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**"SHOULD MODERNIZATION
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TRIGGERING DEMOCRACY

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During the last two centuries, democracy has spread from just one country—the United States—to almost one hundred, depending on how one measures it. Some countries transitioned earlier, others later. Others remain authoritarian today.

What can account for the pattern of regime change? One argument contends that economic development causes the adoption of democracy. There is a simple version of this, arguing that, for instance, a 10 percent increase in some measure of economic development immediately prompts a 10 percent increase in some measure of democracy. Call this the *simple modernization thesis*.

Then there is a version in which increases in economic development make democratization more likely—but not certain. The effect is probabilistic rather than deterministic; not instantaneous; and may be stronger or weaker in different periods. The exact timing of transitions is determined by some triggering factor or factors, which interact with economic development. Call this the *conditional modernization thesis*.

Most work testing the claim that economic development causes democracy has focused on the simple thesis. Evidence for it is thin. For instance, Przeworski et al. found that higher income helped to *preserve* democracy where it existed already. But they “failed to detect any thresholds of development that would make the emergence of democracy predictable,” and concluded that “modernization theory appears to have little, if any, explanatory power.”¹

1) Adam Przeworski, Michael E. Alvarez, Jose Antonio Cheibub, and Fernando Limongi, *Democracy and Development: Political Institutions*

However, if development merely increases the odds of transition, there need not be any income threshold at which all dictatorships democratize. And this is all the more true if the effect operates with some delay and its intensity varies across periods.

The evidence for the conditional thesis is much stronger. Before discussing this, however, it's worth considering what alternative explanations there might be for the global spread of democracy over the last two centuries.

What else could it be?

One possibility is that democracy emerges randomly. For instance, some argue that what matters is the contingent choices of key individuals and groups at important moments. While these choices can be analyzed afterwards, they can't be deduced from underlying factors. Authors invoke Machiavelli's *fortuna* to suggest the irreducible uncertainty of the process.

Another view sees institutional change as resulting from a mix of exogenous shocks, unpredictable responses to them, and path dependence. Dramatic events—“critical junctures”—disrupt political and economic equilibria. Actors react. Then small initial differences are magnified by long stretches of “institutional drift.”

Since institutional drift “has no predetermined path and does not even need to be cumulative,” there is no telling where countries will end up. As proponents of this view admit, “the predictive power of a theory where both small differences and contingency play key roles will be limited.”² Again, the

and *Well-being in the World, 1950-1990* (New York: Cambridge University Press, 2000), 137.

2) Daron Acemoglu and James Robinson, *Why Nations Fail: Origins of Power, Poverty and*

unfolding of democratization should look haphazard.

But it doesn't. Democratization clusters both geographically and temporally. The patterns are striking. The agency view and the random walk version of institutionalism offer insights into other questions, but they cannot easily explain these regularities.³

Another institutionalist argument might. Not all countries had the luxury of evolving autonomously. Many had governance systems imposed on them by imperial powers. If geography determined what sort of institutions the colonists created, then institutional legacies might cluster geographically.

Can colonial heritage explain regime types in the post-colonial world? If so, we might expect current levels of democracy in former colonies to correlate with levels of democracy right after decolonization. They do, but not that strongly. Variation in the Polity2 measure of regime type around the time of independence can account for 10-20 percent of the variation in former colonies' Polity2 scores today (regressing the latter on the former yields R-squareds of .1 to .2, depending on specification). That leaves considerable variation to explain—

Prosperity (New York: Crown Business, 2012), 434. For the first view, see Guillermo O'Donnell and Philippe C. Schmitter, *Transitions From Authoritarian Rule: Tentative Conclusions About Uncertain Democracies* (Baltimore: Johns Hopkins University Press, 1986).

