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In the Land of Education

Thus I came to you, O men of today, and into the land of education. . . . But what happened to me? For all my anxiety I had to laugh. Never had my eyes beheld anything so dappled and motley. I laughed and laughed while my foot was still trembling, and my heart no less. "This is clearly the home of all paint pots," I said . . .

—*Nietzsche,* Thus Spoke Zarathustra[1]

We now come to the most difficult part of our argument: Does the Mechanism of modern natural science lead to liberal democracy? If the logic of advanced industrialization, determined by modern natural science, creates a strong predisposition in favor of capitalism and market economics, does it also produce free government and democratic participation? In a landmark article written in 1959, the sociologist Seymour Martin Lipset demonstrated that there was an extremely high degree of empirical correlation between stable democracy, on the one hand, and a country's level of economic development on the other, as well as with other indices related to economic development such as urbanization, education, and so forth.[2] Is there a necessary connection between advanced industrialization and political liberalism that accounts for this high degree of correlation? Or is it possible that political liberalism is simply a cultural artifact of European civilization and its various offshoots, which for independent reasons happen to have produced the most notable cases of successful industrialization?

As we will see, the relationship between economic development and democracy is far from accidental, but the motives be-

hind the choice of democracy are not fundamentally economic. They have *another* source, and are facilitated, but not made necessary, by industrialization.

The tight relationship that exists between economic development, educational levels, and democracy is illustrated quite clearly in Southern Europe. In 1958, Spain embarked on a program of economic liberalization in which the mercantilist policies of the Francoist state were replaced by liberal ones linking the Spanish economy to that of the outside world. This led to a period of very rapid economic growth: in the decade before Franco's death, Spain's economy grew 7.1 percent per year. It was followed closely by those of Portugal and Greece, which achieved growth rates of 6.2 and 6.4 percent per year, respectively.[3] The social transformations brought about by industrialization were dramatic: in Spain, only 18 percent of the population lived in cities of over 100,000 population in 1950; by 1970, this figure had increased to 34 percent.[4] In 1950 half the populations of Spain, Portugal, and Greece were engaged in agriculture, compared to an average of 24 percent for Western Europe as a whole; by 1970 only Greece remained above that latter figure, while in Spain the percentage had dropped to 21.[5] With urbanization came higher degrees of education and personal income, and an appreciation of the consumer culture that was being created within the European Community. While these economic and social changes did not in themselves bring about greater political pluralism, they created the social milieu under which pluralism could flourish once political conditions became ripe. The Francoist commissar of the Plan for Economic Development who oversaw much of Spain's technocratic revolution, Laureano Lopez Rodo, was reported to have said that Spain would be ready for democracy when per capita income reached $2000. This proved quite prophetic: in 1974, on the eve of Franco's death, per capita GDP stood at $2,446.[6]

A similar linkage between economic development and liberal democracy can be seen in Asia. Japan, the first East Asian state to modernize, was the first to achieve a stable liberal democracy. (Japan's democratization was accomplished at the point of a gun, so to speak, but the result proved durable long past the point where democracy could be said to have been imposed coercively.) Taiwan and South Korea, with the second- and third-

highest levels of education and per capita GNP, have experienced the greatest change in their political systems.[7] In Taiwan, for example, 45 percent of the ruling Guomindang party's Central Committee have higher educational degrees, many of them earned in the United States.[8] Forty-five percent of Taiwanese and 37 percent of South Koreans receive some higher education, compared with 60 percent of Americans and 22 percent of Britons. And indeed, it is the younger, better educated members of Taiwan's Parliament that have pushed the most strongly to make it a more representative institution. Australia and New Zealand, those lands of European settlement in Asia, had of course modernized economically and democratized well before World War II.

In South Africa, the apartheid system was codified following the victory of D. F. Malan's National party in 1948. The Afrikaner community that it represented was singularly backward in socioeconomic terms, particularly when compared to contemporaneous European societies. The Afrikaners in this period were largely poor, uneducated farmers who had recently been driven to the cities by drought and hardship.[9] The Afrikaners used their capture of state power to advance themselves socially and economically, primarily through public-sector employment. Between 1948 and 1988 they underwent a dramatic transformation into an urban, educated, and increasingly entrepreneurial white-collar society.[10] With that education came contact with the political norms and trends of the outside world, from which they could not isolate themselves. The liberalization of South African society had already started in the late 1970s with the re-legalization of black trade unions and the relaxation of censorship laws. By the time of F. W. de Klerk's opening to the African National Congress in February 1990, the government was in many ways simply following the opinion of its white electorate, now little different in educational and occupational achievement from its counterparts in Europe and America.

