

# Modernization and Democracy: Theories and Evidence Revisited

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We review the literature on the relation between socio-economic development and political democracy, a field that is commonly known as modernization theory. Guided by the seminal contribution of Lipset (1959), we assess the evolution of this literature along two major dimensions: (1) robustness of the relationship between economic development and democracy and (2) substantiation of the causal mechanism. The evidence to date suggests that Lipset's original thesis does indeed find empirical support, and that certain structural conditions are conducive to stable democracy.

## Introduction

Few questions in political science have been studied as extensively as the relation between socio-economic development and political democracy. Are poor countries less likely to be democratic than rich countries? And if yes, why is this so? Most generally these are the questions we aim to answer in this paper. We will do so by reviewing theoretical arguments and empirical evidence concerning what is commonly known as *modernization theory*. This field of research is indebted to the tradition of Lipset (1959), who in his seminal contribution first laid out the research agenda. Thus, contrary to elite-oriented (sometimes called agency) approaches to the study of democratization (e.g., O'Donnell & Schmitter 1986), this paper is concerned with the structural and societal conditions conducive to democracy, especially in the socio-economic domain.

The paper proceeds as follows: In the next section, we review Lipset's (1959, 1960) original account of the relation between socio-economic development and political democracy. We then discuss early qualitative and quantitative studies on the topic, as well as influential critiques of modernization theory. Next, we are concerned with more recent developments in the studies on socio-economic development and democracy. In particular, we provide an overview of influential studies on the robustness of the relationship between economic development and democracy. Here, our focus is on the study by Przeworski et al. (2000; Przeworski & Limongi 1997), which is perhaps the most influential and most heavily debated study in recent years. We then go beyond macro-correlations and review recent substantiation of the causal mechanism by focusing on the contributions by Boix (2003), Acemoglu and Robinson (2005) and Inglehart and Welzel (2005). The final section summarizes and concludes.

## Lipset's Thesis: Conditions of Democracy

At a time when democratic forms of government were the exception rather than the rule, it was Lipset who in his seminal 1959 piece *Some Social Requisites of Democracy: Economic*

*Development and Political Development*<sup>1</sup> first established the theoretical link between the level of development of a given country and its probability of being democratic: "the more well-to-do a nation, the greater the chances that it will sustain democracy" (Lipset 1959, 75). Without a doubt this notion has since become conventional wisdom. Leaving aside some methodological flaws,<sup>2</sup> Lipset (1959, 1960) was able to confirm a suspected correlation between democracy and development on empirical grounds in one of the earliest empirical comparative studies, and it is not by chance that his 1959 article ranks amongst the all-time top-ten citations of the discipline's flagship-journal, the *American Political Science Review* (Siegelman 2006).

Yet, it appears that Lipset is more frequently cited than read, as he is often misrepresented in reducing his complex theory to a simplistic understanding of economic development in a narrow economic sense. In other words, Lipset is often attributed with positing a simple correlation between per capita income and democracy, when in fact he deliberately argued more broadly that "all the various aspects of economic development – industrialization, urbanization, wealth, and education – are so closely interrelated as to form one major factor which has the political correlate of democracy" (Lipset 1960, 41). It is this list of factors which constitute the *conditions*, not necessarily causes, for democracy according to Lipset.

In this context, for any democratic regime to survive, it must provide sufficient legitimacy as perceived by its citizens. This, Lipset argued, is typically achieved by continuous economic development (effectiveness). At the same time, drawing heavily on Marx, Lipset emphasized the strengthened role of the middle class in a modernized society by pointing towards the social mechanisms. Here equality is central, both in socio-political terms and in economic terms. "The gap between income of professional and semi-professional (...) and ordinary workers (...) is much wider in poorer than in developed countries" (Lipset 1960, 49). Thus, modernization according to Lipset manifests itself largely through changing social conditions that foster a democratic culture. Stronger in human capital,

<sup>1</sup>The article was re-published in virtually identical form as chapter 2 of Lipset (1960)

<sup>2</sup>For instance, Lipset used different criteria to classify countries as democratic or not depending on their geographical location.

especially education, and exposed to wider and more diverse audiences (e.g., within voluntary associations), workers in developed countries are more receptive towards democratic values of tolerance and less so towards regime-hostile ideologies (Lipset 1959, 84). This is especially true when workers are granted economic and political rights. Indeed, modernization increases the receptiveness to the type of norms and values that mitigate conflict, penalize extremist groups, and reward moderate democratic parties (Lipset 1959, 83-84).