3) Perhaps critical junctures that affect multiple countries simultaneously could explain temporal bunching. However, proponents of this view insist that actors can respond in opposite ways to the same critical juncture (e.g., raising wages after the Black Death or enserfing the peasants): “the contingent path of history implies that it is difficult to know whether a particular interplay of critical junctures and existing institutional differences will lead toward more inclusive or extractive institutions” (Acemoglu and Robinson, 2012, 436-7).

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along with the variation among those countries never colonized.

When income matters

Conditional modernization approaches may help. Recent years have seen a growth of work in this area, first establishing that the simple relationship between income and regime type is stronger than critics of modernization theory have suggested, and, second, exploring factors that trigger the development effect.

For a start, scholars have refuted the claim of Przeworski et al., later reiterated by Acemoglu et al., that higher development does not lead to democratization. Both the Przeworski et al. analysis and the main models of Acemoglu et al. focused on years between 1950 and 2000. Acemoglu et al. found that once country and year fixed effects were included in a panel regression, income per capita no longer correlated with the Polity democracy measure, among others.⁴

However, Boix and Stokes demonstrated that income was significant when all years since the mid-19th Century were included. Other papers showed that income had a larger and more significant effect when the Polity democracy measure was adjusted for top-censoring; when the system-GMM estimator, which performs better than dynamic fixed effects or Arellano-Bond difference-GMM in the presence of slowly changing regressors, was used; and when the effect of income was investigated over longer periods.⁵

4) Daron Acemoglu, Simon Johnson, James Robinson, and Pierre Yared, "Income and Democracy," *American Economic Review*, 98(3), 2008, 808-42.

5) See Carles Boix and Susan Stokes, "Endogenous Democratization," *World Politics*, 55(4), 2003, 517-549; Jesse Benhabib, A. Corvalan, and M. Spiegel, "Reestablishing the Income-Democracy Nexus," NBER Working Paper 16832,

Why would economic development matter more for democracy in the medium and long run than it does in a given year? Such a result fits naturally with the conditional thesis. If some factor that occurs periodically triggers the political effect of economic development, then that trigger is more likely to show up within a 10-year spell than in any individual year.

Scholars have suggested several possible triggering factors. First, Kennedy argued that economic crises prompt regime change, which results in democratization in countries that are relatively developed. Much other work confirms the link between poor economic performance and political transitions. In this context, a paradox arises. The level of income and the annual growth rate—although mechanically connected—turn out to have different, and sometimes *opposite*, effects on dictatorships. While a high level of development predisposes them to democratize, a high growth rate entrenches the incumbent dictator and his regime.

Miller, meanwhile, suggested that the fragility of an autocratic regime is what triggers the pro-democracy effect of higher development. Strong authoritarian states can withstand the effects of modernization, but internally divided or ineffective ones often cannot. He provided evidence for this, proxying for institutional weakness with the occurrence of violent leader turnover.

2011; Matteo Bobba and Decio Coviello, "Weak Instruments and Weak Identification in Estimating the Effects of Education on Democracy," *Economics Letters*, 96(3), 2007, 301-306; Daniel Treisman, "Income, Democracy, and Leader Turnover," *American Journal of Political Science* 59, 4, 2015, 927-942. Acemoglu et al. (2008) included some 100-year regressions, but, as Murtin and Wacziarg point out, the non-significance of income in these regressions results from omitting the initial level of democracy (Fabrice Murtin and Romain Wacziarg, "The Democratic Transition," *Journal of Economic Growth*, 19(2), 2014, 141-181).

Finally, I found that *all* types of leader turnover in non-democracies—even those caused by peaceful handovers of power and natural deaths in office—activated the effect of economic development. Another way to put this is that economic development catalyzes democratization mostly in the first years of a new leader. After an autocrat has survived for some time, he tends to become insulated from pressure to reform, no matter how modern his country becomes.⁶

Is this finding just another version of the Przeworski et al. claim that countries democratize for idiosyncratic reasons but then are more likely to remain democratic if they are economically developed? Not exactly. Countries with higher income are more likely to democratize. The triggers may be hard to predict and sometimes appear random; in another paper, I show that democratization has often occurred because incumbents made unexpected mistakes.⁷ But in less developed countries such triggers tend to produce only another autocracy.

