Landman, Todd. "Abundance and freedom." *Human Rights and Democracy: The Precarious Triumph of Ideals*. London: Bloomsbury Academic, 2013. 11–24. *Bloomsbury Collections*. Web. 26 Apr. 2023. <<http://dx.doi.org/10.5040/9781472544643.ch-002>>.

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CHAPTER TWO

Abundance and freedom

Introduction

The ‘Arab Revolutions’ of 2011 have reopened a set of age-old questions about economic and political modernization. These questions centre on the relative complementarity between economic abundance and political freedom. Are the richest countries in the world also the most politically free? Are they politically free because they have economic abundance? Or are they rich because they are politically free? If the rich democracies of the world got there in following a certain path, is that path still available for other countries? Are there alternative pathways to economic abundance that do not involve political freedom? Has the global spread of democracy since the 1970s brought with it greater economic abundance? Do Singapore and China offer examples of successful economic development in the absence of political freedom? Or do the development models being followed by democratic Brazil and India offer better examples? Do certain phases of capitalist development require authoritarian rule? Does it make sense to say that some countries are not yet rich enough to embrace democracy? These and related questions are key to understanding developments in the world today and are likely to captivate the public imagination for many years to come, particularly after the financial crisis of 2007 and all that it has brought with it, as well as the dramatic re-emergence of democracy on the global political agenda since the Arab Spring.

The correlates of democracy

The first set of answers to these key questions emerged in the late 1950s as scholars started to look at systematic evidence that compared levels of

economic wealth and the type of regime. Those that looked at many countries at once sought to collect data on a range of economic indicators that were meant to measure economic wealth (such as rates of urbanization, paved roads, electricity, newspaper circulation, etc.) and then compared them across different kinds of government. The most famous study of this kind was conducted by Seymour Martin Lipset (1959) and was framed with a simple question: ‘are wealthy countries more democratic?’ He compared economic indicators across what he called ‘stable democracies’, ‘unstable democracies’, ‘unstable dictatorships’ and ‘stable dictatorships’. He found that his collection of ‘stable democracies’ had on average higher values across his collection of indicators than any of his other regime types. He concluded from this evidence that ‘the more “well-to-do” a nation, the more likely it will be to sustain democracy’. Using data from the contemporary world, his basic insights can be demonstrated easily. Figure 2.1 is a plot between democracy (on the vertical axis) and development (on the horizontal axis) in which it is clear that those countries with higher levels of development (measured here in terms of per capita GDP) are indeed those countries with higher scores for democracy (measured here in terms of the presence of basic democratic institutions).¹

While his comparisons (and those illustrated in Figure 2.1) presented compelling evidence for a positive relationship between economic abundance

FIGURE 2.1 *Development and democracy.*

Sources: Mean combined democracy score from Polity IV data for 2007–2009; natural log of mean per capita GDP from the World Bank 2007–2009.

and political freedom, many questions remained, since his findings said nothing about whether this relationship is causal or in which direction that it goes. In other words, does development cause democracy or does democracy cause development? Many commentators thought that he had made a causal claim, while many others thought he had not. Lipset himself published a follow-up article in 1994 and argued that he never meant to make a causal argument. Nevertheless, academic research and policy prescriptions that built on his early work often assumed that he had made a causal argument and then sought ways of refining his analysis or setting out policy objectives that made a direct link between economic abundance and political freedom. Using different definitions of democracy (see Chapter 3) and different ways of measuring democracy and development, there are two competing views about the causal relationship. The first argues that Lipset was broadly correct and that the types of large-scale social changes that accompany economic development lead to democratization (see, e.g. Boix 2003; Boix and Stokes 2003). The second argues that any positive and statistically significant relationship between levels of economic development and democracy comes from the fact that when countries make a transition to democracy under conditions of relatively high economic development, then they tend to remain democratic (see e.g. Przeworski et al. 2000). These are fundamentally different claims. One claims that development causes democracy while the other claims that development sustains democracy once it has been established. The proponents of each view claim to have settled the question with statistical evidence, but like all analyses, the results depend very much on how things are defined and measured. The debate thus continues.

