politics and Culture in the Developing World: The Impact of Globalization*. Pearson-Longman, 2008, p. 114. Structural functionalism combined naturalism with rationalism stressed by Weber.
[27] Lipset, S.M. "Some Social Requisites of Democracy: Economic Development and Political Legitimacy." *American Political Science Review*, 1959, 53, 1, p. 78.

can replicate the same transition, which actually occurred at a particular moment in space and time.[28] Ethnocentric in its nature, it ignores particular issues and conditions in developing countries, treating African, Asian, and Latin American countries as a monolithic unit, despite their historical, political, economic and cultural differences.[29]

Implications of Modernization Theory

Many recognize the modernization school of thought as the governing perspective in the study of social change. Therefore as such, together with its shortcomings, it plays a vital part in the analysis of this paper. According to modernization theory, democracy is the ultimate achievement. It takes democracy as a variable dependent primarily on the factor of economic growth. Hence, it indirectly makes the assumption that once a certain level of economic wealth is achieved within a society, democracy is likely to be the natural and preferred mode of governance.

To verify this claim, a number of analyses with varying degrees of credibility have been conducted in the past. Lipset (1959), for instance, found that the average wealth and level of education was higher for democratic countries, and used this to suggest causation. "Put simply, Lipset claimed to have proved that more telephones, more cars, more consumption – in sum, more capitalism – leads to more democracy."[30] Furthermore, as Grugel points out, some scholars of the contemporary modernization theory hold a very similar view to that of Lipset four decades ago. "Leftwich (1996)

[28] Grugel. *Democratization*, p.49.
[29] See Payne and Nassar. *Politics and Culture in the Developing World*, p. 115.
[30] Grugel. *Democratization*, p. 50.

offers the most forceful contemporary restatement of modernization. He applies it, logically enough, only to developing states. He argues that economic development, whether in a democratic political setting or not, will inevitably produce democracy in the long term."[31] Therefore, he recommends that

"The West should… support only those dedicated and determined developmental elites which are seriously bent on promoting economic growth, whether democratic or not. For by helping them to raise the level of economic development it will help them also to establish or consolidate the real internal conditions for lasting democracy."[32]

While modernization theory identifies the link between democracy and economic prosperity, its version of causality fails to stand up to scrutiny. Empirically, democratic countries indeed are wealthier on average. However, that is not the same as to say that they become democratic once a certain level of GDP is achieved. In addition, modernization theory takes into account merely the overall effect of economic growth, but not the distributional implications. Hence, in theory, it would make little difference if the country's wealth would be distributed evenly within a society, or kept only among the privileged few.

Proponents of modernization theory are neither the first, nor the only ones trying to establish a causal link between economic prosperity and democracy. Aristotle may have been the first one to point out the relationship between economic wealth and democracy. Unlike modernization theorists, however, Aristotle put emphasis on the existence of a large and prosperous middle class, indirectly implying the necessity for a

[31] Ibid
[32] Leftwich, A. "Two Cheers for Democracy?" *Political Quarterly*, 1996, 67, 4, p. 329.

more evenly spread wealth within a society than "an ordinary dictatorship" would enable. According to him, the very existence of a middle class would allow for mediation between the poor and the rich, hence facilitating the creation of a structural basis on which democratic political processes could function.[33]

As for Lipset's advocacy of the link between education and democracy, Glassman (1997) argues that the causality between the two is far from straightforward. According to him, "…though an educated citizenry is a prerequisite for democracy, education per se does not produce a democratic mentality. The well-educated Argentinian middle class, for instance, until recently could not conceive of democratic processes in government, and university educated intellectuals from many parts of the world favour authoritarian political systems of one sort or another. The well-educated German middle class of the 19th and early 20th century was known for its anti-democratic sentiments."[34]

