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The Effects of Democracy on Economic Growth and Inequality: A Review

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What effects does political democracy have on such development outcomes as economic growth and socioeconomic equality? Competing theoretical models have been proposed that represent each of the possibilities: democracy as facilitating development, democracy as a hindrance to development, and democracy as bearing no independent relationship to development outcomes. Each of these theoretical models is explicated and, then, the evidence from quantitative, cross-national tests of the effects is reviewed. Overall, the evidence provided by the approximately dozen studies for each outcome yields few robust conclusions with respect to the theoretical models. To guide in the evaluation of the evidence, the studies are in turn distinguished by such design characteristics as sample, period observed, measures used, and form of relationship specified. This procedure, while it does not produce definitive support for any of the models, does assist in interpreting the results of past research as well as generating fertile guidelines for future research.

Over the last two decades many researchers have sought confirmation for hypotheses expressing systematic relations between characteristics of political regimes and patterns of national development. More specifically, do politics matter with respect to the pace and form of economic growth, and with respect to the distribution of economic and social benefits?

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Of the characteristics of political regimes that have been considered in theory and research, the democratic character of national political procedures and institutions has been allotted considerable attention. While we should not find this surprising, since most of us would wish to observe the simultaneous advance of democracy and economic development, the fact remains that theorists are strongly divided with respect to the compatibility of development and political democracy, particularly within the context of developing societies (though note the parallel argument as it has arisen with respect to the crises of governability and economic management in the advanced democracies as presented, for example, by Thurow 1980). Moreover, despite the lengthy and rich dialogue on the subject, many of the central questions pertaining to the developmental consequences of political democracy remain, by and large, unresolved (see also Nelson's 1987 appraisal). Instead, the relevant quantitative, cross-national research continues to be plagued by conflicting findings, a state of affairs made only more complex by conceptual, measurement, modeling, and research design differences. Together these theoretical and research-related issues have contributed to a good deal of confusion with respect to theories of how political democracy might affect development, and with respect to the empirical status of testable claims implied by such theories.

In view of the present state of affairs in this research program, this article seeks to accomplish two tasks in order to provide a firmer foundation for future research: first, to review the relevant theoretical literature in order to explicitly identify and elaborate the different sets of arguments that explain how political democracy might affect development generally, and economic growth and socioeconomic inequality more specifically; and second, to review systematically the relevant quantitative, cross-national studies that have been conducted to evaluate the consequences of political democracy for economic growth and socieconomic inequality within nations so as to assist our interpretations of their diverse results as well as to suggest fertile avenues for future research efforts.

Strikingly, the task of reexamining the development consequences of political democracy could not come at a more critical time in contemporary history. On the one hand, the presumption of a linkage between current democratic political reforms and future economic prosperity has come to inform much of the West's policy prescriptions for Eastern Europe and China. At the same time, numerous Latin American nations face critical political tests in the near future because of the severe economic problems they are experiencing, problems which may or may not be contributed to by the democratic political organization of their polities. In the final analysis, such current events point out the urgent need to reexamine the issue of the development consequences of democracy.

Theoretical Perspectives

Effects of Political Democracy on Economic Growth

Since the early 1970s, a growing body of scholars and Third World officials have come to embrace the position that difficult, sometimes cruel, choices must be made among such development goals as economic growth, socioeconomic equality, and political democracy (for example, see the works of Hewlett 1979 and Huntington and Nelson 1976). As Huntington (1987) aptly describes it, there has emerged a strong tendency to perceive the relationships among such development goals as being conflictive, even to the point of incompatibility. With respect to the particular empirical questions of interest here, the implications of this position are clear: political democracy is a luxury that can be ill-afforded by Third World countries.

In general, proponents of this perspective suggest that developing countries in today's world cannot achieve rapid economic growth through a democratic framework. In other words, developing countries are considered to face the dilemma of choosing to pursue either economic growth or democratic development, but not both simultaneously.

This position stands in stark contrast to the earlier perspective that democratic institutions and political freedom are neither peculiarly limited to Europe nor relevant only to the nineteenth century, but rather that democratic institutions are meaningful, appropriate, and potentially very satisfying programs for organizing social and economic life in the currently less-developed countries. Moreover, proponents of this alternative perspective contend that the notion of conflict between democracy and development in Third World nations only serves to legitimate the denial of basic human rights and freedoms by repressive and exclusionary regimes, and so ultimately undermines democratic political change.

As Huntington (1987) notes, this older, alternative perspective, which appears to be receiving a groundswell of support in recent years, has its roots in the works of such modernization theorists as Karl Deutsch, Daniel Lerner, and Cyril Black. For them, modernization was a systematic process, wherein such development goals as political democracy, economic growth, and equity were not only compatible with one another, but generally mutually reinforcing. All in all, it remains the case, as Huntington so perceptively points out, that this perspective continues to influence U.S. policy toward the Third World.

Following Huntington (1987) we adopt the terminological convention of labeling these theoretical positions as the "Conflict" and "Compatibility" perspectives, respectively. In the balance of this section these perspectives are more fully elaborated with respect to their implications for the effects of political democracy on economic growth and socioeconomic inequality. In addition, a third perspective, which we shall refer to as the "Skeptical" alternative, is presented. The hallmark of this latter alternative is the contention that no universal relationship exists between political democracy and the developmental outcomes under consideration here. Put simply, economic growth is held to be potentially compatible with both a more democratic framework and a more authoritarian framework.

The Conflict Perspective

Fundamental to the conflict perspective is the claim that economic growth is hindered by the democratic organization of the polity (see De Schweinitz 1964, Andreski 1968, Chirot 1977, and Rao 1985). In other words, democracy and economic growth are seen as being competing concerns; hence trade offs in the political realm are considered necessary. Moreover, in this view successful and rapid economic growth requires an authoritarian regime that suppresses or delays the extension of basic civil and political rights and the development of democratic procedures and institutions, because these latter would otherwise subvert the national development project. The reasons that have been offered in support of such a claim are basically threefold: 1) dysfunctional consequences of ''premature'' democracy act, in turn, to slow growth, 2) democratic regimes are largely unable to implement effectively the kinds of policies considered necessary to facilitate rapid growth, 3) the uniqueness of the present world-historical context requires pervasive state involvement in the development process, which is in turn unduly fettered by political democracy. We will consider each of these reasons in turn.

With respect to the first reason cited, two lines of theory and research on political change have been influential. The first consists of early research supporting the idea that economic development is a prerequisite of democracy (for example, Lipset 1959). And the second is the theory of political change offered by Huntington (1968). From research on the antecedents of democracy, many have drawn the conclusion that the relationship between economic development and political democracy properly conceived is sequential: first growth, then democracy. Regimes more democratic in character that emerge before the appropriate thresholds of resource availability, consonant class structure, and psychological and institutional modernity are crossed will tend to generate dysfunctional consequences that not only threaten further economic progress, but endanger the democratic character of the political institutions as well.

Chief among these dysfunctional consequences is political instability. As Huntington (1968) argues, the political institutions of developing societies tend to be weak and fragile to begin with. Add to that the enormous pressures on government created by a democratic system's participatory institutions and the sources of instability are greatly magnified. Because of the greater availability of channels through which such impatient groups as workers and the poor can express their demands and because political elites and their parties must cater, at least to some extent, to such groups in order to win support in elections, democratic regimes in less developed countries quickly become overburdened and must necessarily become preoccupied with the maintenance of internal order.

In addition, states the conflict perspective, many of today's Third World societies are so besieged by internal conflict stemming from heterogeneity of region, caste, religion, ethnicity, and class that forging a consensus by force becomes critical if these nations are successfully to undertake mobilization for rapid national development. Democratic regimes, because of the political and civil liberties they rest on, only act to inflame social division and erode the capacity of the government to act quickly and effectively. More authoritarian systems, in contrast, are held to be better able to suppress disruptive dissent and conflict.

Finally, even short of disruptive internal conflict and instability the electoral politics that are inherent in democracy may well act to distort the economy and incapacitate the government as officials shift their allegiances among policies based on short-run political expediency, rather than focusing exclusively on policies oriented toward national development in the long-run.