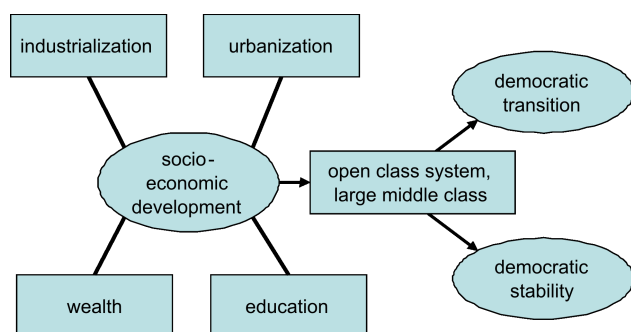


Figure 1: Modernization Theory according to Lipset

In this context, it is particularly redistribution and citizenship that prevent workers from revolutionary struggle and the resulting economic equality that allows for effective democracy: “A society divided between a large impoverished mass and a small favored elite would result either in oligarchy (...) or in tyranny” (Lipset 1959, 75).

On the micro-level, Lipset’s account of democratization was strongly informed by Lerner (1958), who had identified urbanization, education and communication (media) to be core factors in the process of individual modernization and political participation. Lerner had pointed out that with widespread education the ruling elite’s fear of a country ruled by an unruly mass, incapable of informed decision, subsides, whereas it was Lipset who drew the connections between micro-level modernization and macro-level democracy, and conducted the empirical testing. Thus, Lipset’s theory is in essence a cultural one.

In sum, economic development — like urbanization, wealth and education — in Lipset’s account works as a mediating variable that is part of a larger syndrome of conditions favorable to democratization. Kitschelt (2003) has called this a “deep” explanation in which economic development works through the syndrome of conditions. However, because the causal arrow is not unidirectional, Lipset deliberately chose *requisites* instead of prerequisites of democracy as the title of his article, indicating a correlational, not causal, relationship between socio-economic development and democracy, while the quantifier *some* suggests a probabilistic, not deterministic, association. Notwithstanding, none of the conditions is considered a sufficient condition for democracy.

## Early Studies

From the list of conditions of democracy derived by Lipset, economic development is the single one variable which has attracted the bulk of attention of other scholars. While Rostow (1960) had theorized the path from economic modernization to democracy as linear and inevitable, Moore (1966) formulated a

historical analysis and critique in which socio-economic development — industrialization in particular — does not necessarily translate into the intermediary variables that are conducive to democracy. Moore saw ‘three routes to the modern world’: the liberal democratic, the fascist, and the communist, each of which is derived from the timing of industrialization and the social structure at the time of transition. According to Moore, the type of route a given country takes is determined by the relative configuration of five factors: (1) the power distribution amongst the elites, (2) the economic basis of the agrarian upper-class, (3) the class constellation, (4) the distribution of power between classes, as well as (5) the states’ autonomy vis-à-vis the dominant class. Above all, however — and this connects Lipset and Moore — Moore stressed the importance of the middle class as a necessary condition: “No bourgeoisie, no democracy” (Moore 1966). Needless to say, the bourgeoisie is most pronounced in capitalist societies.

A somewhat similar notion was more recently advanced by Rueschemeyer et al. (1992), who in a historically profoundly informed study identify the landowning class as the central obstruction to democratization, while an organized labor class is seen as most conducive. Thus, to the degree that it strengthens the working class and weakens the landowning class, industrialization fosters democracy.

By contrast, Apter (1965) argued that democracy as an end should not be pursued at all levels of modernization since it can bring about destabilization to the political process in underdeveloped societies. Similarly, Huntington (1968) saw socio-economic development as distinct from political development when stressing the importance of political order. In turn, order is jeopardized when the level of mobilization within a society exceeds the level of institutionalization. In this context, according to Huntington, economic development increases political mobilization at a faster rate than the appropriate institutions can develop thus leading to instability. Huntington, however, changed his views on modernization to some degree since in his influential 1991 work *The Third Wave* he does consider modernization as one of the factors driving democratization.