In yet another context, the spread of a middle class continues to be advocated as a way of achieving social progress. Nasr (2009) has analyzed the theory vis-à-vis the problem of religious fundamentalism in the Middle East region. According to him, globalization and the forces of capitalism may constitute a threat to the totalitarian vision of Islam advocated by various groups of radical Muslim thinkers. In Nasr's view, the region's chance for liberalization stems primarily from the commercial aspects of globalization. Drawing his thesis primarily upon the example of Dubai, he argues that what has been occurring in the commercially most successful emirate may have ramifications for the entire region. As he points out,

[33] For detailed analysis, see Glassman, R. "The Middle Class and Democracy in Socio-Historical Perspective." *Studies in Human Society*, 10, 1995.
[34] Glassman, R. *The New Middle Class and Democracy in Global Perspective*. London: MacMillan Press, 1997, p. 108.

"People in the region who visit Dubai return home wondering why their governments can't issue passports in a day or provide clean mosques and schools, better airports, airlines, and roads, and above all better government. That has created a 'Dubai effect' around the region as governments seek to improve day-to-day performance at the small tasks of public administration, even if the leaders are not committed to an overall economic transformation."[35] Overall, Dubai's business-friendly regulatory environment and its respect for personal liberty are its most envied traits.

Another place that Nasr refers to as successfully transformed is Turkey. He maintains that Turkey could in many ways be a role model for the entire Middle East, and attributes a great share of its success to the successful development of secular administration favourable to the development of a sufficiently large middle class, for it is above all stability and a certain degree of freedom that professionals and entrepreneurs need in order to prosper.

In a wider context, Nasr's view is not too distant from that of modernization theory. It is important to note, that he too emphasizes the order of development in which the economic prosperity, embodied in the larger middle class, precedes other, non-economic aspects of development, such as personal freedom.

The general view that the emergence of democracy would be an inexorable consequence of development has far-reaching implications. The reason is, as Przewolski, et al. (2000) point out, that dictatorships have become considered a legitimate means to

[35] Nasr, V. *Forces of Fortune: The Rise of the New Muslim Middle Class and What It will Mean for Our World*. New York: Free Press, 2009, p. 44.

development. Further, as the assumption is that development would lead to democracy, the best route to democracy is supposed to be a circuitous one. As a result, policy prescriptions resulting from this mode of thinking rationalize support for dictatorships.[36] It should be noted that support for dictatorships on the basis of modernization theory was deemed acceptable only to those authoritarian regimes "capable of change," that is, anti-communist ones. These, however, constitute many of the countries still viewed as "developing" today.

As the "authoritarian advantage" argument draws upon the assumption that some level of economic development will facilitate a transition to democracy, it is crucial to investigate whether such a premise indeed stands up to empirical analysis. The very fact that many countries have adopted this view further stresses the need to examine whether the causality between economic prosperity and democracy in fact holds as suggested by modernization theory, for if evidence suggests otherwise, global policy making may require reevaluation of one of its most fundamental premises.

Analysis

When analyzing the validity of the argument proposed by modernization theory, one needs to investigate why it is that so many have come to believe that economic prosperity is more or less a certain path to democracy. As is often the case, the answer can to some extent be found in history. To follow Zakaria (2003), much appears to be related to the Anglo-American manner of development. While the rise of capitalism, limited government, and increasing levels of property rights were present across much of

[36] Przeworski, A., et al. *Democracy and Development: Political Institutions and Well-Being in the World, 1950 – 1990*. Cambridge: Cambridge University Press, 2000, p. 3.