The Soviet Union as well has been undergoing a comparable social transformation, though at a slower pace than the countries of Asia. It too has changed from an agricultural to an urban society, with increasing levels of mass and specialized education.[11] These sociological changes, going on in the background while the Cold War was being fought out in Berlin and Cuba, were condi-

tions that encouraged the steps subsequently undertaken toward democratization.

Looking around the world, there remains a very strong overall correlation between advancing socio-economic modernization and the emergence of new democracies. Traditionally the most economically advanced regions, Western Europe and North America, have also hosted the world's oldest and most stable liberal democracies. Southern Europe has followed closely behind, and achieved stable democracy in the 1970s. Within Southern Europe, Portugal had the rockiest transition to democracy in the mid-1970s because it started from a lower socio-economic base; a great deal of social mobilization had to occur after rather than before the passing of the old regime. Right behind Europe economically is Asia, whose nations have democratized (or are in the process of doing so) in strict proportion to their degree of development. Of the formerly communist states in Eastern Europe, the most economically advanced among them—East Germany, Hungary, and Czechoslovakia, followed by Poland—also made the most rapid transitions to full democracy, while less developed Bulgaria, Romania, Serbia, and Albania all elected reform communists in 1990–91. The Soviet Union is at a roughly comparable level of development to the larger states of Latin America like Argentina, Brazil, Chile, and Mexico, and like them has failed to achieve a fully stable democratic order. Africa, the least developed region of the world, possesses only a handful of recent democracies, of uncertain stability.[12]

The only apparent regional anomaly is the Middle East, which possesses no stable democracies, and yet contains a number of states with per capita incomes on a European or Asian level. But this is easily explained by oil: income from petroleum has permitted states like Saudi Arabia, Iraq, Iran, and the UAE to acquire the trappings of modernity—automobiles, VCRs, Mirage fighter-bombers, and the like—without having had their societies go through the social transformations that come when such wealth is generated by the labor of their populations.

To explain why advancing industrialization should produce liberal democracy, three types of argument have been put forward. Each one is flawed to a certain degree. The first is a functional argument, to the effect that only democracy is capable of mediating the complex web of conflicting interests that are created by a modern economy. This view was argued most strongly

by Talcott Parsons, who believed that democracy was an "evolutionary universal" of all societies:

> The basic argument for considering democratic association a universal . . . is that, the larger and more complex a society becomes, the more important is effective political organization, not only in its administrative capacity, but also, and not least, in its support of a universalistic legal order. . . . No institutional form basically different from the democratic association can . . . *mediate consensus in [the] exercise [of power and authority]* by particular persons and groups, and in the formation of particular binding policy decisions.[13]

To restate Parsons' point somewhat, democracies are best equipped to deal with the rapidly proliferating number of interest groups created by the industrialization process. Consider the completely new social actors that emerge in the course of industrialization: a working class, which becomes increasingly differentiated according to industrial and craft specialties, new layers of managerial personnel whose interests do not necessarily coincide with those of top management, government bureaucrats at a national, regional, and local level, and waves of immigrants from abroad, legal and illegal, who seek to take advantage of the open labor markets in developed countries. Democracy, the argument goes, is more functional in such a setting because it is more adaptable. Establishing universal and open criteria for participation in the political system allows new social groups and interests to express themselves and join in the general political consensus. Dictatorships can adapt to change as well, and in some cases can act more rapidly than democracies, as did the obligarchs ruling Meiji Japan after 1868. But history abounds with as many other cases of narrow ruling elites out of touch with the social changes that were occurring under their noses as a result of economic development, like the Prussian Junkers or the landowning elites in Argentina.