Overall, the implications of this reasoning for the effect of democracy on economic growth are clear. As Apter (1965) has argued, before a certain level of economic development has been attained, coerciveness is best suited to change. To deal successfully with the problems of nation-building, to contain discontent, and to control domestic pressures, a Third World regime must be able to insulate itself while having the wherewithal to impose its programs against opposition efficiently and effectively. These are needs best filled by authoritarian rule. In contrast, democracy is held to decrease the efficiency of decision making, thereby leading to inconsistent and vacillating policies, if not outright paralysis, as well as engendering higher levels of instability, all of which in turn slow economic growth.

The particular relevance of these arguments for us lies not solely in the implication that, in the Third World nations, authoritarian regimes are simply better able to govern, but that such regimes are better able to implement the kinds of policies thought critical for rapid economic growth and to create the conditions necessary to support them. In this view, the superior ability of an authoritarian regime to govern that facilitates economic growth is expressed indirectly by the social and political stability it fosters, the insulation from outside influence it allows, and the single-minded strength that it can muster. But authoritarian forms of regimes are also thought to facilitate rapid economic growth directly through a number of mechanisms. Some of these mechanisms include their ability to exert firmer control over labor and labor markets, their greater efficiency in the allocation of resources, their ability to use coercion to break traditional patterns, and their capacity to collectively organize and direct economic policies.

But perhaps the most frequently noted mechanism by which authoritarianism is thought to directly facilitate economic growth is through its effect on consumption and saving. Underlying this idea is the notion that growth is primarily the result of huge material and personnel investments. In a poor economy, total production cannot be increased rapidly without building new factories, improving education, developing infrastructure services such as communication and transportation, and introducing new productive technologies. But these goals cannot be achieved without the accumulation of capital, which in turn depends on the rate of saving.

The accumulation of a surplus for investment requires enormous sacrifices. Current consumption must be cut at the same time that savings increases. But who is to bear the burden of the sacrifices? In the authoritarian model, since the rich have a higher marginal propensity to save, the larger share of national income and of increments due to growth should be directed toward those who are already well off in order to maximize the rate of social savings. Any shifting of resources to the poorer segments of the population, in contrast, would unduly hamper the accumulation of capital because such groups tend to consume rather than save. Hence the idea that economic growth requires large distributive inequalities is assumed by proponents of this model, and is thought to be confirmed by the experience of Western European societies during their own periods of industrialization (see Kuznets 1955).

The model further holds that no democratic government can tolerate the degree of restraint in consumption necessary for maximizing the rate of growth in a developing economy (Hewlett 1979). This is the case because, for a Third World nation to successfully expand economically, the government needs to adopt policies that hold down the real wages of the working classes and favor national and foreign capital. Because of their openness and need for internal legitimacy, democratic governments fall victim to numerous claims for shares of national resources; hence they become preoccupied with issues of distribution (expansion of government benefits and welfare policies) rather than accumulation. The consequence is that the allocation of national income is likely to be biased toward consumption and away from saving (Nelson 1987). More authoritarian regimes, in contrast, because of the absence of a political mechanism through which accountability can be demanded and because of their relative freedom to act coercively, can pursue policies that benefit a minority at the expense of the majority, and thereby foster the accumulation of needed capital. Such regimes are relatively unrestricted in their ability to squeeze surplus from some domestic groups in order to finance industrialization.

Finally, with respect to the third reason cited in support of the conflict perspective, a number of writers, including De Schweinitz (1964), Chirot (1977), and Cohen (1985), argue further that the unique domestic and international conditions complicate greatly the situation facing Third World nations in their development drives today. In contrast to the development experience of most European nations in the nineteenth century, the late developers need to implement distinct strategies because of differences in demographics, class structures, level of technological development, structures of finance, rural-urban dynamics, and transnational linkages, such as the multinational corporation. Under these different circumstances, it is argued that authoritarian regimes are better able to adopt appropriate national strategies because the state necessarily must play a more initiating and direct role under these new historical conditions. Thus, more autocratic governments are assumed to be better able to resist the influences of multinational businesses and "core" governments.

Hence, in general, proponents of the conflict model argue that in the world facing developing nations after World War II, those with a more authoritarian form of government will experience more rapid economic growth than will democratic regimes. One must say "in general" because at least two kinds of qualifications can be identified in the literature. These qualifications are not inconsistent with the claim stated above; rather they identify specific kinds of authoritarian regimes that are most capable of generating economic change for different types of developing countries.

One popular qualification of the general argument revolves around the proposed effects of military rule, as opposed to civilian rule, whether the latter happens to be more or less democratic. Such theorists as Pye (1966), Shils(1964), and Levy (1966) have argued that in developing countries military rule is a progressive force in society. The reasoning behind this argument is as follows. In modernizing societies, the military is unrivaled by any other organization in its ability to combine high levels of modernization with maximum levels of stability and control. The progressive consequences of military rule stem from the fact that alternative organizations are not only weak, but that the military, as one of the few avenues available for social mobility, attracts the most talented and confers on its members substantial experience with rational organization and sophisticated modern technology. Moreover, the military regularly recruits individuals of middle class background, and such individuals are more progressive in their policies than the prior entrenched ruling elites were.

It is important to note, however, that a number of theorists, for example, Bienen (1971) and Nordlinger (1970), have argued exactly the opposite. They charge that military rulers are too obsessed with maintaining order and power to act as modernizing agents. A sort of compromise is offered by Huntington who suggests that the effects of military rule depend on the degree of backwardness of the developing country: military rule has a progressive effect only at very low levels of socioeconomic development.

A second qualification of the general hypothesis has been put forth by O'Donnell (1979). He argues that because of the associated problems of delayed dependent industrialization, late industrializers already far along on the road to modernity can be greatly benefited by a specific type of authoritarian rule, bureaucratic-authoritarianism. More specifically, bureaucratic-authoritarian regimes are necessary to deepen import substitution from final demand goods to intermediate and capital goods. Only bureaucratic-authoritarian regimes (formed by a peculiar alliance of the military and technicians) are capable of freezing consumption and creating the policy predictability and political stability necessary to generate the preconditions for the kinds of long-term investments needed. Though the necessity of bureaucratic-authoritarianism on these grounds has been seriously questioned (see the essays in Collier 1979), Cohen (1985) argues that such regimes still possess an advantage in effectively implementing the kinds of austere orthodox policies necessary for industrialization to deepen more thoroughly and quickly.

In sum, then, while there is some disagreement among these theorists over which kind of authoritarian rule is best suited for which kinds of developing countries, they still share the contention that democracy hampers economic growth.

The Compatibility Perspective

Proponents of the democratic model sharply object to the charges levied by proponents of the authoritarian model. Although the compatibility model concedes that economic development requires an authority to enforce contracts, ensure law and order, and so on, they strongly disagree with the assumption that development needs to be commanded in all respects by a central authority, an assumption that takes a heavy toll in terms of citizen rights and freedoms (see Holt and Turner 1966). Moreover, even if one accepts the argument that latecomer nations in the post—World War II era need governmental structures that perform a wider range of functions and more heavily penetrate sectors of their societies than their Western counterparts did, we can still treat as analytically distinguishable the scope of state involvement and the democratic character of political institutions.

In addition, proponents of the democratic model challenge the authoritarian model on such assumptions as the propensity of the well off to save in a manner that is beneficial to the nation (Goodin 1979), the prevalence of distortions of economies in democracies (Goodin 1979), the degree of corruption in Third World democracies (McCord 1965), the tendency of democracy to foster internal divisiveness and conflict (see the evidence in Hibbs 1973 and Marsh 1979), and the cost of political competition to the accumulation of capital and scale of investment (Goodin 1979). Finally, in this model it is assumed that the redistributive tendencies of democracies, far from fueling useless consumption and thereby being a drain on growth, actually broaden markets and promote economic expansion.