Europe in the 18th century, England was viewed as unique. "It was wealthier, more innovative, freer and more stable than any society on the continent."[37] As pointed out by Guido de Ruggiero, "The liberties of the individual, especially security of person and property, were solidly assured. Administration was decentralized and autonomous. The judiciary bodies were wholly independent of the central government. The prerogatives of the crown were closely restricted…. Political power was concentrated in the hands of Parliament. What similar spectacle could the continent offer?"[38]

The case of America is even more exceptional than that of England. It had begun its path to liberal democracy as a new society without a feudal past. Free of hundreds of years of monarchy and aristocracy, Americans needed neither a powerful central government nor a violent social revolution to overthrow the old order.[39]

According to many, the Western countries share a history of building the constitutional liberal tradition. Of these, the English and American case can be considered the "ideal" one. The aforementioned relates closely to a theory according to which much of the developmental success can be attributed to culture. As Zakaria notes, "Without doubt, being part of the Western world – even if on the periphery – is a political advantage." This puts forward yet another question: Is culture also a destiny? The importance of culture has been emphasized by many scholars from Weber to Huntington, and has even become trendy among many intellectuals. Why did the U.S. economy boom over the last decades? Due to its entrepreneurial culture, of course. And why has Russia

[37] Zakaria, F. *Future of Freedom*, New York: W.W.Norton, 2003, p.48.
[38] In Zakaria. *Future of Freedom*, p. 48.
[39] Ibid, p.50.

been struggling to adapt to new economic conditions after the fall of the Soviet Empire? Because it has a feudal, anti-market culture.[40]

These explanations, however, are overly simple and incomplete. After all, the U.S. has witnessed downturns just as Russia experienced economic boom. As Zakaria emphasizes, even the hypothesis that some cultures, such as Jewish, Indian, or Chinese are generally more successful economically, can be easily refuted by pointing out the dismal performances of both the Chinese and the Indian economies for much of their existence. Hence, while the culturally oriented postulation certainly offers an interesting perspective, it fails to explain the overall issue. The argument of culture is in some ways similar to that of other stereotypes, such as the "Asian values," or Latin-American mañana work ethic. These, however, are not systematic in their attempts to explain development. Chile, for example, had long been doing just as well as many of the "Asian tigers."[41]

Whereas culture seems insufficient to explain successful development in general, there is yet another set of traits inherent to the Anglo-American model that may shed a little bit more light on the subject of analysis. Capitalism and the rule of law have been present both in the European, as well as certain East-Asian countries, and preceded democracy in the developmental order. Both South Korea and Taiwan, two of the countries often cited to illustrate the success of authoritarian development that subsequently leads to adoption of democracy, were governed for many years by military regimes. However, they liberalized their economies, legal systems, rights of worship and

[40] Zakaria. *Future of Freedom*, p. 52.
[41] Ibid, p.54.

travel, and only then held free elections. [42] Zakaria points out, referring to ideas of James Madison, that they achieved two essential attributes of good government. "First, a government must be able to control the governed, then it must be able to control itself. Order plus liberty. These two forces will, in the long run, produce legitimate government, prosperity, and liberal democracy."[43]

The common trait of the aforementioned dictatorships is that their economies opened slowly, which in turn led to more liberalization in other aspects of society as well. Pin (1997) describes the process of East-Asian development as follows:

"An unmistakable feature in East Asia since World War II is the gradual process of authoritarian institutionalization…. At the center of this process was the slow emergence of modern political institutions exercising formal and informal constraining power through dominant parties, bureaucracies, semi-open electoral procedures, and a legal system that steadily acquired a measure of autonomy. The process had two beneficial outcomes – a higher level of stability and security of property rights (due to increasing constraints placed on rulers by the power of market forces and new political norms)."[44]

In addition, to further support the view that the "English model" may be significant in promoting democracy in the long run, Weiner (1983) points out that "every single country in the Third World that emerged from colonial rule since the Second World War with a population of at least one million (and almost all the smaller colonies

[42] Ibid, p.55.
[43] Zakaria refers to James Madison's Federalist Papers of 1787 and 1788.
[44] Pei, M. "Constructing the Political Foundations for Rapid Economic Growth," in Rowen, H., ed. *Behind East Asia's Growth: The Political and Social Foundations of and Economic Miracle*. London: Routledge, 1997, p. 39-59.

as well) with a continuous democratic experience is a former British colony."[45] To summarize quoting Zakaria, "in South Asia, the Carribean, and the settler colonies of Canada, Australia, and New Zealand, the connection between British rule and democracy is undeniable."[46]