Democracy, according to this line of argument, is more functional than dictatorship because many of the conflicts that develop between these emerging social groups have to be adjudicated either in the legal system or, ultimately, in the political system.[14] The market alone cannot determine the appropriate level and location of public infrastructure investment, or rules for the settlement of labor disputes, or the degree of airline and trucking

regulation, or occupational health and safety standards. Each one of these questions is "value-laden" to some extent, and must be referred to the political system. And if that system is going to adjudicate these conflicting interests fairly and in a way that receives the consent of all of the major actors within the economy, it must be democratic. A dictatorship could resolve such conflicts in the name of economic efficiency, but the smooth functioning of a modern economy depends on the willingness of its many interdependent social components to work together. If they do not believe in the legitimacy of the adjudicator, if there is no *trust* in the system, there will be no active and enthusiastic cooperation of the sort required to make the system as a whole function smoothly.[15]

An example of the way in which democracy could arguably be said to be more functional for developed countries is with respect to a central issue of our time, the environment. Among the most notable products of advanced industrialization are significant levels of pollution and environmental damage. These constitute what economists call externalities, that is, costs imposed on third parties which do not directly affect the enterprises doing the damage. Despite various theories blaming ecological damage either on capitalism or socialism, experience has shown that neither economic system is particularly good for the environment. Both private corporations as well as socialist enterprises and ministries will focus on growth or output and will seek to avoid paying for externalities wherever they can.[16] But since people want not only economic growth but a safe environment for themselves and their children, it becomes a function of the state to find a fair trade-off between the two, and to spread the costs of ecological protection around so that no one sector will bear them unduly.

And in this respect, the communist world's truly abysmal environmental record suggests that what is most effective in protecting the environment is neither capitalism nor socialism, but democracy. As a whole, democratic political systems reacted much more quickly to the growth of ecological consciousness in the 1960s and 70s than did the world's dictatorships. For without a political system that permits local communities to protest the siting of a highly toxic chemical plant in the middle of their communities, without freedom for watchdog organizations to monitor the behavior of companies and enterprises, without a national political leadership sufficiently sensitized that it is willing to devote substantial resources to protect the environment, a nation ends up

with disasters like Chernobyl, or the desiccation of the Aral Sea, or an infant mortality rate in Krakow that is four times the already high Polish national average, or a 70 percent rate of miscarriages in Western Bohemia.[17] Democracies permit participation and therefore feedback, and without feedback, governments will always tend to favor the large enterprise that adds significantly to national wealth, over the long-term interests of dispersed groups of private citizens.

A second line of argument explaining why economic development should produce democracy has to do with the tendency of dictatorships or one-party rule to degenerate over time, and to degenerate more quickly when faced with the task of running an advanced technological society. Revolutionary regimes may govern effectively in their early years by virtue of what Max Weber called charismatic authority. But once the regime's founders have passed on, there is no guarantee that their successors will enjoy a comparable degree of authority, or even that they will be minimally competent at running the country. Long-standing dictatorships are capable of producing grotesque personalistic excesses like former Romanian ruler Nicolae Ceaucescu's 40,000-watt chandelier, built at a time when the state was declaring regular electricity blackouts. Self-destructive power struggles develop among followers of those who founded the regime, who succeed in checking one another but not in governing the country effectively. The alternative to ceaseless power struggle and arbitrary dictatorship is increasingly routinized and institutionalized procedures for selecting new leaders and vetting policies. If such procedures for changing leaders exist, the authors of bad policies can be replaced without bringing down the entire system.[18]

There is also a version of this thesis that applies to right-wing authoritarian transitions to democracy. Democracy emerges as the result of a pact or compromise between elite groups—the army, technocrats, industrial bourgeoisie—which, exhausted, frustrated, or mutually checked in their ambitions, accept pacts or power-sharing arrangements as a second-best outcome.[19] Under either the left-wing communist or right-wing authoritarian versions of this argument, democracy does not arise because anybody necessarily wants it, but rather as a byproduct of elite struggle.

The final and most powerful line of argument linking economic development with liberal democracy is that successful industrialization produces middle-class societies, and that middle-

class societies demand political participation and equality of rights. Despite the disparities in income distribution that frequently arise in the early phases of industrialization, economic development ultimately tends to promote the broad equality of condition because it creates enormous demand for a large, educated work force. And such a broad equality of condition arguably predisposes people to oppose political systems that do not respect that equality or permit people to participate on an equal basis.

Middle-class societies arise as a result of universal education. The link between education and liberal democracy has been frequently noted, and would seem to be an all-important one.[20] Industrial societies require large numbers of highly skilled and educated workers, managers, technicians, and intellectuals; hence even the most dictatorial state cannot avoid the need for both mass education and open access to higher and specialized education if it wants to be economically advanced. Such societies cannot exist without a large and specialized educational establishment. Indeed, in the developed world social status is determined to a very large degree by one's level of educational achievement.[21] The class differences that exist in the contemporary United States, for example, are due primarily to differences in education. There are few obstacles to the advancement of a person with the proper educational credentials. Inequality creeps into the system as a result of unequal access to education; lack of education is the surest condemnation to second-class citizenship.