Spanish lessons

If leader turnover catalyzes the income-effect, that could explain why standard statistical methods often fail to detect a simple, short-run relationship between economic development and democratization.

Consider the case of Spain. Under Generalissimo Francisco Franco, who seized power in 1939, the country grew from a rural backwater into the world's

6) See Ryan Kennedy, "The Contradiction of Modernization: A Conditional Model of Endogenous Democratization," *Journal of Politics* 72(3), 2010, 785-98; Michael K. Miller, "Economic Development, Violent Leader Removal, and Democratization," *American Journal of Political Science* 56(4), 2012, 1002-20; Treisman (2015).

7) Daniel Treisman, "Democracy by Mistake," NBER Working Paper 23944, October 2017.

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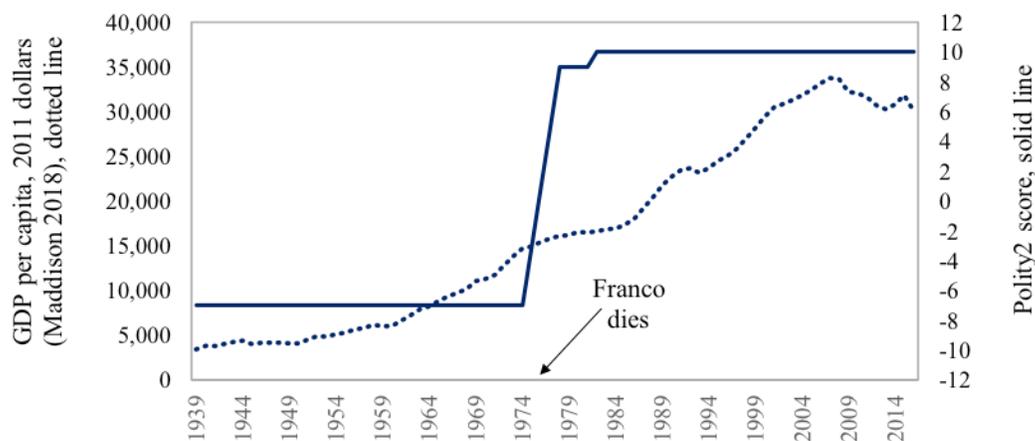
eleventh largest industrial economy. By the time Franco died of old age in 1975, GDP per capita had quadrupled and the number of telephones had increased by more than 250 times. Yet, the state remained brutal and arbitrary.

However, just a few years after the dictator's funeral Spain had become

one of the world's highest-rated democracies. Historians see a clear link between the country's economic and social modernization in the 1960s and its political metamorphosis in the late 1970s. Economic development prepared the ground for democracy. But its impact was felt only after the dictator left the stage (see figure).

A standard dynamic model would not find much relationship here. From 1939 to 1974, and then again from 1982 to 2007, Spain's democracy level remained flat despite soaring income. At first, the country was trapped in Franco's autocratic straight-jacket; later, it was capped at the democracy scale's maximum score. All the

Income and Democracy in Spain, 1939-2016



Sources: Polity IV, Maddison Project Database (version 2018).

increase in Spain's democracy score came between 1975 and 1982, in the period after Franco's death, but income rose only slightly during those years. In short, economic development may lead to democracy, but in a way that is too discontinuous and concentrated to be captured easily by annual panel regressions.

Are there other Francos? Indeed, quite a few. I identified 20 other rulers of non-democracies between 1875 and 2004 under whom GDP per capita rose above 6,000 1990 dollars. (Other thresholds in the middle income range would yield similar results.) These dictators did not allow much democratization on their watch—on average, their countries suffered a drop of 0.7 Polity2 points. However, in the decade *after* the given

dictator left office, the average Polity2 score jumped 8.1 points. Eight of the 20 were, like Franco, followed by an increase of 10 or more points—a jump that occurred in only about 4 percent of all 10-year periods in the data. Not all democratized. But an unusually high number did.