Regime Stability and Income

While the aforementioned cases illustrate to some extent why certain countries may have been significantly more successful in their transition to a liberal democracy than others, there are too few to enable us to draw a meaningful conclusion. Solving the problem of the limited sample, Przeworski et al. conducted a large-scale statistical study of most countries in the world between the years 1950 and 1990, focusing on the relationship between per capita income and regime stability. Namely, they sought to explain, "Whether democracies are more likely to emerge as countries develop economically under dictatorships or, having emerged for reasons other than economic development, are only more likely to survive in countries that are already developed."[47]

The calculated that in a democratic country that has a per capita income of under $1500 (in today's dollars), the regime on average had a life expectancy of just eight years. With incomes between $1500 and $3000 it survived on average for about eighteen years. Moreover, with levels above $6000 it became highly resilient. The chance that a

[45] Weiner, M. "Empirical Democratic Theory." In Weiner, M and Ozbudun, E., eds, *Competitive Elections in Developing Countries*. Durham, N.C.: Duke University Press, 1987, p. 20.
[46] Zakaria. *Future of Freedom*, p. 57.
[47] Przeworski, A., et al. *Democracy and Development: Political Institutions and Well-Being in the World, 1950 – 1990*. Cambridge: Cambridge University Press, 2000, p. 78.

democratic regime would die in a country with an income above $6000 was 1 in 500. Hence, once rich, democracies are unlikely to be replaced by another regime type. Thirty-two democratic regimes have existed at incomes above $9000 for a combined total of 736 years. Not one has died. By contrast, of the 69 democratic regimes that were poorer, 39 failed, implying a "death rate" of 56 percent.[48] Thus it may be concluded that a transition to democracy is very likely to succeed in countries with per capita income levels between $3000 and $6000. Considering historical GDP figures, Zakaria complements the analysis by highlighting the fact that many countries that became "securely liberal democratic" after 1945, at which point most had achieved an approximately $6000 per capita GDP.[49] This figure falls accurately within another part of the study conducted by Przeworski et al., according to which a 50% probability that a regime will be democratic is achieved at income levels near the $6000 value.[50] Hence, according to Przeworski's research, it is not unreasonable to expect countries with per capita income levels at $6000 or above to be democracies.

Nevertheless, as the statistical analysis suggests, the income levels can hardly be considered a guarantee of either an occurrence of, or a transition to democracy. Although economic development seems to destabilize dictatorships in countries at intermediate levels of income, it does not necessarily do so in those that are poor or in those that are wealthy. Przeworski et al. emphasize that many dictatorships have passed the alleged

[48] Przeworski, A. and Limongi, F. "Modernization: Theories and Facts." *World Politics*, 1997, 49, 2. In Zakaria. *Future of Freedom*, p. 70.
[49] Zakaria. *Future of Freedom*, p. 70.
[50] See Figure 2.1. in Przeworski, A., et al. *Democracy and Development: Political Institutions and Well-Being in the World, 1950 – 1990*. Cambridge: Cambridge University Press, 2000, p. 80.

threshold that was supposed to "dig the grave for an authoritarian regime."[51] Examples of countries that were supposed to turn democratic, but did not, include Singapore, Taiwan, South Korea, East Germany, the Soviet Union, as well as Spain and Mexico and many others.[52]

"Conversely, many dictatorships fell in countries with low income levels. Six fell in countries with incomes below $1000, eighteen in countries between $1000 and $2000, and altogether thirty-six collapsed when the probability that the regime should be democratic, as predicted by per capita income alone, was less than 0.50. Hence, with twenty-five dictatorships surviving in wealthy countries and thirty-six falling in poor ones, the causal power of development in generating democracies cannot be very strong. The distribution of levels at which transitions to democracy occur is highly scattered."[53]

The analysis of Przeworski et al. is of utmost importance as it provides valuable insight into the relationship between development and democracy. As with any econometric analysis, it does not explain the causality of the correlation. That should not, however, be perceived as problematic, because it still successfully invalidates one of the basic premises of modernization theory. Given the above analysis, the causality of the connection between economic prosperity, authoritarian or not, is likely to be a combination of several factors, of which development undoubtedly plays a vital part.