Ranking amongst the most widely studied themes within the social sciences, the relation between socio-economic development and political democracy has also been the subject of an immense number of quantitative studies. As an inevitable consequence no review can do justice to this breadth of studies. Indeed, the question of whether a positive relationship exists as outlined by Lipset has been hotly debated, with empirical evidence on either side: while most studies do find a positive relationship (e.g., Lipset 1959; Cutright 1963; McCrone & Cnudde 1967; Olsen 1968; Jackman 1973; Coulter 1975; Bollen 1979, 1980, 1983, 1993; Bollen & Jackman 1985, 1989, 1995; Muller 1988, 1995a, 1995b; Diamond 1992; Inglehart 1988, 1997; Muller & Seligson 1994; Burckhart & Lewis-Beck 1994; Leblang 1997; Vanhanen 1984, 1990, 1997; Barro 1999), others do not (e.g., Arat 1988; Sirowy & Inkeles 1990; Hadenius 1992).

Yet, much of this variation in the results can be attributed to at least five reasons, as is partly pointed out in reviews by Przeworski and Limongi (1997) and Sirowy and Inkeles (1993):

1. The results are influenced by the selection of countries to be included in the sample, as well as the timing of measurement.
2. Results vary depending on whether simple cross-sections or time-series cross-section data was analyzed. In this context, mere cross-sections are subject to the obvious critique that they fail to capture regime changes.
3. The selection of indicators for socio-economic development crucially affects the results, i.e., differences can be attributed to whether economic factors, such as per capita GDP, are employed, or whether broader data on issues like urbanization or literacy rates are used.
4. The selection and operationalization of the democracy measure is equally crucial, in particular the underlying conceptualization of democracy, and whether democracy is conceptualized as a binary or a polychotomous measure (see Bollen 1993; Bollen & Paxton 2000; Munck & Verkuilen 2002).
5. Lastly, and partly as a consequence of the previous point, the form of the assumed relationship impacts the statistical results. In other words, depending on whether a linear or curvilinear relation is assumed affects the results.

In short, the empirical study of the modernization thesis has been subject to intense methodological debate, and over time more and more sophisticated models, measurement and methods of analysis have been developed. In this context, it is one thing to consider the conclusions drawn by individual studies, and it is another to assess their validity at large. As a consequence, thanks to accumulated knowledge, critiques and debates, more recent studies are more advanced, and thus in the following section we consider them in greater detail.

## Recent Developments Part 1: Robustness

Almost forty years after Lipset's first publication, Przeworski et al. (2000, Cheibub 1996; Przeworski & Limongi 1997) publish a series of articles and a comprehensive monograph "that hit the field of political development like a bolt of lightning and immediately changed the landscape" (Boix & Stokes 2003, 517). Przeworski et al. disentangle the relation between democracy and development by asking an important question: Does development bring about democracy, or does development merely help sustain democracy once it is established? While this difference was already acknowledged by Rustow (1970), Przeworski et al. call the former the *endogenous* version, and the latter the *exogenous* version of democratization.

Using suitable statistical techniques<sup>3</sup> to model transitions to and from democracy, Przeworski et al. analyze a large cross-section time-series dataset, encompassing a time span from 1950 to 1990, and a country *n* of 135. What must be determined, they argue, is "how the respective transition probabilities change with the level of development" (Przeworski et al. 2000, 92). Assessing the exogenous theory, they argue that if it is true, then

democracies at higher levels of GDP should be less likely to fall back to authoritarian rule. That is, once a country passes a sufficiently high level of wealth, as measured by per capita GDP, its probability of a transition to an authoritarian regime should go to zero. By contrast, for the endogenous theory to be true, Przeworski et al. argue that countries must pass a certain threshold of development in order to allow for a transition.

In short, based on their empirical analyses, Przeworski et al. claim that the exogenous version holds true; the endogenous version, however, is false: Development makes democracies endure, but it does not make them more likely to emerge. Przeworski et al. find that no democracy failed above a per capita GDP of \$6055, Argentina's level in 1975. Referring back to Lipset (1959, 1960), they argue, somewhat vaguely, that this is so because wealth lowers the distributional conflicts within society "through various sociological mechanisms" (Przeworski et al. 2000, 101), but fail to be more explicit. Moreover, similar to Lipset (1994), Przeworski et al. emphasize the role of growth, arguing that growth performance is nearly determinant for democracies to survive, but not so for dictatorships (Przeworski et al. 2000, 109). However, as is true so often for their extensive empirical analyses, they do not offer a theoretical explanation of the mechanism as to why this is so.

Yet, economic factors alone are not sufficient to account for the fates of democratic and authoritarian regimes. Democracies are found to be less stable when (1) they are more unequal to begin with, (2) inequality increases, (3) when labor receives a lower share of the value added in manufacturing. The same holds for dictatorships: they are more vulnerable to breakdown when inequality is high, and especially when they are poor. Nonetheless, these patterns must be taken with skepticism, since data on income inequality is scarce and differs in operationalization, especially for countries that have undergone transition.