The effect of education on political attitudes is complicated, but there are reasons for thinking it at least creates the conditions for democratic society. The self-professed aim of modern education is to "liberate" people from prejudices and traditional forms of authority. Educated people are said not to obey authority blindly, but rather learn to think for themselves. Even if this doesn't happen on a mass basis, people can be taught to see their own self-interest more clearly, and over a longer time horizon. Education also makes people demand more of themselves and for themselves; in other words, they acquire a certain sense of dignity which they want to have respected by their fellow citizens and by the state. In a traditional peasant society, it is possible for a local landlord (or, for that matter, a communist commissar) to recruit peasants to kill other peasants and dispossess them of their land. They do so not because it is in their interest, but because they are used to obeying authority. Urban professionals in developed

countries, on the other hand, can be recruited to a lot of nutty causes like liquid diets and marathon running, but they tend not to volunteer for private armies or death squads simply because someone in a uniform tells them to do so.

A variation of this argument would maintain that the scientific-technical elite required to run modern industrial economies would eventually demand greater political liberalization, because scientific inquiry can only proceed in an atmosphere of freedom and the open exchange of ideas. We saw earlier how the emergence of a large technocratic elite in the USSR and China created a certain bias in favor of markets and economic liberalization, since these were more in accord with the criteria of economic rationality. Here the argument is extended into the political realm: that scientific advance depends not only on freedom for scientific inquiry, but on a society and political system that are as a whole open to free debate and participation.[22]

These, then, are the arguments that can be made linking high levels of economic development with liberal democracy. The existence of an *empirical* connection between the two is undeniable. But none of these theories is, in the end, adequate to establish a necessary causal connection.

The argument we associated with Talcott Parsons, to the effect that liberal democracy is the system most capable of resolving conflicts on the basis of consent in a complex modern society, is true only up to a point. The universalism and formality that characterizes the rule of law in liberal democracies does provide a level playing field on which people can compete, form coalitions, and ultimately make compromises. But it is not necessarily the case that liberal democracy is the political system best suited to resolving social conflicts *per se*. A democracy's ability to peacefully resolve conflicts is greatest when those conflicts arise between so-called "interest groups" that share a larger, pre-existing consensus on the basic values or rules of the game, and when the conflicts are primarily economic in nature. But there are other kinds of non-economic conflicts that are far more intractable, having to do with issues like inherited social status and nationality, that democracy is not particularly good at resolving.

The success of American democracy at resolving conflicts between the various interest groups within its heterogeneous and dynamic population does not imply that democracy will similarly be able to resolve the conflicts that arise in other societies. The

American experience is quite unique insofar as Americans were, in Tocqueville's phrase, "born equal."[23] Despite the diversity of backgrounds, lands, and races to which Americans traced their ancestry, on coming to America they abandoned those identities by and large and assimilated into a new society without sharply defined social classes or long-standing ethnic and national divisions. America's social and ethnic structure has been sufficiently fluid to prevent the emergence of rigid social classes, significant subnationalisms, or linguistic minorities.[24] American democracy has therefore rarely faced some of the more intractable social conflicts of other, older societies.

Moreover, even American democracy has not been particularly successful in solving its most persistent ethnic problem, that of American blacks. Black slavery constituted the major exception to the generalization that Americans were "born equal," and American democracy could not in fact settle the question of slavery through democratic means. Long after the abolition of slavery, long, indeed after the achievement of full legal equality by American blacks, many remain profoundly alienated from the mainstream of American culture. Given the profoundly cultural nature of the problem, on the side both of blacks and whites, it is not clear that American democracy is really capable of doing what would be necessary to assimilate blacks fully, and to move from formal equality of opportunity to a broader equality of condition.