Indeed, proponents of the democratic model are quick to point out numerous weaknesses of centralization under authoritarian rule. These weaknesses include a relative deprivation of the informal sector, a distorted size distribution of enterprises (the Barton gap), a tendency toward corruption and waste, a tendency to transform conflicts normal to the development process into larger confrontations, and a limited capacity of the center to handle problems in the periphery of society. Moreover, as Nelson (1987) notes, democratic regimes have no monopoly on internally inconsistent policies, policies that vacillate over time, or policy paralysis, since sharp factional or ideological disputes within regime circles or among fairly narrow participatory groups can paralyze a regime effectively as can highly mobilized and conflicting mass groups. Finally, King (1981) charges that the kind of development strategy so frequently adopted under authoritarian rule, capital-intensive development, is unbalanced and detrimental not only to the rural sector but to the society as a whole in the long-run.

Some proponents of the democratic model, however, do not stop at simply taking issue with the assumptions of the authoritarian model. Indeed, such theorists as McCord (1965), Goodin (1979), King (1981), Goodell and Powelson (1982), and Kohli (1986) argue that it is a democratic government in the Third World that is best suited to foster sustained and equitable economic development. In their view, democratic processes and the existence and exercise of fundamental civil liberties and political rights generate the societal conditions most conducive to economic development.

Goodin (1979) and Goodell and Powelson (1982) argue that economic pluralism is essential for economic growth. In other words, a requisite of economic growth is a condition where members are free to accrue and dispense their resources within the marketplace. Only under this condition of economic pluralism will the most innovative and competitive technologies emerge.

Central to this model is the argument that political pluralism is critical to the survival and vitality of economic pluralism. Goodell and Powelson argue that economic pluralism depends on open competition and predictability. In their view, only when the political system is organized according to democratic rules and mechanisms and citizens have fundamental safeguards against governmental intrusion do conditions conducive to competition and predictability exist.

Overall, the extension and protection of civil liberties and basic freedoms are thought to generate the security of expectation necessary to motivate citizens to work, save, and invest (Claude 1976). In addition, popular political participation not only has the consequence of breaking down the privilege and vested interests of a few but also feeds a participative mentality that carries over into the economic arena and greatly increases the flow of information so essential to effective and efficient governments. In sum, political pluralism acts to release energies and foster conditions conducive to change, entrepreneurial risk, and economic development.

Proponents of the compatibility perspective hold that, at most, only limited trade offs are necessary between democracy and economic development. Indeed, proponents of this model view democracy and development as very much compatible, actually working to support one another. Among the proponents there is the sentiment that although authoritarian rule may, on some occasions, generate a more rapid rate of economic development in the short run, democratic rule is more conducive to a sustained, sectorially balanced, and equitable growth in the long run. Hence repression is viewed as not being necessary for growth, but only to protect a particular inequitable distribution of resources and power.

The Skeptical Perspective

Finally, we would like to briefly mention an alternative stance that some theorists have taken toward the issue of the consequences of democracy for economic growth. This alternative stance is skeptical that there is any systematic relationship between democracy and economic development (see Pye 1966). In other words, politics alone matter very little. Proponents of this perspective note the variable nature of levels of economic performance within groupings of more democratic and more autrhoritarian regimes and suggest that this variability indicates that we need to concentrate instead on the institutional structures that exist and the government strategies that are embraced, factors that may vary independently of the democratic character of a system, and how these can act to reconcile such development goals as democracy and development. Such factors include, for example, the nature of the political party system (two-party vs. multiparty), the level and form of state intervention into the economy, the pattern of industrialization pursued (labor-intensive vs. capital-intensive), and the cultural environment (see Huntington 1987). Hence, the skepticism in this perspective derives from the contention that additional, often intervening, factors operate to confound the direct link between democracy and development.

The Effects of Democracy on Inequality

With respect to the consequences of political democracy for socioeconomic inequality, we again find the positions of theorists divided. Regarding this relationship, the source of that division, which is obviously very much related to that of the foregoiong discussion, is the question of whether democracy operates to reduce inequality, exacerbate inequality, or simply has no systematic influence. In the following section these various positions are referred to as the "Democratic Model," the "Authoritarian Model," and the "Skeptical Model," respectively.

Democratic Model

Oddly enough, many proponents of either the conflict or the compatibility perspectives, as discussed in reference to the consequences of democracy for economic growth, converge on the position that political democracy operates to reduce distributional inequalities. The reasoning behind this convergence is essentially twofold. On the one hand, democracy is viewed to facilitate equality indirectly because economic development itself is argued to aggravate inequalities (Kuznets 1955), at least up to a point, and democracies are argued by proponents of the conflict perspective to be less able to achieve rapid economic growth.

On the other hand, proponents of the compatibility perspective emphasize the same outcome for different reasons. Democracies are conceived to tend to neither adopt economic growth policies that directly attempt to deprive specific social groups of their relative economic shares nor are they free to ignore the voices of mobilized sectors of the population due to their legitimacy needs. Because of electoral mechanisms and rights to opposition and participation, democracies are relatively open to battles over the distribution of societal resources (Lipset 1959). And since these institutional underpinnings aid a shift in political power away from the most well-off and toward the middle classes and poorer segments of society, democratic regimes must be responsive to claims from the latter sectors as well. The consequence of all of this is the likelihood of lower distributional inequalities within democratic developing nations than within authoritarian developing nations. In short, as Lenski (1966) argues, given the existence of an egalitarian political structure, it is plausible to expect that, over time, as the more numerous poorer members of the population organize into unions and other interest groups, and as parties of the social democratic Left develop a solid electoral base, win seats in legislatures, and participate in or control the machinery of government, democracy becomes facilitative of gradual reduction of economic inequality.

Authoritarian Model

The relatively popular democratic model just presented is not, however, uniformly accepted. Beitz (1982), for one, disagrees. For Beitz, authoritarian regimes are more likely to pursue egalitarian development policies than are democratic regimes. Central to his argument is the contention that authoritarian regimes may do a better job of protecting the interests of the poor and working classes in developing societies than democracies can. Why? Because the available political rights and their expression through electoral mechanisms cannot be taken advantage of by the more disadvantaged elements of society. In other words, inequalities in the distribution of material resources are reproduced in inequalities of political influence. Thus, although Beitz accepts the view that democracies are more receptive to claims made by societal members, he contends that democracies fail to respect their members equally as sources of claims. Moreover, the disadvantaged are unable to defend their interest through democratic processes. In contrast, authoritarian regimes are more capable of protecting interests unlikely to be protected by democracies.

Huntington and Nelson (1976), while supporting the logic of Beitz' argument to a degree, nevertheless qualify his reasoning by contending that since more privileged groups usually become politically active earlier than the less privileged, then it might well be the case that at most there is a curvilinear relationship between levels of participation and equality. Still, however, this pattern of relationship depends on how much, and how effectively, the less privileged strata exercise the opportunity to participate relative to participation by the "haves." Finally, Bollen and Jackman (1985) also question whether democracies tend to be better for equality. In particular, they question whether democracies adhere to majoritarianism, whether low-income voters demand redistribution—especially given the government intervention it requires—and whether inequality is even perceived as being unjust.

Skeptical Model

The two schools of thought most frequently cited as representatives of the skeptical model are functionalists and Marxists. As Marsh (1979) argued in his review of the "skeptical model," functionalism implies that the form of government does not affect the stratification system, since any changes in the distributive outcomes are explained as a result of changes in the shape of the occupational structure brought on by the imperatives of industrialization. Any association between democracy and socioeconomic equality is spurious since both are determined by the level of a nation's economic development.

Alternatively, Marxists hold that the political system is largely of little importance. What is important is the particular configuration of the class structure, and, in particular, the economic power of the capitalist class. To understand the "why" of the distribution of inequalities and changes in distribution, one must understand the class structure and dynamics.

Finally, Nelson (1987) suggests that we should be skeptical in embracing any universal relationship between extended patterns of political participation, or democracy, and equality, since the pattern of participation may play an important intervening role. Particularly crucial may be the relative participation rates of urban versus rural populations in developing countries.

State of Empirical Research

The Effects of Democracy on Economic Development

Thirteen cross-national, quantitative studies have been reviewed in the course of our work. Each of these studies explicitly attempted to evaluate the economic consequences of differences in the democratic character of national regimes. The studies reviewed are contained in Table 1.