Most importantly, however, Przeworski et al. reject the endogenous hypothesis that economic development brings about democracy. According to them, democracies come into being almost randomly, with similar chances at all levels of development. How Przeworski et al. arrive at this conclusion, however, remains puzzling: Throughout the analyses contained in the book, the estimated coefficient for the level of economic development indicates a *positive and statistically significant effect* on transitions to democracy, albeit smaller than for the exogenous version. Their strict rejection of the endogenous theory remained influential on verbal grounds alone, and the inattentive or statistically less skilled reader was convinced by their argument.

In a powerful attempt to rebut Przeworski et al., Boix and Stokes (2003) point out a number of shortcomings of the study. Having demonstrated the apparent misinterpretation of the estimated coefficient on endogenous democratization, they rebuke the validity of the underlying assumptions of Przeworski et al.'s model: If the exogenous hypothesis was true, as is claimed by Przeworski et al., countries are more likely to *remain* democratic at high levels of economic development. Thus, even if transitions to democracy occur randomly at all levels of development, after a long enough period of time, there are simply few cases left to undergo a transition, especially at higher levels of development.<sup>4</sup> Instead, Boix and Stokes argue that one

<sup>3</sup> Specifically, Przeworski et al. rely on a dynamic probit estimator, which is a first-order Markov transition model.

<sup>4</sup> In technical terms this leads to unequal sampling probabilities,

needs to “push back” the entire sample to a point in time when no country was democratic.<sup>5</sup> Boix and Stokes do this by first analyzing a separate dataset encompassing the period from 1850 to 1950, and then merging their data with that of Przeworski et al., yielding an 1850 to 1990 dataset. They then show that the endogenous effect applies not only to the 1950-1990 period analyzed by Przeworski et al., but that it is even stronger for the pre-1950 period. However, due to immensely different operationalizations of variables, this combined analysis is questionable for reasons of data validity.

Others also take issue with the conclusions Przeworski et al. draw. Inglehart and Welzel (2005) provide a simpler, yet equally powerful critique of Przeworski et al.’s work. Arguing that the separation between endogenous and exogenous transitions fails to take into account the immense differences in regime stability — the exogenous modernization hypothesis which Przeworski et al. do not reject — Inglehart and Welzel use Przeworski et al.’s own data to calculate the *ratio* of regime shifts to democracy vs. regime shifts to autocracy for different level of per capita GDP. The results send a clear message; the ratio increases *exponentially* as GDP increases, indicating that modernization increases the probability of transitions to democracy.

Epstein et al. (2006) provide a methodologically advanced critique of Przeworski et al., again reanalyzing their own data. Przeworski et al. “erred in their own analysis, failing to correctly estimate the standard errors of the coefficients reported in the Markov model, and that when doing so, they erred in a way that led them to report the impact of GDP on democratization as insignificant” (Epstein et al. 2006, 566). In other words, Przeworski et al. misinterpreted their model in a way that led them to underestimate the statistical significance of the effect of per capital GDP on transitions to democracy. When interpreted correctly, the Przeworski et al.’s own models suggest that the endogenous modernization hypothesis stands up well.

In sum, the statistical evidence we have to date strongly suggests that both exogenous and endogenous democratization are systematically associated with socio-economic development.

## Recent Developments Part 2: Mechanisms

### Inequality as Causal Mechanism

Of course a statistical correlation is not very meaningful without a theoretical mechanism that explains the interplay of the variables in a convincing manner. The question is: What exactly translates socio-economic development into democracy, helping democracies either to emerge and/or to endure? Boix and Stokes suggest such a concrete mechanism for endogenous democratization: income inequality. Drawing on Boix (2003), they argue that “democracy is caused not by income per se but by other changes that accompany development, in particular, income equality” (Boix & Stokes 2003, 540). In this context, they convincingly show that transitions to democracy pre 1950 occurred at lower levels of GDP compared to transitions which occurred later. They also demonstrate that those countries which

violating the assumption of random sampling of the statistical model used for the analyses.

<sup>5</sup> This is not completely true. From a statistical point of view, what is needed is an estimator that systematically corrects for unequal selection probabilities, for example by means of a Heckman selection model. This however raises the question of a suitable instrument for identification (exclusion criterion).

attained high levels of income equality pre 1950 did so at lower levels of development than those countries which did so later. This, however, stands in direct opposition to Przeworski et al. who had argued that authoritarian regimes are more likely to break down<sup>6</sup> when inequality is high, and especially so when they are poor (Przeworski et al. 2000, 122).