Liberal democracy may be more functional for a society that has already achieved a high degree of social equality and consensus concerning certain basic values. But for societies that are highly polarized along lines of social class, nationality, or religion, democracy can be a formula for stalemate and stagnation. The most typical form of polarization is that of class conflict in countries with highly stratified and inegalitarian class structures left over from a feudal social order. Such was the situation in France at the time of the Revolution, and such continues to be the case in Third World countries like the Philippines and Peru. Society is dominated by a traditional elite, most often of large landowners, who are neither tolerant of other classes nor efficient entrepreneurs. The establishment of formal democracy in such a country masks enormous disparities in wealth, prestige, status, and power, which these elites can use to control the democratic process. A

familiar social pathology ensues: the dominance of old social classes generates an equally intransigent leftist opposition that believes that the democratic system itself is corrupt and needs to be smashed, along with the social groups protected by it. A democracy that protects the interests of a class of inefficient, leisured landowners and engenders a social civil war cannot be said to be "functional" in economic terms.[25]

Democracy is also not particularly good at resolving disputes between different ethnic or national groups. The question of national sovereignty is inherently uncompromisable: it either belongs to one people or another—Armenians or Azerbaijanis, Lithuanians or Russians—and when different groups come into conflict there is seldom a way of splitting the difference through peaceful democratic compromise, as there is in the case of economic disputes. The Soviet Union could not become democratic and at the same time remain unitary, for there was no consensus among the Soviet Union's nationalities that they shared a common citizenship and identity. Democracy would only emerge on the basis of the country's breakup into smaller national entities. American democracy has done surprisingly well dealing with ethnic diversity, but that diversity has been contained within certain bounds: none of America's ethnic groups constitutes historical communities living on their traditional lands and speaking their own language, with a memory of past nationhood and sovereignty.

A modernizing dictatorship can in principle be far more effective than a democracy in creating the social conditions that would permit both capitalist economic growth and, over time, the emergence of a stable democracy. Take, for example, the case of the Philippines. Filipino society to this day continues to be characterized by a highly inegalitarian social order in the countryside, where a small number of traditional landowning families control a very large proportion of the country's agricultural land. Like other landowning upper classes, the Philippine version is not characterized by a lot of dynamism and efficiency. Nonetheless, through their social position they have managed to dominate much of post-independence Filipino politics. The continued dominance of this social group has in turn bred one of Southeast Asia's few remaining Maoist guerrilla movements, that of the Communist party of the Philippines and its military wing, the New People's Army. The fall of the Marcos dictatorship and his replacement by Corazon Aquino

in 1986 did nothing to remedy either the problem of land distribution or the insurgency, not least because Mrs. Aquino's family was among the largest landowners in the Philippines. Since her election, efforts to implement a serious land reform program have foundered on the opposition of a legislature largely controlled by the very people who would be its targets. Democracy in this instance is constrained in bringing about the kind of egalitarian social order that would be necessary either as the ground for capitalist growth or for the long-term stability of democracy itself.[26] In such circumstances, dictatorship could potentially be much more functional in bringing about a modern society, as it was when dictatorial power was used to bring about land reform during the American occupation of Japan.

A similar kind of reform effort was undertaken by the left-wing military officers who ruled Peru between 1968 and 1980. Before the military takeover, 50 percent of Peru's land was held by seven hundred hacienda owners who also controlled much of Peruvian politics. The military enacted the most sweeping land reform in Latin America after Cuba's, replacing the old agrarian obligarchs with a new, more modern elite of industrialists and technobureaucats, and facilitating the dramatic growth of a middle class through improvements in education.[27] This dictatorial interlude saddled Peru with an even larger and more inefficient state sector,[28] but it did eliminate some of the most glaring social inequalities and thereby improved somewhat the long-term prospects for the emergence of an economically modern sector after the military returned to their barracks in 1980.

The use of dictatorial state power to break the grip of established social groups is not unique to the Leninist Left; its use by right-wing regimes can pave the way toward market economics and therefore the achievement of the most advanced levels of industrialization. For capitalism flourishes best in a mobile and egalitarian society where an entrepreneurial middle class has pushed aside traditional landowners and other privileged but economically inefficient social groups. If a modernizing dictatorship uses coercion to speed up this process, and at the same time avoids the temptation to transfer resources and power from an inefficient traditional landowning class to an equally inefficient state sector, then there is no reason why it should be economically incompatible with the most modern forms of "post-industrial" economic organization. It is this kind of logic that has led An-

dranik Migranian and other Soviet intellectuals to call for an "authoritarian transition" to a market economy in the USSR through the creation of a national presidency with dictatorial powers.[29]

Sharp social cleavages along class, national, ethnic, or religious lines can be mitigated by the process of capitalist economic development itself, improving the prospects for the emergence of a democratic consensus over time. But there is no guarantee that these differences will not persist as a country grows economically, or indeed, that they will not come back in a more virulent form. Economic development has not weakened the sense of national identity among French Canadians in Quebec; indeed, their fear of homogenization into the dominant Anglophone culture has sharpened their desire to preserve their distinctiveness. To say that democracy is more functional for societies "born equal" like the United States begs the question of how a nation gets there in the first place. Democracy, then, does not necessarily become more functional as societies become more complex and diverse. In fact, it fails precisely when the diversity of a society passes a certain limit.