Out of these thirteen studies only three—Huntington and Dominguez (1975), Marsh (1979), and Landau (1986)—report findings suggesting an unqualified negative effect of democracy on rates of economic growth. Six studies—Feierabend and Feierabend (1972), Dick (1974), Russett and Monsen (1975), Meyer *et al.* (1979),

TABLE 1

Adelman and Morris (1967)
Feierabend and Feierabend (1972)
Dick (1974)
Huntington and Dominguez (1975)
Russett and Monsen (1975)
Marsh (1979)
Meyer et al. (1979)
Weede (1983)
Berg-Schlosser (1984)
Kohli (1986)
Landau (1986)
Sloan and Tedin (1987)
Marsh (1988)

Kohli (1986), and Marsh (1988)—report that there is no relationship between the democratic character of regimes and the pace of economic growth. Finally, each of the remaining four studies report some kind of qualified, or conditional, relationship. For example, Adelman and Morris (1967) report that democracy appears to inhibit growth, but not among the wealthier less-developed countries. Weede (1983) reports the existence of a negative relationship only when developed countries and less-developed countries are both included in the analysis (no effect when less-developed countries are examined alone), and also in those societies in which the role of the state in economic affairs is decidedly larger. Both Berg-Schlosser (1984) and Sloan and Tedin (1987), in contrast, report that the type of regime matters, that is, there are real differences among regime types, but the pattern of these differences depends on the particular measure of economic progress examined.

Hence, overall, these studies present a very mixed and confusing picture with regard to the effect of democracy on economic growth. The inconclusive results presented by these studies are further compounded by the fact that these studies are quite heterogeneous with respect to characteristics of measurement, coverage, design, and method of analysis.

One of the most systematic deficiencies to be found in these studies is the misspecification of the economic growth model. Only in the studies by Adelman and Morris (1967), Meyer et al. (1979), Weede (1983), Landau (1986), and Marsh (1988) is there any attempt to include as controls a number of factors known to affect economic growth. Indeed, clearly in seven of the studies: Feierabend and Feierabend, Dick, Huntington and Dominguez, Russett and Monsen, Marsh (1979), Kohli, and Sloan and Tedin, either no other factors were specified as influencing economic growth in the analysis or the analysis was badly underspecified. Such factors as initial level of development, the availability of human capital, the availability of internal investment, population growth, and so on must be properly specified in the analysis and thus controlled for in order for estimates of the effect of democracy to be at all meaningful. Nevertheless, even among the five studies identified as being the most adequate with respect to model specification, rather discrepant results were found.

TABLE 2

Wide Survey of LDCs	
Adelman and Morris (1967) conditional	(N = 74)
Dick (1974) none	(N = 72)
Huntington and Dominguez (1975) negative	(N = 35)
Marsh (1979) negative	(N = 80)
Meyer et al. (1979) none	(N = 23)
Weede (1983) none	(N = 74)
Landau (1986) negative	(N = 65)
Marsh (1988) none	(N = 55)
Survey of DCs and LDCs	
Feierabend and Feierabend (1972) none	(N = 84)
Russett and Monsen (1975) none	(N = 80)
Meyer et al. (1979) none	(N = 50)
Weede (1983) negative	(N = 93)
Survey of Select LDCs only	
Kohli (1986) none	(N = 10)
Sloan and Tedin (1987) conditional	(N = 20, all L.A.)
Berg-Schlosser (1984) conditional	(N = 38, all African)

A second feature that could account for the discrepancies in the results obtained is the set of countries examined. Besides substantial variation in the number of countries examined, some looked at a set including both developed and developing nations, some surveyed less-developed countries only, and several examined only a select group of less-developed countries. The exact composition of the set of countries analyzed in each study is presented in Table 2, along with a notation on the major result found in each study for the relationship between democracy and economic growth.

As the Table 2 indicates, there has indeed been a substantial amount of variation in the number and set of countries examined. Moreover, an examination of the results reported by each of these studies indicates that there is no clear association between the population of countries observed and the major finding. Unfortunately, there has been little effort to replicate studies and thereby enhance our knowledge in the area in a cumulative fashion.

A third factor that may account for the differences in findings is the period for which economic performance was assessed. Roughly speaking, three broad periods were investigated: studies assessing economic performance for a period beginning before 1960 and ending by 1965; studies assessing economic performance for a period roughly equivalent to the decade of the sixties; and, finally, studies assessing economic performance for a period beginning in the sixties and ending in the early eighties. The exact period of each of the studies is described in Table 3.

If we categorize the twelve studies according to the appropriate period and then examine the findings reported, does any pattern emerge? Again the answer would have to be no. No systematic relationship appears between the period examined and the results.

A final feature of these studies that we can examine is how each measured democracy. How did each go about distinguishing types of political regimes? Two

TABLE 3
Period Examined Ends by 1965

Adelman and Morris (1976) conditional
Feierabend and Feierabend (1972) none
Huntington and Dominguez (1975) negative
Russett and Monsen (1975) none

Period Examined ends by 1970

Dick (1974) none
Marsh (1979) negative
Meyer et al. (1979) none

Period Examined ends by the early 1980s

Weede (1983) conditional
Kohli (1986) none
Landau (1986) negative
Sloan and Tedin (1987) conditional
Berg-Schlosser (1984) conditional
Marsh (1988) none

characteristics of the measure used seem relevant here. The first is whether the characteristic of the regime was measured at basically a single point in time for a country (''point measurement'') or was assessed for a period of time (''period measurement''). The measurement of a political characteristic such as democracy at a single point in time (or over an interval of time shorter in length than the period over which the dependent variable is observed) suffers from severe weaknesses. Most important is the fact that the point measurement method makes no allowances for subsequent changes which may necessitate substantially altering how a country is classified or rated in terms of democracy. Therefore, in order to use the strategy of point measurement one must be willing to assume that a country's political regime was accurately characterized by the same value or classification throughout the entire period during which the dependent variable is being assessed. The longer this period is, the more likely this assumption would be violated, especially in the case of Third World nations. In addition, unless one is willing to make some rather heroic assumptions about the exact length of the lag with respect to the effects of the political characteristic, the point measurement technique again falls far short of adequacy.

Overall, seven of the studies reviewed employed the point measurement technique (Adelman and Morris, Feierabend and Feierabend, Russett and Monsen, Marsh (1979, 1988), Meyer et al., and Weede). Though there is no apparent pattern to the findings of these six, the weaknesses of point measurement cast a shadow over their results. In fact, none of the authors of these seven studies make any claims about having taken political changes into account in any manner.

Period measurement of political characteristics stands in sharp contrast to point measurement. Strictly speaking, period measurement refers to the technique by which democratic characteristics are assessed for exactly the same period for which the dependent variable is assessed. This could be accomplished in either of two ways. First, one could make annual measurements of both the democratic measure and the dependent variable, as well as any other variables, and thus obtain time-series data. Alternatively, one could explicitly take steps to examine only those countries which, in terms of the investigator's rating or classification scheme, were consistent over the course of the period examined. Of these two alternatives, the first has considerably more advantages. The chief weakness of the second alternative is that it confuses stability with the characteristics of the political regime by including only those that are, for example, stable democracies or stable nondemocracies

The studies conducted by Dick, Huntington and Dominguez, Kohli, Landau, Sloan and Tedin, and Berg-Schlosser all indicate that they have employed a kind of period measurement. However, except for the effort by Sloan and Tedin, all five of the others opted for the second alternative. For example, Dick (1974) writes that his regime classification scheme, ". . . reflects the general political state of a country during the 1960s," which was the period of his analysis. Either these authors created a classification based on the average political characteristics of a nation's regime across an interval of time—as apparently Dick and Landau did—or they excluded or assigned to a distinct category those countries that substantially changed in terms of their regime characteristics. The latter is apparently the case for the efforts by Huntington and Dominguez, Berg-Schlosser, and Kohli. By pursuing the latter course, the political measures used confound democracy with stability. As Bollen (1980) notes, the problem with implicitly or explicitly including stability in the measure of democracy—something that Lipset (1959), Cutright (1963), Smith (1969), Coulter (1975), and Hewitt (1977) all do in their measures—is that it and its effects are analytically and empirically distinguishable from democracy and the latter's effects.