But Lipset's work also inspired another line of research that examined the economic benefits of democracy. Here, analysis flips the causal question around and asks if democracy is good for economic development. The idea here is that the democratic institutions reflect and respond to citizen preferences and make leaders accountable for their economic decisions, and thus key feature of economic development ought to be better realized through democracy than through non-democracy. Indeed, the United Nations has long advocated that democracy is the better political system for realizing the Millennium Development Goals; a set of measurable goals with eight targets that ought to be met by 2015. The answers to this question, like those above, vary depending on what is meant by economic development. In terms of annual changes in Gross Domestic Product, it appears that democracies are no better than non-democracies in promoting economic growth (see e.g. Przeworski et al. 2000). **But they are no worse either.** When different indicators of development are used, such as the distribution of income and human development (itself a combination of per capita GDP, life expectancy and literacy), democracies perform much better than non-democracies, and among the world's poorest countries, democracies outperform non-democracies (Halperin, Seigle and Weinstein 2010; and see Chapter 9). In

Development as Freedom, Amartya Sen (1999) claims ‘No famine has ever taken place in the history of the world in a functioning democracy’. Since democracies are based on the accountability of leaders through the electoral process and other institutions, Sen argues, it is not possible for leaders to ignore the plight of their population to the point where people are actually starving. At a more general level, it is possible to see the positive association between democracy and human development (see Figure 2.2).² On balance, the figure shows that those countries with higher levels of democracy have higher levels of human development. In addition to these kinds of positive benefits relating to different features of development that go beyond mere consideration of growth rates, democracy also brings other benefits, such as greater freedom, protection of human rights (see Chapter 3) and accountability of government. Democracy thus offers a collection of ‘goods’ that make it a preferable political system even if other systems have shown higher rates of economic growth.³

But these different sets of findings have led to a range of expectations that are based on, in my view, a false equivalence between democracy and development, or abundance and freedom. On the one hand, there is an expectation that abundance will necessarily lead to freedom and on the other hand, there is the expectation that once freedom has been obtained

FIGURE 2.2 *Democracy and development.*

Sources: Mean combined democracy score from Polity IV data for 2007–2009; human development index (per capita GDP, literacy, life expectancy), UNDP.

abundance will follow shortly thereafter. For many states in the developed world, investment in economic development that carried with it the promise of political modernization and democratization was a very attractive way of conducting foreign policy and overseas aid strategies. From John F. Kennedy's 'Alliance for Progress' in Latin America in the 1960s to current aid strategies, there is an in-built assumption that economic modernization breeds democracy and thus 'pumping' money into less developed countries has a good chance of encouraging democracy.⁴ Indeed, in the context of the Cold War, such a strategy was seen as a way to avoid 'any more Cubas' and subsequently as a way to encourage democracy in the Soviet Bloc and satellite countries. For some, the logical extension of this 'modernization' perspective is that not only do such strategies yield democracy, but **they can be accelerated** through either the 'export' of democracy, as it was understood by the Reagan Administration in the 1980s, or the **forceful imposition** of democracy through foreign invasion as understood by George W. Bush and his neo-conservative advisors between 2000 and 2008, such as Donald Rumsfeld, Dick Cheney and Paul Wolfowitz. Interestingly, this latter position on the forceful imposition of democracy supported by neoconservatives is based on the early modernization logic of Lipset and on the belief that particular outcomes can be 'socially engineered' (see Fukuyama 2006).

The modernization logic, as forceful as it is, is subject to a number of remarkable exceptions. Indeed, at precisely the time modernization theory was being articulated, a number of countries in Latin America that had reached particular phases of capitalist development experienced profound democratic breakdown. In 1964, Brazilian democracy was overthrown by the military, which ushered in a period of authoritarian rule that lasted until 1989. In 1966 and again in 1976, the military in Argentina ousted its democratic leaders and oversaw two brutal periods of authoritarian rule. The latter period lasted from 1976 until 1983 and featured the infamous 'Dirty War' that led to thousands of people 'disappearing'. The militaries in Uruguay and Chile overthrew their democracies in 1973, where authoritarian rule as in the other cases led to large-scale human rights violations and subsequent international condemnation. A popular argument at the time was that these military coups were part of the modernization process and that particular phases of capitalist development 'required' authoritarian rule to oversee the developmental process (see O'Donnell 1973). Modernization, it would seem, did not necessarily lead to democracy in every case.