The second of the arguments presented above, that democracy eventually emerges as the by-product of a power struggle among non-democratic elites on either the Left or the Right, is also not satisfying as an explanation for why there should be a *universal* evolution in the direction of liberal democracy. For by this account, democracy is not the *preferred outcome* of any of the groups struggling for leadership in the country. Democracy becomes instead a kind of truce between warring factions, and is vulnerable to a shift in the balance of power between them that would allow one particular group or elite to re-emerge triumphant. In other words, if democracy arises in the Soviet Union only because ambitious figures like Gorbachev and Yeltsin need a demagogic stick with which to beat the established party apparatus, it follows that the victory of one or the other would lead to a rescinding of democratic gains. Similarly, this argument presumes that democracy in Latin America is little more than a compromise between the authoritarian Right and authoritarian Left, or between powerful groups on the Right, each of which has its own preferred vision of society that it will impose when it is in a position to attain power. This may be an accurate way of describing the process leading to democracy in certain specific countries, but if democracy is nobody's first choice it will hardly be stable. Such

an explanation cannot be grounds for expecting a universal evolution in that direction.[30]

The final argument, that advancing industrialization produces educated, middle-class societies that naturally prefer liberal rights and democratic participation, is correct only up to a point. It is reasonably clear that education is, if not an absolutely necessary precondition, then at least a highly desirable adjunct to democracy. It is hard to imagine democracy working properly in a largely illiterate society where the people cannot take advantage of information about the choices open to them. But it is a rather different matter to say that education *necessarily* leads to belief in democratic norms. It is the case that rising educational levels in countries from the Soviet Union and China to South Korea, Taiwan, and Brazil have been closely associated with the spread of democratic norms. But fashionable ideas in the world's educational centers happen to be democratic at the present moment: it is not surprising that a Taiwanese student receiving an engineering degree at UCLA should return home believing that liberal democracy represents the highest form of political organization for modern countries. But this is very different from arguing that there is any *necessary* connection between his engineering training, which is what will be economically important to Taiwan, and his newfound belief in liberal democracy. Indeed, to think that education leads naturally to democratic values reflects considerable presumption on the part of democratic man. In other periods, when democratic ideas were not as broadly accepted, young people studying in the West just as frequently went home believing that communism or fascism was the wave of the future for modern societies. Higher education in the United States and other Western countries today generally inculcates in young people the historicist and relativist perspective of twentieth-century thought. This prepares them for citizenship in liberal democracies by encouraging a kind of tolerance for differing points of view, but it also teaches them that there is no final ground for belief in the superiority of liberal democracy to other forms of government.

The fact that educated, middle-class people in the most advanced, industrialized countries by and large prefer liberal democracy over various forms of authoritarianism begs the question of why they show this preference. It seems fairly clear that the preference for democracy is *not* dictated by the logic of the industrialization process itself. Indeed, the logic of that process

would seem to point in quite the opposite direction. For if a country's goal is economic growth above all other considerations, the truly winning combination would appear to be neither liberal democracy nor socialism of either a Leninist or democratic variety, but the combination of liberal economics and authoritarian politics that some observers have labeled the "bureaucratic-authoritarian state," or what we might term a "market-oriented authoritarianism."