Only Sloan and Tedin employ the first alternative of period measurement. They classified twenty Latin American countries annually for the period 1960 through 1980. Their exact regime classification scheme will be discussed more fully in this article.

Overall, the thirteen studies examined here are fairly evenly split with respect to whether the procedure they employed to measure democracy, or a related regime attribute, was point or period. By dividing the set of studies into these two groups, it is obvious that the attribute of measurement being considered is not sufficient alone to begin to explain the disparities in findings reported. But perhaps more important is the fact that only one study adopted a procedure that, in our opinion, does not suffer from as many weaknesses as the others.

A second feature of the measures of political characteristics used in these studies relates to their operationalizations of democracy. Each of the studies reviewed here sought to identify some characteristic(s) of democracy and then to rate or classify the political regimes of a set of countries based on an operationalization of those characteristics. In terms of the methods of operationalization, either a single scale was developed consisting of numerical ratings or a typology with more or less discrete categories was adopted. This quantitative-qualitative distinction in operationalization parallels the point-period measurement distinction made earlier, with all of the studies employing point measurement also employing a quantitative operationalization. This, however, is by no means a necessary association.

TABLE 4
Scales Used by Quantitative Operationalizations

Adelman and Morris (1967)	Index of the Strength of Democratic Institutions, 1957–62 (4 pt. scale)
Feierabend and Feierabend (1972)	Index of Regime Coerciveness, 1948–60 (6 pt. scale)
Russett and Monsen (1975)	Taylor and Hudson's Electoral Regularity Scale (3 pt. scale)
Marsh (1979)	1) Bollen's Index of Democracy, 1965 2) Bank's Political Competition Index, 1962–66
Meyer et al. (1979)	1) Cutright's Formal Political Representation Index, 1950–55 2) Adelman and Morris' Index of Political Participation, 1957–62
Weede (1983)	Bollen's Index of Democracy, 1965
Marsh (1988)	1) Sum of Gastil's Political Rights Ratings, 1973–79 2) Sum of Gastil's Civil Liberties Ratings, 1973–79

With regard to the seven studies employing a scale of one kind or another, it is important to realize that each of the scales used is only ordinal in nature. This fact is important, because, in each of these studies, the scales are treated in the analysis as if they are interval-level in nature. Although it may well be the case that ordinal information is the only kind available to use in the construction of the scales, they are still ordinal-level. And no effort is made in these studies to examine what consequences this may have for the kinds of statistical analyses carried out.

The particular operationalizations used in each of the seven studies are described in Table 4.

Finally, we can consider the six remaining studies which rely on qualitative discriminations of regime types. The respective classification schemes of each of these studies are listed in Table 5.

As is made clear by Table 5. only Landau and Kohli adopted a simple dichotomy. In essence, the typologies of Landau, Kohli, and Dick are dichotomous or trichotomous breakdowns of ordinal rankings. The other three studies that employ a categorical indicator of regime type sought to discriminate among regimes in a more qualitative sense. For example, Huntington and Dominguez, Sloan and Tedin, and Berg-Schlosser each assigned Communist-Socialist nations to a distinct category. In addition, each of these also assigned to a distinct category those nations whose political regimes were unstable, though they did so in varying ways: Berg-Schlosser and Huntington and Dominguez seem to have decided, after looking at the entire regime histories for the relevant period of study for their set of nations, to assign to a separate category any nations which were judged as more or less mixed due to regime changes. In effect, this excludes these nations, and the other categories include only countries with relatively stable regimes of one kind or another. Sloan and Tedin, with their "transitional" category, took a strikingly different, and we

TABLE 5
Categorical Operationalizations

Dick (1974)	1) Authoritarian 2) Semicompetitive 3) Competitive
Huntington and Dominguez (1975)	1) One-party Communist 2) One-party Non-Communist 3) Competitive Party System 4) Unstable System
Kohli (1986)	Dichotomization based on Bollen's Index of Democracy (Democratic-Authoritarian)
Landau (1986)	1) Democratic 2) Non-democratic
Sloan and Tedin (1987)	1) Democratic 2) Bureaucratic-Authoritarian 3) Communist 4) Traditional Authoritarian 5) Transitional
Berg-Schlosser (1984)	1) Stable Polyarchic 2) Stable Socialist 3) Stable Authoritarian 4) Praetorian

believe superior, approach. Since Sloan and Tedin took annual observations, a nation's regime was coded as "transitional" only for the year in which it changed. Thereafter, it was coded with the new regime code until it again changed.

In terms of the substantive distinctions among the regime types coded, each of these investigators sought to at least single out one category that conforms, more or less, to what a democracy would be. Central to nearly all of the typologies used in the six studies is the political party structure and the meaningfulness of elections (what criteria Landau used for discriminating between democracies and nondemocracies is unclear because he never formally states them nor even offers a basic conceptual distinction). This is clearly the case for the typologies constructed by Dick and Huntington and Dominguez (with the addition of a Communist-Socialist dimension). The typologies constructed by Berg-Schlosser and Sloan and Tedin also obviously consider the structure of the party system and the role of elections, though both include a number of additional dimensions. For instance, Berg-Schlosser names as other major system characteristics the following: basis of legitimacy, head of executive branch, degree of vertical and horizontal power separation, scope of regime control, and ideological orientation. The problem with Berg-Schlosser's effort, however, is that, having once stated this large number of dimensions, he employs what he describes as a "handmade factor analysis" in order to combine and reduce the dimensions down to four types of regimes. Not only does this preclude the possibility of replicating his procedure, it gives us little insight into how his dimensions were actually weighted (and it is obvious they were) in order to arrive at final classifications.

The study by Sloan and Tedin is unique because these investigators attempted to differentiate the more authoritarian end of the democracy/nondemocracy dimension by separating out not only Communist nations but also by differentiating what they label as bureaucratic-authoritarian regimes from traditional authoritarian regimes. Such an approach as this seems to possess a number of advantages, since implicitly when the claim is made that authoritarian-led nations will develop more quickly, those making the claim generally appear to have in mind the bureaucratic-authoritarian type of regime. Moreover, a good case could be made that lumping all nondemocratic regimes into a single category might well inhibit the uncovering of political effects. Unfortunately, in their article, Sloan and Tedin never formally state how they went about assigning national regimes to one or the other category, a guide which would be necessary if one wished to build on their analysis by expanding the coverage.

Before moving on to a review of the set of studies that had income distribution as their dependent variable, we would briefly like to review six studies that focused on the specific effects of military rule, a special kind of nondemocratic regime. These six studies include Nordlinger (1970), McKinlay and Cohan (1975), Jackman (1976), Dickson (1977), Pluta (1979), and Ravenhill (1980). Overall, these six studies, like the twelve discussed earlier, suffer from significant differences in coverage, measurement, and analysis technique. As a consequence, the results of these studies taken together yield few firm conclusions.

Nevertheless, these efforts are noteworthy because, besides attempting to identify significant differences between military and civilian regimes, almost without exception each of these studies examined a wide array of dependent variables (regime outputs and outcomes). In other words, they tended to go beyond a simple comparison of economic growth rates and also looked at changes in the quality of life and changes in the distribution of societal resources as indicated by government spending patterns.

If anything can be concluded from these studies, and any conclusion must be made cautiously, it is that civilian regimes as compared to military regimes appear to do better in terms of improving the basic quality of life of the masses of citizens and in improving the distribution of access to such societal benefits as health facilities and schools. Overall, this suggests that in our research effort we might be very well served by identifying different classes of outcomes and outputs for examination.