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[51] Przeworski, A., et al. *Democracy and Development: Political Institutions and Well-Being in the World, 1950 – 1990*. Cambridge: Cambridge University Press, 2000, p. 94.
[52] These countries had incomes above $6000, yet remained authoritarian for much longer than they "should have." For a complete list of dictatorships that survived under relatively high incomes, see Table 2.4. in Przeworski, A., et al. *Democracy and Development,* p. 95.
[53] Ibid, p.94.

According to Wantchekon (1996) and Zielinski (1997), some answers may be found in a game theoretic approach to the issue. According to them, it is apparent that "the actors involved often do not know each other's preferences, the relationships of physical forces, or the outcomes of eventual conflicts." As a result, "various equilibria can prevail: Whereas transition to democracy is one feasible outcome, so is the perpetuation of the dictatorial status quo, or even a solidification of dictatorship."[54]

Natural Resource Trap

Another approach that many social scientists have taken to interpret the varying success of achieving democracy refers to the "natural resource trap." Saudi Arabia and the sheikdoms in the Persian Gulf are a classical example of societies struggling with the natural resource trap. According to Zakaria, "The wealth of the oil-rich states does not productive positive political change because their economic development is fundamentally different from the European and Asian models. These economies did not develop along capitalist lines, moving systematically from agriculture to high-level services, but rather exploited their vast oil reserves in order to buy modernity, in the form of new buildings, hospitals, mansions, cars, and televisions."[55] As Collier points out, "if you have enough natural resources, you can afford to forget about normal economic activity. The whole society can live as rentiers, that is, on unearned income from

[54] See Wantchekon, L. *Political Coordination and Democratic Instability*. Unpublished Manuscript. Yale University. And Zielinski, J. "The Polish Transition to Democracy: A Game-Theoretic Approach." *European Archives of Sociology*, 1997, 36, 135-58. Cited from Przeworski, et al., p. 97.
[55] Zakaria, F. *Future of Freedom*, p.73.

wealth."[56] The hypothesis that wealth in natural resources hinders political modernization, and in many cases (normal) economic growth as well, has become just as widespread as the "authoritarian advantage" argument. Sachs and Warner examined ninety-seven developing countries between 1971-89 and found that natural endowments were significantly correlated with developmental failure.[57]

The most detrimental consequence is that most people living in these countries remained substantially as they had been before – uneducated and unskilled. As the societies remained largely primitive, states had to import knowledge to conduct most of the sophisticated day-to-day operations. "In Saudi Arabia, for example, despite high per capita income, adult literacy stands at only 62 percent, and only about 50 percent of adult women are able to read. Kuwait, Qatar, and United Arab Emirates have adult literacy rates at around 70 percent."[58] Hence, if education is a prerequisite for democracy, "it is one that the oil-producing Arab states are still lacking after decades of fabulous wealth."[59]

Modernization Theory Reexamined

From the aforementioned it is apparent that economic growth does not guarantee an effective path to democracy. This holds even more for authoritarian regimes than for democratic ones. Several studies have investigated the contested relationship, yet failed

[56] Collier, Paul. *The Bottom Billion*. Oxford: Oxford University Press, 2007, p. 38.
[57] See Sachs, J. and Warner, A. "Natural Resource Abundance and Economic Growth." Working paper no. W5398, National Bureau of Economic Research.
[58] Zakaria, F. *Future of Freedom*, p.73.
[59] Ibid, p.74.

to clarify the issue of causality. True, there are many countries that have undergone a successful, and indeed a remarkable transition from poor, underdeveloped countries to modern and affluent societies. That is the case of South Korea and Taiwan, for instance.[60] On the other hand, there are many more countries that failed to follow the example of the Asian tigers, and either remained impoverished, or grew economically, but failed to democratize. Even today, countries such as Russia, Belarus, Kazakhstan, Azerbaijan, Turkmenistan, Tunisia, and many others, have passed the economic threshold, but are still a long way from being democratic. The country that is probably most watched in this context is China, with per capita GDP at purchasing power parity (PPP) slightly above $6000.[61] As of now, it appears unlikely that any of the aforementioned developed autocracies will demonstrate serious attempts to democratize.