Thus, in these newer accounts of democratization the importance of income equality is central. Upon closer inspection this very much follows the intellectual tradition of Lipset since income equality, together with the level of economic development as measured by per capita income, is merely a synonym for the larger middle class Lipset had emphasized. In other words, Boix and Stokes provide indirect support for the *syndrome of conditions of democracy* (including a larger middle class) emphasized by Lipset but their interpretation is different: “As countries develop, incomes become more equally distributed. Income equality means that the redistributive scheme that would win democratic support (the one supported by the median voter) would deprive the rich of less income than the one the median voter would support if income distribution were highly unequal. Hence, the rich find a democratic tax structure to be less expensive for them as their country gets wealthier, and they are more willing to countenance democratization” (Boix & Stokes 2003, 539-540). This is of course a synthesis of the qualitative works (e.g., Moore 1966; Rueschemeyer et al. 1992) and the statistical findings of a positive relationship between GDP and democracy, where “per capita income, as employed in the modernization literature in postwar samples, behaves mostly as a proxy for the more fundamental factors” (Boix & Stokes 2003, 543).

In another highly influential contribution, Boix (2003) provides an extended version of this theory of endogenous democratization which can also account for the set of alternative outcomes of transitions, i.e., “the occurrence of democracies, right-wing authoritarian regimes and revolutions leading to civil war and communist or left-wing dictatorships” (Boix 2003, 2-3). With regard to democracy and development, Boix’ work is particularly interesting in that it can account for ‘anomalies’, such as oil-exporting countries, which according to minimalist accounts of modernization theory should be democratic given their level of development.<sup>7</sup> That is, while Przeworski et al. exclude these countries from their analyses in general, Boix emphasizes not only income equality, but also asset-specificity as a structural condition. In other words, the mobility of the main assets in a society determines whether elites fear taxation and redistribution that they cannot avoid when economic assets are immobile and are thus threatened by the cost of democracy. More mobile assets, by contrast, as they are found in more industrialized countries, are harder to tax. Consequently, elites fear taxation to a lesser degree. Thus, Boix (2003) provides a general framework that focuses on structural conditions (Lipset), but it also integrates the class relations (Lipset, Moore) and elite choices (O’Donnell & Schmitter).

A similar framework is offered by Acemoglu and Robinson (2001, 2005). Like Boix, Acemoglu and Robinson derive their predictions from game theoretic models that draw on the median voter theorem, and their focus is likewise on the interrelation between economic inequality, the nature of assets, and democracy. The differences are, however, striking: while Boix

<sup>6</sup> Naturally, an authoritarian regime breaking down must be considered a precondition for a transition to democracy.

<sup>7</sup> For a discussion of the effect of oil on democracy, see Ross (2001).

argues that democracy is most likely to occur when it is least threatening to the elites, according to Acemoglu and Robinson, the threat of revolution from below leads elites to consider democracy as a lesser evil. More specifically, because redistribution policies alone are not credible in accommodating these threats (since such policies can be altered unilaterally by the elites in the future), they argue that democracy serves as the solution to an underlying commitment problem (see North and Weingast 1989).

This explanation is grounded in a distinction between *de jure* and *de facto* power: while the former is determined by the set of institutions regulating access to power, the latter arises from the immediate balance of power between social groups, i.e., social classes. Given sufficiently sizable shifts in *de facto* power, the middle class may push for a re-alignment of its *de jure* power with *de facto* power,<sup>8</sup> i.e., democratization. This occurs during windows of opportunity, such as social or economic crises, or (the aftermaths of) war. Democracy, revolutions or coups as relevant alternatives (along with the status quo) are each associated with relative costs. These costs, in turn, depend on the societal and economic structure which ultimately shapes the cost-benefit analyses. More specifically, democracy is least likely in agrarian societies where assets are immobile and thus easily taxed and/or nationalized. Moreover, democracy is most likely when inequality is neither too low nor too high. The reason is that in the former case (in a non-democratic country), elites have much to lose and thus opt in favor of oppression, whereas in the latter case, citizens have little to gain to begin with. This leads to the main empirical prediction, a curvilinear relationship between inequality and democracy. However, while elegant in reasoning, the proposition remains to be tested empirically in a systematic fashion. Here Acemoglu and Robinson evasively argue that available indicators of income equality, for example the GINI coefficient, do not adequately operationalize their understanding of income equality, for example, if it is between different ethnic groups (Acemoglu and Robinson 2005, 59).<sup>9</sup>