The Effects of Democracy on Inequality

Cross-national, quantitative research on the effect of democracy on societal inequality has come to form more of a research program than has research on the effects of democracy on economic growth. Surprisingly, however, the relevant studies are inconclusive. Twelve relevant studies are reviewed in this section. Included are studies performed by Cutright (1967), Jackman (1975), Hewitt (1977), Rubinson and Quinlan (1977), Stack (1979), Stack (1980), Bollen and Grandjean (1981), Weede and Tiefenbach (1981), Weede (1982), Kohli and Associates (1984), Bollen

TABLE 6

Yes	No
Cutright (1967)	Jackman (1975)
Hewitt (1977)	Rubinson and Quinlan (1977)
Stack (1979)	Bollen and Grandjean (1981)
Stack (1980)	Kohli et al. (1984)
Weede and Tiefenbach (1981)	Bollen and Jackman (1985)
Weede (1982)	
Muller (1988)	

and Jackman (1985), and Muller (1988). In each of these studies the indicator of social equality is the distribution of income.

Have these studies found support for a negative effect of democracy on societal inequality as Lenski (1966) and many other have predicted? As Table 6 shows, no clear answer to this question has emerged from these studies.

As can be seen above, seven of the studies present evidence indicating confirmation for the inverse relationship between democracy and societal inequality, where inequality is measured by the distribution of income. Their support, however, must be qualified. Cutright, after assigning nations to subgroups based upon level of economic development, found confirmation for the low and middle income subsets of nations, but not for the most advanced subset. Weede and Tiefenbach found confirmation of the inverse relationship for two measures of personal income inequality (using Paukert's data 1973), but not for four alternative measures of income inequality from two different sources. Hewitt found a negative correlation for his indicator of political democracy and income inequality, though he argues that it is social democracy (meaning the strength of Socialist parties or working-class politics within the lawmaking bodies), rather than political democracy, that is important. Finally, Muller presents results that would indicate it is the length of experience of democracy, rather than the level of political democracy as measured at one point in time, that facilitates reductions in inequality.

The five studies that indicate a disconfirmation of the proposed linkage report either that there is no significant relationship, in either a positive or negative direction, between political democracy and societal inequality or that the line of causation properly modeled actually runs in the opposite direction. The investigations of Jackman (1975) and Bollen and Grandjean (1981) each found nonsignificant effects of political democracy on societal inequality. Rubinson and Quinlan (1977) report that once the reciprocal effects between the two variables are explicitly taken into consideration, something that had not been examined before their study, the only signigicant direction of effects lies in the opposite direction (i.e., inequality affects democracy). In a more recent study, however, Bollen and Jackman (1985) reexamined the argument of Rubinson and Quinlan and found no significant effects between democracy and inequality in either direction. Muller (1988), however, reports that whereas length of democratic experience appears to facilitate significantly greater levels of income equality, he found no support for the "genesis" version of the causal impact of inequality on the inauguration of democracy.

Where do these studies leave us? It is clear that while no generalizable and robust confirmation of the thesis that democracy promotes greater equality is forthcoming from this set of studies, the issue is by no means settled. Numerous differences in design, measurement, and model distinguish these studies, which alone or in combination might account for the kinds of results they have produced.

The first of these differences that can be considered is how social equality was measured. Each of these studies attempted to measure social equality by assessing the degree of concentration of the distribution of income, or some proxy for it. The difficulties in accurately measuring the distribution of income are widely known. Information on income distribution is confounded by global heterogeneity in its standards of collection, which makes international comparisons exceedingly difficult. Some of the sources of this heterogeneity include whether the income figures are pretax or posttax, whether the data are based on households or individuals (though the efforts of Bollen and Jackman (1985) and Muller (1988) attempt to control for this confounding factor in their analyses), and whether the income figures are representative of the nation as a whole or refer only to certain regions or cities.

These data problems are yet further complicated by the fact that there are a number of data sources available (for example, Paukert, Ahluwalia, the World Bank), and these sources, although overlapping to some extent in years reported and nations covered, are still distinguishable in terms of coverage and some of the figures reported. Hence it matters whose measure one happens to be using. This has been vividly demonstrated by Weede and Tiefenbach who found confirmation using the data reported by Paukert (1973), but disconfirmation using the data of Ahluwalia (1976), though the two sources also differ somewhat in the nations covered.

Finally, one of the most serious obstacles to research on the link between democracy and income inequality continues to be the relative absence of data at more than one point in time. This forces research designs to be cross-sectional, which gives one very little leverage in addressing questions posed in dynamic terms. Efforts to piece together two points of inequality data, as only Kohli and associates attempted, to support at least a simple panel design are besieged by problems of comparability.

It is also important to remember that the dates the income inequality figures refer to in existing data banks vary across nations. Only Rubinson and Quinlan sought to explicitly match the dates for all of their variables in an effort to control for this possible weakness (they then included a control variable in their analysis, the value of which was the year the values were coded for). None of the other ten studies adopted this strategy. How much error is introduced in a cross-sectional design by having one variable measured in 1960 and another measured in 1965 is difficult to estimate, but it certainly would seem necessary in instances of discrepancies of a few years or more to make some effort to be reasonably sure that the discrepancy is not confounding the results.

In the set of twelve studies under review, only two, Cutright (1967) and Jackman (1975), did not use some measure of personal or household income distribution.

TABLE 7
Source of Personal/Household Income Distrib. Data

Paukert	Other
Paukert (1973)	
Stack (1980)	Weede (1982) (World Bank)
Bollen and Grandjean (1981)	Kohli et al. (1984) (World Bank)
Hewitt (1977)	Weede and Tiefenbach (1981) (Ahluwalia, Ballmer-Cao)
Rubinson and Quinlan (1977)	Bollen and Jackman (1985) (World Bank, Ahluwalia, Jain) (replicated with Paukert data)
Weede and Tiefenbach (1981)	Muller (1988) (Ahluwalia, Jain, World Bank, Lecaillon et al., Paukert, Sawyer, UNECLA)

Specific Measure of Personal/Household Income Distrib. Used

Hewitt (1977)	1) Income share to top 5%: – 2) Income share to top 20%: 0
Rubinson and Quinlan (1977)	1) Gini coefficient: 0 2) Income share to middle 20%: 0
Stack (1979)	Gini coefficient: –
Stack (1980)	Gini coefficient: –
Bollen and Grandjean (1981)	Gini coefficient: 0
Weede and Tiefenbach (1981)	Paukert: Share to bottom 40%: + Share to top 20%: – Gini coefficient: – Ahluwalia: Share to bottom 40%: 0 Share to top 20%: 0 Ballmer-Cao: Gini coefficient: 0
Weede (1982)	1) Income share to top 20%: – 2) Income share to bottom 40%: +
Kohli et al. (1984)	Difference (1970–1960) of ratios of income share to top 5% to share to bottom 20%: 0
Bollen and Jackman (1985)	Ratio of income share of top 20% to income share of bottom 40%: 0
Muller (1988)	1) Income share of upper quintile: – 2) Gini coefficient: –

(symbol after the colon indicates whether negative (–) effect or no (0) effect found using that particular measure)

Instead, these two investigators used a measure of the distribution of income across industrial sectors. As Bollen and Jackman (1985) point out, this latter measure is only an imperfect proxy for personal income distribution and may well be analytically and empirically distinguishable.

The remaining ten studies used some explicit measure of personal or household income distribution, but as a set they exhibit considerable variability with respect to the source of that data and with regard to which particular measures of income distribution they examined.

As the listings in Table 7 indicate, the importance of which source of data or which particular measure was used does not seem sufficient to explain discrepancies in the findings of these studies, though they are certainly important in and of themselves. The state of data gathering on income distribution continues to be in turmoil, though Bollen and Jackman (1985) suggest that the more recent efforts and compilations of the World Bank are improving the situation.

In light of these weaknesses, a profitable area for future research is to investigate the construction of alternative indicators that have the virtue of being highly correlated with existing inequality measures, but which are available on a time-series basis and are based on information gathered according to standards that are much more comparable internationally. Such a measure might be along the lines of Morris' (1979) physical quality of life index.