The preceding examples illustrate several factors that likely play a role in determining the success of a transition to a liberal democracy. At the same time, they provide some guidance as to what the main policy concerns with respect to modernization should be. Evidence suggests that an "authoritarian advantage" may not be a desirable policy prescription for developing countries. Arguments in favour of authoritarian development originate in modernization theory, according to which economic growth – democratic or authoritarian, represents a certain path to democracy. The above analysis argues against such assertions, and considers them incomplete and misleading. To evaluate the validity of modernization theory along with resulting

[60] Singapore, while highly developed, is considered only "partly free," and not a democracy. For complete democracy ratings and freedom scores, see Appendices A and B in Halperin, M. *The Democracy Advantage: How Democracies Promote Prosperity and Peace.* Washington, DC: Open Society Institute, Dec. 2004, p. 241-244.

[61] For GDP rankings see, for example, the CIA World Factbook. Available online at: < www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html>

ramifications, it is crucial to consider the context in which the modernization school of thought came into being. In the aftermath of the Second World War, and with the Cold War at its peak, the main concern of the West was to prevent the former colonies and other developing countries from falling under the Soviet influence. As a result, it has become naturally justifiable to support even dictatorships as long as they are deemed capable of change, that is, anti-communist.

Nowadays, the international arena is tremendously different from the Cold War times. The bipolar distribution of the world has vanished, and the North-South divide has come to the forefront of international relations. Therefore, the issue of democratization requires a different approach as well. There exist many well-founded arguments as to why the authoritarian way of development is not likely to deliver the results that modernization theorists would like it to. As noted by O'Donnell: "It does not specify at just what level of economic development an autocracy becomes ready to make the big leap to democracy."[62] Halperin et al. (2004) further argue that

"Among the handful of authoritarian governments that have grown steadily over an extended period of time (such as Singapore, China, Soeharto's Indonesia, Tunisia, and Egypt), most have been no more willing to share power after decades of growth than they were at early stages of development. Furthermore, this transition theory does not take into consideration the social and cultural dimensions involved. It assumes that a society can just take an autocratic system off and put a democracy on."[63]

[62] O'Donnell, G. Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics, 1973. In Halperin, M. *The Democracy Advantage: How Democracies Promote Prosperity and Peace.* Washington, DC: Open Society Institute, Dec. 2004, p. 17.
[63] Halperin, et al. Democracy Advantage, p.17.

To paraphrase the basic premise of economics, "every action is driven by incentives," and authoritarian governments are no exception. Those advocating the authoritarian path seem to ignore the self-serving nature of every individual. In essence, modernization theory assumes an altruistic nature of an authoritarian government – an oxymoron in itself. As Roy and Sidenko (2007) point out, "…government can easily divert its discretionary power from its intended public purpose and put it to private use. Thus, a government that acquires enormous power by subjugating the police force often furthers its own vested interest but harms the national interest."[64]

Democracy as a Form of Development

Halperin et al. conducted a large-scale study, covering the period from 1960 to 2001, with an aim to investigate the correlation between regime type and a variety of socio-economic indicators. They found that democracies have, on average, out-performed autocracies on virtually every aspect of development considered. For example, democracies have had a 30 percent advantage in annual per capita economic growth rates over the past four decades.[65] Moreover, democracies also have a tendency to avoid economic disasters when compared to autocracies. "Considering the 20 worst per capita economic growth rates for each of the past four decades, … only five of these 80 'worst performers' have been democracies. The probability of any country experiencing an

[64] Roy, K. and Sidenko, A. "Democracy, Governance and Growth: Theoretical Prospective and Russian Experience. "In Roy, K. and Prasad, B., eds., *Governance and Development in Developing Countries*. New York: Nova Science Publishers, 2007, p. 33.
[65] See Figure 2.1 in Halperin, M. *The Democracy Advantage,* p. 31.