There is considerable empirical evidence to indicate that market-oriented authoritarian modernizers do better economically than their democratic counterparts. Historically, some of the most impressive economic growth records have been compiled by this type of state, including Imperial Germany, Meiji Japan, the Russia of Witte and Stolypin, and, more recently, Brazil after the military takeover in 1964, Chile under Pinochet, and, of course, the NIEs of Asia.[31] Between 1961 and 1968, for example, the average annual growth rate of the developing world's democracies, including India, Ceylon, the Philippines, Chile, and Costa Rica, was only 2.1 percent, whereas the group of conservative authoritarian regimes (Spain, Portugal, Iran, Taiwan, South Korea, Thailand, and Pakistan) had an average growth rate of 5.2 percent.[32]

The reasons why a market-oriented authoritarian state should do better economically than a democratic one are reasonably straightforward, and were described by the economist Joseph Schumpeter in his book *Capitalism, Socialism, and Democracy.* While voters in democratic countries may affirm free-market principles in the abstract, they are all too ready to abandon them when their own short-term, economic self-interest is at stake. There is no presumption, in other words, that democratic publics will make economically rational choices, or that economic losers will not use their political power to protect their positions. Democratic regimes, reflecting the demands of the various interest groups in their societies, tend as a whole to spend more on welfare, to create disincentives to production through wage-leveling tax policies, to protect failing and non-competitive industries, and therefore to have larger budget deficits and higher rates of inflation. To take one example close to home, during the 1980s the United States spent much more than it produced through a series of mounting budget deficits, constraining future economic growth and the choices of future generations in order to maintain a high level of

present consumption. Despite a widespread concern that this kind of improvidence would be damaging in the long term both economically and politically, the American democratic system was unable to deal seriously with the problem because it could not decide on how to fairly allocate the resulting pain of budget cuts and tax increases. Democracy in America has therefore not demonstrated a high degree of economic functionality in recent years.

Authoritarian regimes, on the other hand, are in principle better able to follow truly liberal economic policies undistorted by redistributive goals that constrain growth. They do not have to be accountable to workers in declining industries, or subsidize inefficient sectors simply because the latter have political clout. They can actually use the power of the state to hold down consumption in the interests of long-term growth. During its period of high growth in the 1960s, the South Korean government was able to suppress wage demands by banning strikes and forbidding talk of greater worker consumption and welfare. By contrast, South Korea's transition to democracy in 1987 led to an enormous proliferation of strikes and long-suppressed wage demands that the new, democratically elected regime had to meet. The result was significantly higher Korean labor costs and diminished competitiveness. Of course, communist regimes have been able to achieve extremely high rates of savings and investment by ruthlessly squeezing consumers, but their long-run growth and ability to modernize were hobbled by the absence of competition. Market-oriented authoritarians, on the other hand, have the best of both worlds: they are able to enforce a relatively high degree of social discipline on their populations, while permitting a sufficient degree of freedom to encourage innovation and the employment of the most up-to-date technologies.

If one argument against the economic efficiency of democracies is that they tamper too much with the market in the interests of redistribution and current consumption, another argument is that they do not tamper with it enough. Market-oriented authoritarian regimes are in many ways more statist in their economic policies than the developed democracies of North America and Western Europe. But this statism is single-mindedly directed toward promoting high economic growth rather than to goals like redistribution and social justice. It is not clear whether so-called "industrial policies," in which the state subsidizes or supports certain economic sectors at the expense of others have been more of

a hindrance than a help to the economies of Japan and other Asian NIEs in the long run. But state intervention in the market, competently executed and remaining within the broad parameters of a competitive market, has quite evidently been fully compatible with very high levels of growth. Taiwanese planners in the late 1970s to early 1980s were able to shift investment resources from light industries like textiles to more advanced ones like electronics and semiconductors, despite the considerable pain and unemployment this created in the former sector. An industrial policy worked in Taiwan only because the state was able to shield its planning technocrats from political pressures so that they could reinforce the market and make decisions according to criteria of efficiency—in other words, it worked because Taiwan was *not* governed democratically. An American industrial policy is much less likely to improve its economic competitiveness, precisely because America is more democratic than Taiwan or the Asian NIEs. The planning process would quickly fall prey to pressures from Congress either to protect inefficient industries or to promote ones favored by special interests.

There is an unquestionable relationship between economic development and liberal democracy, which one can observe simply by looking around the world. But the exact nature of that relationship is more complicated than it first appeared, and is not adequately explained by any of the theories presented up to this point. The logic of modern natural science and the industrialization process it fosters does not point in a single direction in the sphere of politics, as it does in the sphere of economics. Liberal democracy is compatible with industrial maturity, and is preferred by the citizens of many industrially advanced states, but there does not appear to be a *necessary* connection between the two. The Mechanism underlying our directional history leads equally well to a bureaucratic-authoritarian future as to a liberal one. We will therefore have to look elsewhere in trying to understand the current crisis of authoritarianism and the worldwide democratic revolution.