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PSCI 4012

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7/24/2019

Critical Review of “Political Regimes and Economic Growth”

Summary of main arguments

For the first part of the paper, the authors discuss what previous scholars think of the effect of democracy in economic growth. There are 2 general opinions on it, the first one being it hinders, and the second one being it fosters.

For the first opinion, the authors suggest that democracy leads to demands for immediate consumption, thus taking away the resources for investment. They quote Rao, saying “If such measures were put to a popular vote, they would surely be defeated. No political party can hope to win a democratic election on a platform of current sacrifices for a bright future.” However, they authors argue that there are multiple assumptions with such opinion. First, the poor people have a higher tendency to consume. Second, the model of growth is due to the increase of physical capital. Third, dictators are trying to build better countries. Such assumptions without proper reasonings can only be taken with a grain of salt.

Another argument against democracy is that state must have autonomy to have a positive economic performance. One example being if there are multiple interest groups competing against each other, the losing interest group’s lobbying money is lost, some of the winning interest group’s lobbying money is lost because the money is given to individuals operating, and the direction of the winning interest group might not be compatible with economic growth. Thus, the state must achieve autonomy in decision making in economy. Again, assumptions are made. First, the state has a role to make economic development more efficiently. Second, the state has to have no pressure from anyone to play this role well. Third, the state wants to perform this role well.

For the second opinion, the authors show that dictators are predatory towards society, thus making the country inefficient. Democracy, on the other hand, allows well-informed individuals to vote for their parties, parties to compete for votes, the competition to destroy lobbying, the selected party/leader to be the perfect leader of the country. This argument is particularly weak as the authors have suggested both the assumptions and potential reasons why they are likely to be valid. The assumptions are very weak, first, it assumes there is perfect information among voters, then, there is perfect competition among parties, finally, there is perfect leader in the office. The authors quote Downs, who believes that voters are not well-informed, and they vote strategically instead of logically. Voters may also have different points of view on policies before and after they are implemented, according to Rodrik and Fernandez. Elster and Moene argue that when there is lobbying or any kind of power trying to persuade, votes don’t represent the people’s opinion anymore. In terms of political parties, opposing parties have good reasons to conspire against the ruling party, according to Crain. There is also no way to know what parties do when they compete. With the newly selected leader in the office, there is no way to know if he would perform his duties, or if he would use his power for bad, which most likely to damage economic performance.

For the second part of the paper, the authors present statistical evidence on how democracy affect economic growth. The findings are not conclusive however, 8 are in favor of democracy, 8 are in favor of authoritarianism, and 5 are neither. There is more puzzling correlation among this data in fact, 8 of 11 findings before 1988 are in favor of authoritarianism, yet none of 9 findings after 1987 does. The data is very inconclusive, thus there is a need for explanation.

For the third part of the paper, the authors suggest why the previous statistical evidence are not conclusive. They suggest that the research design to conduct upon is extremely complex, there are 3 main unknowns for this.

For the first reason, no one has any idea how economic development helps democracy. Some believe that development helps democracy because development improves everyone’s distributed resources. Some believe that development creates the education and communication necessary to democracy. Some believe that development brings middle class into the picture, thus having a competent government. Without knowing the relationship between economic development and democracy, there is no metric to measure and see why some democratic countries preform better than others.

For the second reason, the durability of regimes is not black and white for both democracy and dictatorship. Some believe that economic performance is the only factor as to the survival of any regime. Some believe that there is more to economic performance, especially for democratic countries. Plus, the threshold for regime destruction is different for democracy and dictatorship. All these factors make statistical analysis very difficult to perform.

For the third reason, the selection of sample is also a problem as there is no easy way to compare countries. The authors give an example, they want to observe the growth of Brazil. But Brazil is not both a dictatorship and a democracy, so how do they compare regime types. If not that, let’s compare Brazil with another country that has the opposite of regime type Brazil has. But to find a country that is equivalent or similar to Brazil in every way except for regime type is very difficult, no countries are alike. There also maybe bias in terms of selection of countries to compare, as some countries simply fit into a particular model a scholar has, but they don’t fit into another model by another scholar.

Where the work fits within the literature of the political economy of development

Considering that the paper talks about how democracy helps or hinders economic growth, it would be in the category of democracy vs dictatorship, specifically on economic development. The article can also be the starting point of data analysis in political economy as it is inconclusive, thus raises questions on measuring the economic performance among different regimes.

Strengths of the authors’ arguments

The authors are not bias it seems, as there is no personal opinion when presenting the ideas of different authors. The way they do it is presenting a quote or an idea from different authors, then provide more explanation on it. Their own opinion is reserved for the cause and effect on specific details, which is excellent, because in order for opinions to be as accurate as possible, the issue it is on should be as tiny and specific as possible.

They are also very humble when it comes to the conclusion, they understand that they are limited in researching the topic. So they just out right say how little they know. They don’t try to hide the fact that they don’t know much even after reviewing the 18 studies, and various scholars from different fields.

Weaknesses of the authors’ arguments

The authors fail to give concrete metrics for evaluating the regime elements on economic growth, thus, fail to do data analysis to give a more substantial conclusion. The conclusion does not have to be made in this paper necessarily, as it might take plenty of effort and resources to do so. However, providing the right metrics would provide future scholars a way to conduct the analysis. Giving a good start to other scholars is crucial for further discoveries on the field.

They also have not considered the entire environment outside of the individual. Society does not just consist of regime, it also consists of culture, location, ideas, etc. Perhaps there is more to it than just politics, the authors however, do not include such areas for room to discuss.