In sum, despite offering the most encompassing theories to date, one crucial aspect left out by both Boix and (perhaps to a lesser degree) Acemoglu and Robinson is the question where the demand for democracy comes from in the first place. In fact, both Boix and Acemoglu and Robinson take identities and demand as given. Demand, however, must be a core question, if conditions should translate into attitudes for democracy to be a deliberate outcome. In this area, others have made recent advances.

### Values and Demands as Causal Mechanism

To date, Inglehart and Welzel (2005; Welzel et al. 2003; Welzel 2006; Welzel and Inglehart 2008) provide what is perhaps the most comprehensive framework by linking socio-economic development and cultural prerequisites for democracy, thereby revitalizing Almond and Verba's (1963) long-standing argument of cultural prerequisites for democracy. In doing so, they directly address two problems in the work by Boix (2003) and Acemoglu and Robinson (2005):

<sup>8</sup> Note that this essentially follows the median voter theorem.

<sup>9</sup> Interestingly, Acemoglu and Robinson show scatterplots for GINI and levels of democracy, but fail to provide similar plots for changes in levels of democracy, i.e., for the effect of inequality on democratization.

First, Welzel and Inglehart (2008) criticize these authors for applying an overly narrow definition of democracy, as they focus merely on the emergence of *electoral* democracies rather than on *effective* democracies. According to Boix (2003) and Acemoglu and Robinson (2005), the main struggle between masses and elites is centered on the question of universal suffrage – which is a necessary but not sufficient condition for democracy. Applying a broader concept of democracy – taking into account a variety of political and civil rights and the degree to which they are respected by elites – would allow for the inclusion of people and their orientations, supporting the argument that culture matters for democratization. In this context, we add that this is somewhat ironical for the work of Acemoglu and Robinson (2005) who distinguish between *de jure* and *de facto* political power as explanations for democratization but neglect the possibility that, like power, the concept of democracy also comes in *de jure* and *de facto* form.

Second, both Boix (2003) and Acemoglu and Robinson (2005) take pro-democratic mass preferences as given once a particular level of inequality is reached. In other words, they limit the mechanism of how economic conditions translate into mass demand for democracy to the question of economic inequality and the preference for redistributive policies. In doing so, the authors omit to consider that mass demands for democracy may come from different sources. They also neglect the possibility that mass preferences and action resources may systematically change over time or vary across countries with similar levels of inequality. Implicitly, Welzel and Inglehart argue, the authors consider mass demands for democracy as a constant. As a consequence, the outcome of a democratization process is limited to the reaction of elites and modernization is considered only insofar as it changes the character of economic assets (immobile vs. mobile) and the distribution of income. Whereas this might be a historically valid argument, it is questionable whether these mechanisms also applied during the most recent wave of democratization (Huntington 1991). In particular, in former communist countries, economic inequality was rather low,<sup>10</sup> suggesting an only modest demand for redistribution and democracy. In reality, however, mass protest helped topple the authoritarian systems, and the essential struggle between people and elites was not about economic issues but about political rights and civil liberties. Consequently, Welzel and Inglehart (2008, 136) argue: “The major effect of modernization is not that it makes democracy more acceptable to elites, but that it increases ordinary people’s capabilities and willingness to struggle for democratic institutions”.

Generally, Inglehart and Welzel want to shed light on the role of ordinary people in the democratization process by (a) explaining how citizens adopt values that push for and are conducive to democracy and (b) revealing the link how these democratic mass orientations translate into effective democratic institutions. To this end, they pursue a two-step logic which essentially follows Coleman’s (1990) bathtub model of a social mechanism. In a first step, macro socio-economic development is linked to micro-value change towards emancipative values. Here

<sup>10</sup> Inequality measures from the transition period indicate that low inequality in communist regimes was not only ideological rhetoric. In particular, the Central Eastern European countries – those that underwent successful democratic transitions – are among the lowest scoring countries in inequality measures. See, for example, the Gini coefficient (late 1980s) and alternatively, as Acemoglu & Robinson consider this measure as inadequate, the Percentile Ratio 90/10 from the Luxembourg Income Study (early 1990s).