Along these lines two additional studies are particuarly noteworthy. Williamson (1987) examined in cross-sectional analysis the effect of the level of political democracy, using Bollen's measure, on the physical quality of life index for eighty developing countries. He found only very weak, insignificant effects of political democracy on such an alternative indicator of welfare outputs broadly conceived. Similarly, Williamson and Pampel (1986) when estimating the lagged effects of a host of variables on still yet another welfare output indicator—in this case social security effort as measured by the percentage of GNP expended on five categories of social security programs—found that the level of political democracy, again indicated by Bollen's measure, significantly facilitated the expansion of a nation's social security effort for a sample of industrialized nations (N = 26), but found no effect within the only subsample (N = 32) of developing countries. Williamson and Pampel interpret this pattern of findings as substantiating the ideas of Lenski (1966): Democracy will have a greater effect on the distribution of societal resources in those nations with a greater economic surplus. A more recent effort on their part (Pampel and Williamson 1988), which is limited to examining the effect of two indicators of democracy—percentage of the eligible population actually voting, and electoral competition—on change in the social security efforts of eighteen advanced societies, found further support for their conclusions.

These results, however, stand in conflict with those of Moon and Dixon (1985). In their cross-sectional analysis of the correlates of physical quality of life levels in approximately 115 nations (both MDCs and LDCs), they found that the level of political democracy (as measured by an average of Bollen's 1960 and 1965 codings of political democracy) had a strong, positive impact on the PQLI index net of such other factors as level of economic development, government expenditures as a proportion of national product, and the ideological norms of the ruling regime. On the basis of their finding, Moon and Dixon argue that the provision of basic needs as policy outputs responds to representational processes.

Beyond the factors already considered, what other factors might be affecting the discrepant findings evident in the set of a dozen studies under consideration? Three issues which have been noted in the literature (see Weede 1982; Bollen and Jackman 1985) are the model specification of the relationship between level of economic development and the measure of inequality, the possibility of reciprocal effects between democracy and inequality, and the composition of the sets of nations included in the respective data bases. We will turn briefly to each of these.

First both Kuznets (1955) and Lenski (1966) have argued that the relationship between economic development and inequality follows a nonlinear (inverted U) form. However, only five of the studies have specified this form of the relationship in the models they have tested (Bollen and Grandjean, Weede and Tiefenbach, Weede, Bollen and Jackman, and Muller). Though it is obviously important to include the correct specification, the presence or absence of a nonlinear relationship cannot alone explain the discrepant findings: two of the five studies that did specify a curvilinear relationship report a negative relationship between democracy and income inequality; two report no relationship; and one, Muller, reports a negative effect of democratic experience on inequality but no independent effect of the mere level of political democracy, as measured by Bollen's indicator, on inequality.

With regard to the possibility of reciprocal effects between democracy and inequality, only three studies, those by Rubinson and Quinlan, Bollen and Jackman, and Muller, have explicitly tested this possibility. In the kind of cross-sectional research being conducted on this issue, it is important to estimate a simultaneous-equations model in order to be relatively certain that a simple recursive model, where the only allowed effect is from democracy to inequality, is not yielding misleading results. Both of these studies found no effect of democracy on income inequality

A third characteristic of these studies that must be considered in both interpreting the contradictory results of existing studies and developing an alternative indicator is that of sample composition. Because of the general scarcity of data on inequality, most of the studies examined here performed their analysis on an average of about a third of existing nations. The details of the composition of the sets of countries analyzed are presented in Table 8.

TABLE 8
Sets of Countries Examined in the Studies

DCs and LDCs	
Stack (1980) negative	(N = 37)
Weede (1982) negative	(N = 21)
Bollen and Jackman (1985) none	(N = 60)
Jackman (1975) none	(N = 60)
Bollen and Grandjean (1981) none	(N = 50)
Rubinson and Quinlan (1977) none	(N = 32)
Weede and Tiefenbach (1981) negative	(N = 34–46)
Cutright (1967) negative	(N = 44)
Muller (1988) negative	(N = 50–55)
DCs only	
Stack (1979) negative	(N = 18)
Hewitt (1977) negative	(N = 25, 2 LDCs)
LDCs only	
Kohli et al. (1984) none	(N = 20)

TABLE 9
Used Bollen's Index of Democracy

Bollen and Grandjean (1981) none
Weede (1982) negative
Kohli et al. (1984) none
Bollen and Jackman (1985) none (replicated with a voter turnout measure)
Muller (1988) none

Used Jackman's Index of Democratic Performance

Jackman (1975) none
Rubinson and Quinlan (1977) none
Stack (1980) negative
Weede and Tiefenbach (1981) negative

Other Measures

Cutright (1967) negative (Cutright's Political Represen. Index, 1945–54)
Hewitt (1977) negative (yrs. of full democracy)
Rubinson and Quinlan (1977) none (Cutright's Political Represen. Index, 1945–54)
Stack (1979) negative (voter turnout as % adult pop.)
Weede (1982) negative (voter turnout as % adult pop.)
Muller (1988) negative (length of experience of democracy)

How far does the variation in composition of the sets of countries analyzed go toward explaining the pattern of results found? The answer is largely unknown. Obviously the differences in the sizes of the sets of countries analyzed could have had profound consequences for the results found. The sizes of many of these studies make them extremely sensitive to the inclusion or exclusion of just a few cases. Although Bollen and Jackman (1985) undertook the only effort to estimate whether their results would hold up under a check for outliers and replications with random subsamples, the fact remains that their sample was neither a random sample of all countries nor is its size large enough for us to place complete confidence in it. In addition, the issue remains as to whether the analysis should contain both developed countries and developing countries or only the latter.

A final feature of the studies being reviewed in this section that warrants attention is how democracy was measured in each. Table 9 lists the different measures used.

Again, as made obvious by Table 9, differences in the particular measure used cannot alone begin to explain the discrepancies on findings. Indeed, as is pointed out in the following section, most measures of political democracy tend to be fairly strongly intercorrelated.

Before leaving this topic, however, it must be noted that the use of voter turnout measures as an indicator of political democracy may well be quite unsatisfactory. Voter turnout data were used by both Stack and Weede in two of the studies above, and voter turnout is a component of Jackman's Democratic Performance Indicator which, in turn, was used in four studies. The problems with voter participation data are many-fold and are aptly described by Bollen (1980). Indeed, Bollen found that a measure of the percentage of the adult population who voted was either not related to or inversely related to a number of other dimensions of political democracy. Hence, its use probably only further confounds the results.

All in all, the twelve studies on the relationship between democracy and inequality reviewed here are striking in the fact that they provide us with a very weak foundation for concluding anything about the theoretically interesting link. Perhaps the best work to date is that of Bollen and Jackman (1985). Nonetheless, even this study does not escape the problems caused by the quality of the income distribution data, the lack of fuller global coverage, the validity of their measurement of democracy, and, perhaps, most important, the lack of a dynamic form of analysis.

Summary

When all is said and done, what can we conclude with confidence about the development consequences of political democracy? Even though the theoretical literature on the subject is rich and exciting, cross-national quantitative efforts to test the various hypotheses have fallen far short in their effort to yield clear grounds for rejecting or accepting many of the claims made. Almost twenty years of research efforts on the issues of economic growth and socioeconomic equality have produced few if any robust conclusions.

A. Democracy and Economic Growth

With respect to those studies where national differences in rates of economic growth have been examined, the evidence, as presented in the studies reviewed, would seem to suggest that political democracy does not widely and directly facilitate more rapid economic growth, net of other factors; hence, the compatibility perspective finds little support.

Beyond this, however, very little else seems clear. The studies examined are divided nearly equally with respect to whether a negative relationship or no relationship was found between democracy and economic growth. Our examination of such study characteristics as sample composition, use of controls in analysis, method and substance of the democracy measure used, period analyzed, and so on, unfortunately provides us with little leverage to discriminate among the conflicting findings since these characteristics tend to bear no particular relationship to the findings reported in the studies examined.