Conditional modernization arguments hint at a reason for temporal and geographical clustering in democratization. In line with Kennedy, I find that economic crises trigger the development effect—when, that is, they also prompt leader turnover. Wars also accelerate leader turnover, and indirectly regime change. Both economic crises and wars simultaneously affect groups of geographically proximate countries. Income levels also cluster geographically.

Mechanisms and triggers

If the data support conditional modernization theory, that still leaves the question which aspects of economic development predispose countries to democratize. The original modernization theorists saw broader participation and self-government as the climax of a syndrome of linked economic and social transformations. These included industrialization, urbanization, occupational specialization, the growth of a middle class, the spread of education, literacy, and a scientific culture of inquiry, higher incomes, the reduction of inequality, increased leisure, and the birth of mass media.

Identifying the separate impact of these phenomena is difficult. One influential approach emphasizes culture, and sees

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only the later stages of modernization as truly conducive to democracy. In a number of works, Ronald Inglehart and Christian Welzel have argued that industrialization, urbanization, and rising income lead to a transition from “survival values” to “secular-rational values,” which can support either democratic or authoritarian systems. Later stages of modernization produce a second shift to “self-expression values,” which prioritize identity, autonomy, and political participation, while rejecting authoritarian control.

A second approach focuses on education. Murtin and Wacziarg find that a measure of primary school completion absorbs much or all of the explanatory power of income in cross-national panel regressions. They estimate that the diffusion of literacy resulting from such early education accounted for roughly half of the total increase in democracy between 1870 and 2000.

Education could promote democratization in several ways. First, it could induce Inglehart-style cultural change. If so, one might expect less of an effect in systems where the curricula and styles of teaching reinforce authoritarian values. This could be tested. Second, education might empower citizens to monitor officials and formulate demands more effectively, exploiting opportunities in existing laws. Thomas Jefferson argued that educating the common people would enable them “to know ambition under all its shapes, and... exert their natural powers to defeat its purposes” (quoted in Murtin and Wacziarg, 143). Botero, Ponce, and Shleifer show that better educated people are more likely to report official misconduct, generating greater accountability. Third, education may enhance the social and communications skills needed to organize and coordinate opposition.⁸

8) See Murtin and Wacziarg (2014); Juan Botero,

Another aspect of development is change in the level of economic inequality—and in the assets that are most politically salient. During the “first wave,” unequal ownership of farmland seemed to generate obstacles to reform in certain countries. The most eager democratizers were states where small family farms dominated the countryside. Later, as financial and human capital overtook land in significance, inequality no longer appeared to inhibit political liberalization.⁹

Insight into the mechanism by which modernization favors democracy might come from examining one set of notable exceptions to the pattern. Some oil-rich states have failed to democratize despite achieving record levels of GDP per capita. Does this challenge the explanatory scope of modernization theory? It depends. One interpretation is that oil wealth blocks democracy precisely by inhibiting certain aspects of modernization—in particular, the development of light industry, and the associated employment and social mobilization of women. If that’s right, then the survival of autocracy in oil-rich states is not an exception that contradicts modernization theory but rather an “exception” that proves the rule.¹⁰

Another set of questions concerns why particular factors—such as economic

Alejandro Ponce, and Andrei Shleifer, “Education, Complaints, and Accountability,” *The Journal of Law and Economics* 56.4 (2013): 959-996.

9) See Daron Acemoglu and James Robinson, *Economic Origins of Dictatorship and Democracy* (New York: Cambridge University Press, 2006); Charles Boix, *Democracy and Redistribution* (Princeton: Princeton University Press, 2003); Ben Ansell and David Samuels, *Inequality and Democratization* (New York: Cambridge University Press, 2014).