Inglehart and Welzel argue that socio-economic development, for instance through rising levels of education and occupational differentiation, increases social complexity, making people cognitively more autonomous and socially more independent. Inkeles (1978, 1983) referred to this process as individual modernity, “the sociocultural aspects of modernization” (Inkeles 1978, 49). As a consequence, resources are not only increased, they are also individualized, providing people with the means of choice, as the most existential constraints on human choice are diminished (e.g., Sen 2001).

Inglehart and Welzel (2005, 25) make an important distinction when they follow Bell (1973) in his differentiation between two distinct phases of modernization: industrialization and postindustrialization. Both economic phases differ significantly in the way they affect societies: Whereas industrialization is accompanied by bureaucratization, centralization, rationalization, and secularization, people in postindustrial societies show an increasing emphasis on autonomy, choice, creativity, and self-expression. At the same time, and politically most important, both processes have changed the way people relate to authority.<sup>11</sup>

Industrialization led to a secularization of authority, shifting the source of authority from religion to more secular ideologies. However, these societies were still characterized by pronounced authority relations and socioeconomic conditions that were shaped by the disciplined, standardized and uniform mode of industrial production. This is exactly why also other authors have claimed that modern orientations are not necessarily democratic orientations. Inkeles (1978, 49), for example, bases his concept of individual modernity on orientations such as open-mindedness, secularism, positivism, meritocracy, rationalism, activism, or nationalism, arguing that some of these orientations can also satisfy the requirements of dictatorship (Inkeles 1969).

Emancipation from authority takes place only during the postindustrialization phase, when the focus shifts from external authority to more individual autonomy and human choice (Inglehart and Baker 2000; Inglehart and Welzel 2005). Economically, postindustrial societies are characterized by a shift of the major workforce from the industrial to the service sector where creativity, imagination and the capability to make individual judgments are necessary skills (Inglehart and Welzel 2005, 28-29). The experience at the workplace does not leave people’s value orientations unaltered, shifting priorities from survival to self-expression values: “(...)rising levels of education, increasing cognitive and informational requirements in economic activities, and increasing proliferation of knowledge via mass media make people intellectually more independent, diminishing cognitive constraints on human choice” (Inglehart and Welzel 2005, 29).

Moving up to the societal level again, when emancipative values prevail in a given society there exists a strong demand for effective rights: “Human freedom cannot be realized without civil and political rights” (Welzel 2006, 875). Therefore, under authoritarian regimes, when rights are constrained, people will

increasingly regard the regime as illegitimate, making effective rule more costly and constraining the institutional choices of the elites (Welzel 2006, 888). As Inglehart and Welzel put it: “Authoritarian elites usually have enough power to repress mass demands, as long as they control the military and are willing to use coercion. But the resources that people invest, and the determination with which they invest them in freedom campaigns and liberation movements, can offset a regime’s coercive power” (Inglehart & Welzel 2003, 218). In short, the theory postulates that macro socio-economic development is linked to micro-emancipative value change, which in turn has the macro manifestation of collective freedom, where democracy is the logical outcome. Inglehart and Welzel’s argument is, however, not restricted to theory. Drawing on survey data of global scope, they are able to demonstrate these linkages which are robust even against controls of prior measures of democracy, thereby countering the argument that value change is a consequence instead of a cause of democracy (Inglehart and Welzel 2005; Welzel and Inglehart 2006).

The empirical study by Inglehart and Welzel has also not escaped criticism. In an attempt to reassess two of the most prominent theories of democratic development, the theory of democratic culture (represented by Inglehart and Welzel) and the theory of economic development (represented by Przeworski), Hadenius and Teorell (2005) address two major problems of the Inglehart and Welzel study. Firstly, they criticize the “demanding ‘qualitative’ criteria of democracy” (p. 88) and thereby the construction of Inglehart and Welzel’s dependent variable (effective democracy) that weights the common Freedom House data with corruption indices; secondly, Hadenius and Teorell claim that there is no prerequisite of pro-democratic orientations such as self-expression values for democracy, as Inglehart and Welzel fail to distinguish between causal effects and correlation. Not sufficiently controlling for prior levels of democracy, the proposed causal relationship is spurious, as the lagged dependent variable is missing. Once introduced, the authors show that Inglehart and Welzel’s model does not hold (Teorell and Hadenius 2005, 93). Welzel and Inglehart (2006) have responded to this critique by demonstrating that Hadenius and Teorell’s own model is not robust to the time of measurement: firstly, using a slightly later Freedom House measure, the effect of emancipative values on democracy becomes significant again even when controlling for prior levels of democracy. Secondly, Hadenius and Teorell’s decision to limit the study to a time frame 1990 until 1999 largely disregards the successful democratic transitions of the third wave, thereby only telling half of the story. Leading back to the discussion of the dependent variable in Boix’ and Acemoglu and Robinson’s studies, this is more than a technical detail: The question which democratic transition is to be explained is crucial, as determinants may change over time. Whereas questions of inequality, redistribution policies and mobile vs. immobile assets were important for the fight for universal suffrage in the first wave of democratization in France or Britain, these reasons were probably less decisive for the collapse of communist regimes in the late 1980s and early 1990s. For the third wave of democratization, Inglehart and Welzel (2006, 90) can show that democratization in these countries was largely driven by emancipative values, less so by economic development.