The idea that different modes of capitalist development required particular regime types also influenced policy in the 1980s and 1990s in the era of World Bank and IMF 'structural adjustment' programmes (economic models that sought to allocate good and services primarily through price mechanisms). Based on a series of comparative studies that examined the relative economic success of the 'East Asian Tigers', the World Bank and IMF became convinced that export-led growth (i.e. the export of finished capital goods such as cars, household appliances, electronics, etc.) was

both desirable for long-term economic development and that it required some form of labour control or repression (see Geddes 1990; Brohman 1996; Stiglitz 2002). Indeed, many of the Tigers were not democratic and a combination of state control and coordinated development of the export capacity had produced remarkable growth rates. One long-term consequence of this experience, it could be argued, is that authoritarian states today such as China can claim that they are in the middle of precisely such a phase of development and not yet ready for democracy. In contrast, Brazil and India are democracies and 'emerging economies' that are in the middle of a period of impressive economic growth that challenges this authoritarian view.

Another consequence of the analysis of the relationship between abundance and freedom is that there is some sort of 'threshold' of development after which the survival of democracy is nearly 100 per cent guaranteed. In rejecting the notion that development necessarily leads to democracy, Przeworski et al. (2000) nevertheless conclude that such a threshold exists and that it is possible to put a value on it. For the global data that they analysed, if democracy is established in a country that has a level of per capita GDP greater than \$5,500 (as measured in 1995), then the probability of democracy collapsing in that country is very close to zero. In other words, new democracies in rich countries have a greater chance of survival than in poor countries. The idea that greater economic abundance provides governments with latitude to supply goods, services and the benefits of economic development to potential opposition makes sense; particularly, if one has an instrumental view of politics and political power. Elected elites have won power and will distribute economic benefits to stay in power through the electoral process. If opposition groups receive enough economic benefit from such elites, then the motivation to disrupt democracy is low, and democracy survives. Such narrowly constructed arguments in the political economy of democracy have been very popular in accounting for its survival (see Przeworski 1991; Bates 2001; Bueno de Mesquita et al. 2003; Bueno de Mesquita 2010).

But many countries in the world have established democracy under economic conditions that are well below this threshold figure of \$5,500 per capita GDP. Indeed, the beginning of this book provided a short summary of the case of Mongolia, which at the time of its transition had a per capita GDP of less than \$1,000. Recall that the argument is not that democracy cannot be established in poor countries but that the probability of survival is much lower for poor democracies. For the Mongolians and on this reading, democracy was a precarious venture since the economic conditions for survival were not in place. But democracy did survive as it has done in many other countries that have made democratic transitions under such conditions of economic scarcity, where per capita GDP figures are unlikely to reach the threshold values for some time to come. The fact that these democracies have survived does not discredit the argument from Przeworski et al. (2000), but it does give hope to those poor democracies struggling to

develop and maintain their democratic institutions. It is thus important to recognize that democracy can survive in poor countries and that democracy does not need to wait for high levels of development.

There is one final consequence of the assumed affinity between abundance and freedom that involves the raised expectations about the speed with which democracy can deliver greater economic benefits. We saw above that democracy does deliver better developmental outcomes, but many in new democracies expect these to take place rather more quickly than they do in practice. Citizens are eager for change and expect higher levels of economic development and fairer distribution of the benefits of development. The simple causal link between development and democracy, which often ignores complex sets of intervening factors, can ultimately threaten the process of democratic consolidation if citizens expect too much of their new democracy. This is particularly the case if the lack of economic performance or a slow pace in economic growth during the new democratic period leads to a certain nostalgia for earlier periods of economic prosperity under conditions of non-democratic rule (see Landman 1999: 626). Such cases of 'democratic disillusionment' are not rare. In Eastern Europe and the Former Soviet Union, mass publics in some countries showed disenchantment with democracy as economic liberalization in the absence of regulation became associated with market distortions, speculation, corruption and new inequalities that undermined basic standards of living. Supermarkets with a narrow selection of goods during the Communist period gave way in some countries to low availability of any goods during the new democratic period. Such scarcity, if prolonged, can lead to increased levels of political support for former communist leaders, new nationalists and other authoritarian actors. In the late 1990s, analysis conducted by Marta Lagos (1997) showed that Latin American mass publics were indeed disenchanted with democracy. Measures of 'satisfaction with democracy' were as low as 11 per cent in Mexico (itself undergoing a prolonged period of democratic transition) to high of only 52 per cent in Uruguay, which by that time had been democratic for over 10 years. She subsequently showed (Lagos 2003) that between 1996 and 2002, satisfaction with democracy in the region peaked in 2000 at 37 per cent and declined by a few percentage points in the ensuing years.