Even if we acknowledge that not all of these studies are created equal in terms of the appropriateness of their measures, research design, and methodology, something that might warrant the weightier treatment of one or a few of these studies, the sad fact remains that each of the studies reviewed suffers from one or another serious shortcoming. Ideal standards aside, perhaps the strongest analyses consist of the efforts of Marsh, Landau, Meyer and Associates, and Weede. But again we find no consensus within this subset of the studies. Therefore, in light of these weaknesses, even the conclusion that political democracy does not facilitate economic growth is at best a tentative one. Even if one were to embrace such a conclusion, the existing body of research has little to say about the form and balance of that growth.

B. Democracy and Inequality

With respect to those studies where national differences in levels of income inequality have been examined, the evidence appears to allow us to conclude that political democracy does not widely exacerbate inequality, net of other factors; hence the authoritarian model as discussed finds little support.

The debate, therefore, reduces to the issue of whether or not political democracy bears a systematic relationship to lower levels of income inequality. With regard to this question, the existing evidence suggests that the level of political democracy as measured at one point in time tends not to be widely associated with lower levels of income inequality. The validity of this conclusion rests upon an assessment of the differential quality of the studies reviewed. Clearly the efforts of Bollen and Jackman and Muller are superior to the others in terms of such considerations as their sample composition, assessment of simultaneity, and controls for the source of income data, and these two studies both support the above conclusion.

Caution must be interjected here, however, because, as Muller argues, political democracy may well act to reduce inequality in the long run. Moreover, none of the studies reviewed here are beyong reproach with respect to their coverage, model specification, research design, or measurement of democracy and inequality.

C. Conclusion

In the final analysis, the worth of our review lies in its clarification of the theoretical issues at hand and in its careful scrutiny of the studies that have been performed so as to guide our evaluations of the theoretical implications and to inform future research with the hope that such efforts will not repeat past mistakes. All in all, lively debate continues along the lines of the theoretical perspectives we have identified. When these alternative theories are confronted with the evidence as generated through quantitative, cross-national investigations, only a few basic insights appear to have been gained. In other words, much empirical work remains to be done.

In light of this state of affairs, a few remarks are in order. First, carefully designed replications of the kinds of studies reviewed are of utmost importance. In these studies special attention needs to be paid to the issues of sample composition, method of analysis, model specification, and measurement of the central variables. Moreover, assessments of robustness are crucial with respect to differences in subsamples of countries, measures, and periods examined.

Second, before this program of research can move forward in a fertile fashion, numerous measurement issues must be addressed. Of these, none is more central than the valid and reliable measurement of political democracy. Should political democracy be assessed on a point or period basis? Which dimensions of political procedures, practices, and institutions are relevant to our classifications of national societies in terms of political democracy, and which are not? Should our measure of political democracy be continuous (ordinal) or discrete in form? All of these are critical issues that have only begun to be addressed (for a noteworthy exception, see Bollen (1980).

Along these lines our own review of existing measures of political democracy has identified ten, each of which is based upon the coding of at least two properties of a nation's political system deemed indicative of political democracy, each of which yielded ordinal rankings on some combined final index of political democracy, and each of which possesses a coverage of at least forty nations around the world. With respect to these ten indices, several points are worth noting. First, of the ten, five are basically point measured and five are period measured. Hence, at least half explicitly incorporate information on political form stability into the final index scores. Second, regardless of whether the index is point or period, all but two of the ten are based on observations made of national political systems before the start of the seventies. To some extent this is due to the fact that a considerable number of these measures are based on a small set of cross-national raw data files that were compiled during the sixties. In contrast, very little effort appears to have been undertaken to develop explicit measures of political democracy, especially annual assessments, after 1970.

Third, with respect to information about the national political systems covered by these measures, the measures differ from one another with regard to whether information on system stability, extent of franchise, and degree of exercise of the franchise are included. Nonetheless, nearly all of the measures surveyed are anchored in the notion that distinguishing systems in terms of political democracy rests ultimately on the degree to which political elites are selected by citizens via elections that are regular and meaningful. Obviously, the meaningfulness of elections of political elites is a slippery concept to operationalize. Thus, how it is exactly observed and coded is of great interest and importance. Judging from the all too frequently brief and cryptic annotations associated with the existing measures, it would appear that evidence for making "meaningfulness" judgements rests most commonly on two pieces of information: 1) was the election conducted under circumstances that would have been conducive to the presentation of real electoral choice? and 2) were the elections in fact competitive or contested?

Relevant information examined to assess the first of these prerequisites of meaningfulness, while by no means universally examined, includes such factors as the status of press freedom, freedom from government acts to suppress opposition, and the health and vitality of intermediary interest groups such as parties and unions. The degree to which elections were indeed actually competitive is most frequently inferred from an examination of the outcomes of the elections observed, particularly those elections for positions in the national legislative body, namely in terms of the proportional representation of the party memberships of those in office.

All in all, although the presence, regularity, and meaningfulness of elections are central to the assessment of political democracy in each of the measures we have scrutinized, on the whole, the set of ten remain a fairly heterogeneous lot in terms of specific pieces of information included. Some are biased in such ways that they may be designated as more democratic, including those systems that are more stable, or those systems wherein mass participation is greater, or those systems wherein interparty competition is greater than intraparty competition, or those systems wherein the parties are of generally equal size and power. Hence, the adequacy of any one of these ten measures depends not only on coverage or timing of observation, but also on the degree to which it best captures and indicates political democracy as the investigator conceives it to be. Too often little attention is paid to this linkage between concept and indicators, an issue which becomes critical for validly testing one's arguments about the development consequences of democracy.

Nonetheless, our own review of existing measures of democracy indicates that generally they correlate fairly strongly with each other, if we limit our attention to those of the ten that were measured basically around the same period of time. The average level of intercorrelation is $r = .75$, with a range of the specific correlations running from around $r = .60$ to $r = .90$. This level of intercorrelation suggests that a diverse set of measurement efforts have yielded a fair amount of agreement in discriminating systems with respect to political democracy. The task remains to extend the coverage of our measurement efforts and to assess the robustness of the conclusions we arrive at in such analyses as discussed earlier, given the use of alternative existing measures as well as new ones.

A third critical point is as follows. It is painfully clear that in order for the relevant theoretical debates to move forward, considerable attention must be allocated not just to evaluating the overall relationship between political democracy and development outcomes but also to evaluating the relationships between political democracy and a host of intervening factors through which democracy is considered to have its ultimate effects on such development outcomes as rate of economic growth and inequality. For example, some speculate that democracy hinders growth because the former engenders higher levels of instability. Huntington (1987) notes, however, that this connection is less clear than we assume. In light of Hibbs's (1973) finding that there is little systematic relationship between mass political violence and economic growth, Huntington suggests that there is perhaps a threshold effect of political violence on economic growth. Couple this with Marsh's (1979) finding that among less-developed countries there is little difference in the level of conflict between those with democratic and those with authoritarian political institutions; then even a general negative relationship between democracy and rate of economic growth offers little support to a theory that is grounded in the linkages between democracy and political instability, and, in turn, instability and economic growth.

Fourth, clearly more attention needs to be paid to specifying the conditions under which the relationships of interest hold and under which they do not. This point derives from the arguments of those who embrace what we have referred to as the "skeptical" perspectives. Clearly, even the conclusions put forth here—that democracy does not widely lead to rapid economic growth and that authoritarianism is not widely associated with lower levels of inequality—must be necessarily tempered in light of such obvious countercases as Taiwan, Republic of Korea, and Japan.

Considering quantitative, cross-national research, Weede's (1983) investigation of the effects of political democracy on economic growth under different degrees of state involvement in the economy illustrates the kind of avenue that new research could pursue.

Fifth and last, we would wholeheartedly recommend that new outcome measures be pursued in future research. Along these lines it would be most worthwhile to move beyond simple measures of rate of economic growth and on to measures that indicate features of the type of economic growth and the pattern of industrialization. Income inequality, with its widely acknowledged shortcomings, needs to be supplemented by other indicators of the general social and economic welfare of the population, indicators that likewise tap into the issue of distribution. Such indicators exist in the form of measures of fulfillment of basic human needs and welfare provisions. But as of yet, and as briefly noted earlier, only a handful of studies have begun to look at such alternative indicators of development outcomes and their relation to democracy. Obviously, much work remains to be done.

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