<sup>11</sup> Nevertheless, the authors acknowledge that cultures, even when they are exposed to the same (changing) conditions, remain relatively persistent, rejecting the notion of converging value patterns. So, societies are changing, and they change into similar directions – but the differences between these societies largely remain the same (Inglehart and Welzel 2005, 19-20).

## Conclusion

When in 1959 Lipset laid out the research agenda for generations of scholars to come, modernization theory was amongst the earliest empirical studies in comparative politics. In this paper we have considered the bulk of empirical evidence these scholars provided. Yet, it is notable that modernization theory has experienced a recent revival thanks to Przeworski et al.'s provocative thesis. While their disaggregation of the dependent variable is ingenious, given the empirical evidence in favor and against both exogenous and endogenous democratization, we must concur with Geddes (1999) and Epstein et al. (2006):

Przeworski and Limongi interpret their findings as a challenge to modernization theory, though it seems to me a revisionist confirmation – in fact, the strongest empirical confirmation ever (Geddes 1999, 117).

Despite the challenges posed by [various authors], rather than igniting debate, as would be right and proper, [Przeworski et al.] appear instead to have quenched it (Epstein et al. 2006, 551).

One more point on the Przeworski et al. debate has to be made: From a theoretical point of view it is interesting to note that they claim that the exogenous theory “is no longer modernization, because the emergence of democracy is not brought about by development” (Przeworski et al. 2000, 90). This argument is plainly wrong, and it is not without irony that they quote Lipset’s famous “the more well-to-do a nation, the greater the chances that it will *sustain* democracy” (Lipset 1959, 75; emphasis added) *on the same page*. Lipset’s primary concern was to assess what one might term an ‘evolutionary selection of regimes’: which conditions are favorable for stable democracies, and not simply what leads to a transition to or away from democracy. Indeed, Lipset explicitly wrote in the introductory section that “[t]wo principal complex characteristics of social systems will be considered here as they bear on the problem of *stable democracy*: economic development and legitimacy” (Lipset 1959, 71, emphasis added).

That Lipset’s key result to this question — that socio-economic development tends to bring about stable democracy — still applies today is more than remarkable. As Boix (2003, 1-2) genuinely comments on this: “Excluding Duverger’s law on the effect of single-member districts on party systems, it may be the strongest empirical generalization we have in comparative politics to date.”

What Lipset knew in 1959 is, nevertheless, not all we know today. While Rueschemeyer et al. note in 1992 that the causal mechanisms “remain, in effect, in a black box” (p. 29), recent developments by Boix (2003), Acemoglu and Robinson (2005) and Inglehart and Welzel (2005) have disaggregated the independent variables. This has contributed considerably to uncovering the underlying mechanisms and opening the black box. At the same time, empirical studies disaggregating the independent variable modernization should be advised to stay true to Lipset who had argued that modernization is a multi-dimensional phenomenon. In this sense, Lipset was careful not to attribute direct marginal effects to any of the component variables precisely because they are so intertwined in reality. Thus, a true test of the Lipset hypothesis should consider the *joint* effect of all components of modernization, or even their interaction. Moreover, while Inglehart and Welzel have made

advances in the right direction, the causal pathways (as well as the causal ordering) between the components of modernization remain at least partially unclear.

In any case, the macro effect of modernization on democracy is perhaps less doubted than ever among scholars. With these insights in mind, political science has created valuable tools for policy recommendation. Democracy does not come about randomly, and for democracy to be stable it must come about from within, since it is the socio-economic conditions which create and maintain an environment for stable and enduring democracies. Thus, for an effective promotion of democracy, as it is part of many foreign policies, socio-economic development must be a central component.

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