But democratic satisfaction is not low only in Latin America. Figure 2.3 shows mass public support for democracy 'as an idea' and satisfaction with democracy as a system that delivers goods and benefits to the public. The differences between the two are striking as across the world support for democracy is consistently higher than satisfaction with democracy, while across the different regions it is apparent that there is great variation in both measures. Support for democracy is highest in the European Union at nearly 80 per cent, but satisfaction is only 53 per cent. For Africa, support is less than in the European Union but satisfaction is higher at 58 per cent. The difference between support and satisfaction is the least for East Asia at 61 per cent and 55 per cent respectively. For India, Eastern Europe and

FIGURE 2.3 *Support for and satisfaction with democracy by region, 1998–2002.*
Source: Lagos (2003).

Latin America, the differences between support and satisfaction are large, where satisfaction is the lowest in Eastern Europe at just 29 per cent. One reading of these figures suggests that despite the advance of democracy and despite different levels of economic development, democracy receives mixed reviews as an idea and as a system for delivery of benefits, which is consistent with the idea that too much expectation about what democracy can deliver may lead to popular dissatisfaction. Another reading suggests that despite geographical and economic position, democracy receives levels of public support greater than 50 per cent worldwide and that democracies themselves have a lot of work to do to improve levels of satisfaction. Both readings are consistent with the main argument of this book about the inherent appeal of democracy.

Political actors and political processes

If the natural affinity between abundance and freedom (or development and democracy) is upheld at the global statistical level, there are certainly enough regional and single-country exceptions that suggest we need

to look more closely at other factors that may play an intervening role, such as political actors, processes, structures and institutions. Analysis of these kinds of features have typically been conducted on smaller sets of countries and have focused more on the **evolution of processes** over time and **pathways** followed by different groups of countries. In such studies, economic development is seen as an external factor that drives other changes and characteristics within countries, such as the emergence of new social classes and the conflicts or alliances that form between them; the power and stability of the state domestically and how it is affected by international factors; and the ways in which new social groups find representation and inclusion in new political institutions. Since socio-economic development differs across a different array of what economists call 'factor endowments' (i.e. the relative distribution of land, labour and capital), different paths to modernity are possible that may not necessarily include democracy. Dependencies on small sets of factor endowments can create oligarchies with vested interests (e.g. in agriculture or industry) whose political interests may not favour democratization. Industrializing countries generate large urban working classes that can mobilize for inclusion and challenge existing power structure that in certain cases lead to democratization, while in others some form of clampdown, co-optation or authoritarian control. The state apparatus, originally seen as an **organic** result of modernization and a way to raise taxes for maintaining stability and security, can be 'captured' by different vested interests that vary in the degree to which they are supportive of democracy. These and other intervening factors that lie between economic development and political regimes suggest that democracy is but one possible outcome and not the only outcome despite the compelling arguments found in the modernization school.⁵

In *Industrialization and Democracy*, de Schweinitz (1964) compared the cases of Britain, the United States, Germany and Russia and found that the 'stable' outcomes in Britain and the United States (i.e. democracy) were largely owing to a set of unique features in those countries that were not available to Germany and Russia, which were considered 'unstable' and 'not democratic', respectively. While he concluded that the 'Euro-American' route to democracy was likely to be closed, there certainly remains open the possibility for other paths to democracy. In *The Social Origins of Dictatorship and Democracy*, Barrington Moore (1966) compared 'routes to modernity' in countries that had bourgeois revolutions (France, Britain and the United States), communist revolutions (Russia and China) and fascist revolutions (Germany, Italy and Japan) to show that particular configurations of features in these cases (such as class alliances and the role of violence) were associated with the political outcomes that were obtained. His conclusion that some sort of 'violent break' from the past was a key factor in bringing about democracy was subsequently challenged by Rueschemeyer et al. (1992), who looked at a much larger collection of countries to examine the relationship between capitalist development and democracy. Like their predecessors, their analysis focused on configurations of factors (such as the

state, the nature of development, the relationships and alliances between different social groups and relative political power of different interests) and concluded that there is not an automatic association between economic development and democracy. Rather, capitalist development is varied according to initial factor endowments and that emergent groups capture the state and or demand inclusion in the national political system differently and thus affect the possibility, timing and pace of democratization.