'economic disaster' (defined as a 10 percent decline in annual per capita GDP) during the 1960 to 2001 period is 3.4 percent. For democracies, it is less than 1 percent. "[66]

Comparisons of social welfare also argue in favour of democracy. Citizens of democracies live longer, healthier, and more productive lives, on average, than those in autocracies. Specifically, people in low-income democracies have had life expectancies that are eight to 12 years longer than those in autocracies, on average.[67] Similarly, democracies also outperform their authoritarian counterparts on other measures of socio-economic progress, such as secondary school enrollment, childhood mortality, cereal yields, and the overall Human Development Index (HDI) as well.[68]

It should be noted that Sen was the first to research the relationship between regime type and agricultural yields. He points out that "there has never been a famine in a functional multiparty democracy."[69]

Halperin et al. complement their empirical findings with a number of explanations related to the structural advantages of a democratic system. They have organized these explanations around three core characteristics: shared power, openness, and adaptability.[70] Altogether, they succeed in making a very convincing case for democracy not only as the ultimate goal, but also as a way of development.

Conclusions

[66] Ibid, p. 33.
[67] See Figure 2.4a in Halperin, M. *The Democracy Advantage*, p. 36.
[68] See Figures 2.4b – d, and 2.5 in Halperin, M. *The Democracy Advantage*, p. 36-41.
[69] Sen, A. *Development as Freedom*. New York: Random House, 1999, p. 178.
[70] See Halperin, M. *The Democracy Advantage*, p. 46 – 52.

The often-advocated view that economic prosperity inevitably leads to democratization is not supported by consistent empirical evidence. While there have been instances of remarkable success, these can be attributed to the individual circumstances behind each of the success stories, rather than to validity of modernization theory in general. There are two aspects of modernization theory that undermine its credibility in international relations of the 21st century. First, it developed within the context of the Cold War, when the chief goal of all diplomacy was to contain the spread of communism. Second, it was built upon the naïve assumption of an altruistic and selfless authoritarian.

Moreover, it has not been demonstrated that any "authoritarian advantage" in fact exists. Data analyzed by Halperin et al. (2005) suggest that contrary is the fact. Democracies, on average, outperform their authoritarian counterparts on most socio-economic indicators available. As suggested by Nasr (2009) and others, merely considering a country's GDP growth is insufficient as a comprehensive measure of both economic progress, and social development. On the other hand, the existence of a large, prosperous middle class provides a reasonable insight as to how well a society is in fact developed. The essential structural components include the basic freedoms, rule of law, and property rights. One also needs to distinguish between "real" economic growth with all its components, and one spurred predominantly by a country's natural wealth. Many social scientists point out the dangers associated with the "natural resource trap." While a connection between the abundance of natural wealth and impaired economic growth has been found in certain instances, causality has not been confirmed. History itself also provides guidance in understanding why some countries succeed, while others fail. According to Zakaria (2003), the European democratic tradition in general, and the

Anglo-American in particular, appear to be strongly correlated with successful regime transitions.

The paramount conclusion is what Halperin et al. refer to as a "democracy advantage." Following Sen (1999), "Development is the process of expanding human freedoms, and the assessment of development has to be informed by this consideration."[71] As of now, history has not witnessed any other mode of governance as conducive to overall development as democracy. Finally, the accompanying problems in its adoption merely suggest that some bending, rather than breaking, may be needed to make democracy work for everyone.

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[71] Sen. *Development as Freedom*, p. 36.

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