10) Michael L. Ross, *The Oil Curse: How Petroleum Wealth Shapes the Development of Nations* (Princeton: Princeton University Press, 2012).

crisis or leader turnover—trigger the political effect of development. The role of triggering factors is to initiate regime change, the character of which is then determined by the country’s level of modernization. They could do this in several ways.

First, such factors may help the opposition coordinate. Both economic crisis and leader succession may provide focal points for such coordination. Second, they could shift the balance of power between the regime and its opponents. Economic crisis may reduce the incumbent’s resources for repression, while lowering the opportunity cost of revolt. It could also reveal the leader’s incompetence, motivating citizens to seek change. Meanwhile, leader turnover may replace an experienced hardliner, selected over time for his survival skills, with a relative neophyte (see Treisman (2015) for evidence of such selection effects). Succession often also provokes struggles among elite factions, weakening the regime. Third, triggering factors could change incumbents’ objectives, rendering them more willing to try reform. Economic crisis might—as it did for Mikhail Gorbachev—prompt an incumbent to risk political tinkering. In developing autocracies, peaceful succession often brings to power a more highly educated leader, with more modern values, who is more open to adjustments.

Since its first formulation in the 1950s, modernization theory has endured repeated attacks. Yet no alternative theory of democratization has achieved anything like its appeal. The “counterexamples” cited by skeptics have often converged to the theory’s predictions. Asian countries were once deemed culturally unsuited to democracy, regardless of income level. Yet Japan, Taiwan, South Korea, and Mongolia have become stable

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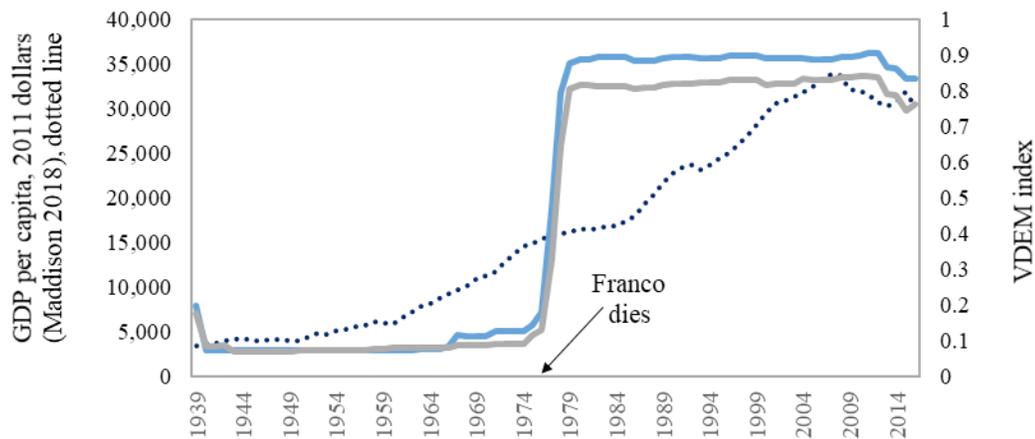
democracies. Military regimes in relatively developed Latin American countries in the 1970s prompted some to reject modernization theory. Yet today Argentina, Uruguay, and other former “bureaucratic authoritarian” states have been democratic for more than 30 years. The industrialized communist dictatorships of Eastern Europe also seemed inconsistent with the theory—until, that is, they collapsed, with many transitioning to democracy, albeit flawed.

The biggest anomaly for modernization theory—simple or conditional—today is Singapore. With a per capita income of \$66,000, according to the Maddison income database, it is among the richest countries in the world. Yet, through several rounds of leader turnover, its rulers have managed to preserve a highly effective form of soft authoritarianism. Modernization theory suggests we should not be surprised to see the country democratize in coming years. *Conditional* modernization theory

adds that such a transition is more likely to come in a year of economic crisis and leader change, but cautions not to expect it at any particular income threshold.

Using VDEM

Income and Democracy in Spain, 1939-2016



Sources: Polity IV, Maddison Project Database (version 2018).

Blue is electoral democracy index, grey is liberal democracy index.