As we shall see in Chapter 5, popular explanations for the emergence of democracy also focus on the role the political actors play in choosing and ‘crafting’ democracy (DiPalma 1992). Such choice-based frameworks focus on the elites within the authoritarian regime and the elites within the opposition. The analysis is confined to a range of choices open to these elites in ways that allow them to reach significant political accommodation in moving their society towards democracy. But like the comparative studies outlined above, the analysis of elites often reveals that democracy is but one outcome among many available and that a specific set of choices across cases has been taken that has yielded an initial commitment to democracy. For such studies, democracy is a fairly narrow but stable outcome based on the idea of the ‘institutionalization of uncertainty’ (Przeworski 1991), where elites play the game of democracy without knowing the outcomes of electoral competition but with the knowledge that they may be successful in obtaining power in the future. The promise of power is enough to buy allegiance to the new rules of the game and that with time, democracy becomes ‘the only game in town’ (Linz and Stepan 1996). Such a narrow view of democracy and a narrow focus on elites allow for a more precise set of analyses on interests, choices and relative power. It also includes the possibility that democracy will not come about, or that it could be reversed at a later date; something popular explanations often exclude. But such a focus also tends to exclude attention to masses, social movements and popular mobilization for democracy that has characterized many democratic transitions since the third wave in the 1970s. Any discussion of democratization ought to consider both the so-called bottom-up processes and top-down processes to provide a fuller account of what has happened and how.

Examining the ‘outliers’

The discussion of actors and processes complements our discussion of the overall relationship between development and democracy. In many ways, such a focus seeks to get inside the ‘black box’ of modernization and look at the different ways in which processes of development affect different groups, how groups create and/or respond to different sets of incentives and how democracy is but one outcome out of many possible outcomes for the ways in which a society will be governed. Now, if we revisit the relationship depicted in Figure 2.1 and focus on the Arab world, we discover a selection

FIGURE 2.4 *Development and democracy revisited.*

Sources: Mean combined democracy score from Polity IV data for 2007–2009; natural log of mean per capita GDP from the World Bank 2007–2009.

of countries that are relatively wealthy (certainly in the top half on the scale of development) and yet not at all democratic. Such exceptions to a general rule are referred to as ‘outliers’ (a term made popular by Malcolm Gladwell in a book by the same name) and challenge us to think of explanations for the exceptional position. It also allows us to consider the broader questions posed in this chapter alongside the question about actors and processes. Figure 2.4 reproduces the relationship from Figure 2.1 but highlights these outlier cases, such as Egypt, Tunisia, Libya, Syria, Bahrain and Yemen. These countries all experienced significant challenges to their governments from popular protests and rebel movements, and in the case of Libya, military action from the North Atlantic Treaty Organization (NATO). As outlier countries, analysts tend to see them as paradox cases of democratization. On the one hand, they have high levels of economic development (measured in terms of per capita GDP) and yet they have had prolonged periods of authoritarian rule where dissent has not been tolerated. It is clear that many of them enjoy vast sources of wealth based on their rich oil and natural gas deposits. The natural resources, however, tend to be highly concentrated within particular regions of these countries and controlled by a very small percentage of the population. Moreover, tribal and clan groupings have

based their power on these resources and have relied on the strong arm of the state to maintain stability and authority.

But across many of the cases, the events of early 2011 started as economic critiques of a model of development that is highly dependent on a concentrated set of natural resources and then evolved into a broader political critique and demand for basic freedoms (see Foweraker and Landman 1997). It is not clear whether these movements and political transformations are analogous to the movements that shook Eastern Europe in 1989, but it is fairly clear that it will be impossible for these countries to revert back to the **status quo ante** (see Carothers 2011). The Ben Ali regime in Tunisia and the Mubarak regime in Egypt have been ousted in relatively rapid fashion. Events in Egypt ushered in a political process that includes presidential elections in November 2011 and a number of associated political reforms. Based on what we do know about development and democracy outlined in this chapter, if democracy does become established in many of these cases, then the material conditions for its survival are already present. The key challenge will be the democratization of economies that are so highly dependent on one or two major exports, and the emergence of new forms of political representation that are less reliant on tribal links and traditional clans. This is not to say that there is some ‘western’ route to democracy, but as we shall see in the next chapter, democracy is founded on the fundamental principles of popular sovereignty and collective decision-making that is inclusive, participatory and accountable. The route to such an outcome is not predetermined but will be crafted by those who seek a different form of political regime supported by a level of economic abundance that bodes well for democracy.

Summary and implications

The simple association between abundance and freedom, whether through an intuitive sense about how the world ‘works’ or through the examination of comparative data has captured the imagination of scholars, commentators and policymakers for many years. But as I have shown in this chapter, the relationship is not as simple as it seems. There are large questions about whether the relationship is directly causal, indirectly causal or mutually reinforcing, and it is clear that it leads to a number of raised expectations about likely outcomes if one or the other changes dramatically. For me, the two are associated to the degree that higher levels of economic wealth provide governments with a resource base that allows them to deliver public goods to their populations, but that the impulse for democracy comes from much more than a simple set of underlying socio-economic changes that somehow culminate in democracy. The evidence presented that democracy survives if it is established in a wealthy country is very convincing and logical. It has been equally clear that not only are there many routes to democracy but that democracy itself is one of many possible outcomes.

The chapter has also shown that democracy tends to be a system that provides a better quality of development. It is a political system that is **no worse** than non-democracy in delivering economic growth, but it is markedly better across a broader set of macro-economic indicators that measure **human** development and inequality. Development does not require a period of authoritarianism to ready a society for democracy, and there are numerous examples of democracy having been established and having survived in poor countries. But such poor democracies may well have a number of additional challenges in maintaining their democratic institutions over the long run since resources are relatively scarce and the possibility of satisfying potential democratic ‘spoilers’ is much lower. We have also seen that beyond development, democracy brings with it other benefits, including a greater protection of human rights, a reduction in state violence such as genocide and or ‘politicide’ and even less violence with other countries.

The discussion presented in this chapter focused on abundance and freedom and left open the question of what constitutes democracy. The chapter did not define the concept but rather focused on its relationship with patterns of economic development. The next chapter sets out to define democracy and human rights and examines the conceptual and empirical relationship between the two.

SUGGESTIONS FOR FURTHER READING

- Diamidis, Peter H. (2012) *Abundance: The Future is Better Than You Think*. New York: Free Press.
- Lipset, Seymour Martin (1960) *Political Man: The Social Bases of Politics*. New York: Anchor Books.
- Norris, Pippa (2011) *Making Democratic Governance Work: The Impact of Regimes on Prosperity, Welfare and Peace*. Cambridge: Cambridge University Press.

Notes

- 1 Statistically, the relationship is positive and significant (Pearson's $r = .295$; $p < .001$), which means that wealthier countries tend to be more democratic and that if we collected the same data on the same sample of countries at a different point in time, then we would be more than 99 per cent certain that a similar positive relationship would be found.
- 2 As in the relationship depicted in Figure 2.1, the relationship depicted in Figure 2.2 is positive and statistically significant (Pearson's $r = .357$; $p < .001$). But this relationship is somewhat stronger than the one depicted in Figure 2.1.

- 3 Even the evidence that non-democratic governments are better at overseeing economic growth has been challenged on the grounds that democracies survive economic downturns, while many authoritarian states do not, and thus on aggregate, average levels of growth will be lower for democracies than for non-democracies (see Przeworski and Limongi 1997).
- 4 For an overly optimistic view about the natural association between economic development and democracy, see Singer (1997); and for a brilliant and insightful critique of policies based on this assumption, see Cammack (1997).
- 5 **Foreign Affairs** has a resource on The Modernization School, see <http://www.foreignaffairs.com/features/readinglists/what-to-read-on-modernization-theory>.