

Economic Development

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February 12, 2021



① Before We Start Causality

② Wucherpfenning and Deutsch. 2009. Modernization and Democracy: Theories and Evidence Revisited

③ Boix and Stokes. 2003. Endogenous Democratization

④ Summaries

X causes Y

- X covaries with Y.

X causes Y

- X covaries with Y.
- X causes Y.

X causes Y

- X covaries with Y.
- X causes Y.
- Covariation does not prove causality.
- Some examples of covariation without causality.
 - The crime rate in the South African Republic and the military spending in the U.S.
 - The birth rates in South Korea and the number of polar bears.

Five Causal Hurdles

- ① We need a credible causal mechanism.
 - Answer the “how” and “why” questions.
 - Only if “yes,” we can move on.
- ② X (cause) must come before Y (outcome) in time (Temporal order).
- ③ More of X is associated with more or less of Y (Covariation).

Five Causal Hurdles

④ Endogeneity

Five Causal Hurdles

④ Endogeneity

- Y must cause X.
- “Do the strong survive or are survivors strong?”
- $X \rightarrow Y$ or $Y \rightarrow X$?
- “Endogenous” means that A causes changes in B, but that B also causes changes in A.

Five Causal Hurdles

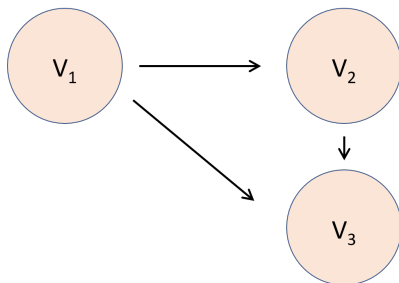
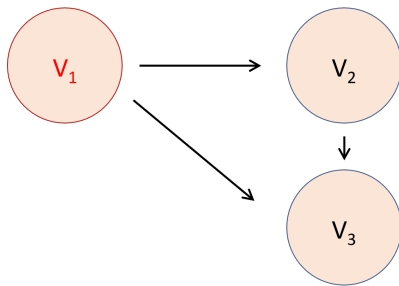


Figure: Endogeneous vs. Exogenous

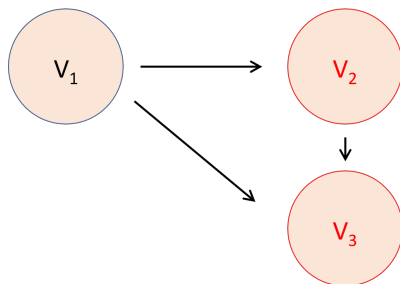
Five Causal Hurdles



- V_1 : Exogenous (given)

Figure: Endogeneous vs. Exogenous

Five Causal Hurdles



- V_1 : Exogenous (given)
- V_2, V_3 : Endogenous (affected)

Figure: Endogeneous vs. Exogenous

Five Causal Hurdles

⑤ Spuriousness

- Omitted variable bias
- Some unidentified factor is responsible for the relationship between X and Y.
- Thus, spuriousness means that you might think that one thing (A) is causing another (B), but it's because you ignore what is actually causing the changes.

Five Causal Hurdles

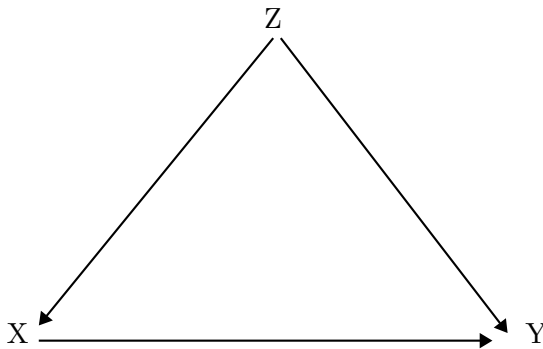


Figure: Spurious relationship

Five Causal Hurdles

- Wucherpennig and Deutsch (2009) and Boix and Stokes (2003) also address the causal issue.
 - Economic Development \rightarrow Democracy?

Five Causal Hurdles

- Wucherpennig and Deutsch (2009) and Boix and Stokes (2003) also address the causal issue.
 - Economic Development \rightarrow Democracy?
 - Economic Development \rightarrow Democracy \rightarrow Economic Development?
 - Democracy \rightarrow Economic Development?
- This topic is still on the debate since it is challenging to demonstrate the causality of the relationship.

Modernization and Democracy: Theories and Evidence Revisited

General question

JMH/REVIEWS/ITER/DOUG

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Modernization and Democracy: Theories and Evidence Revisited

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First published: September 2009

Most recent version available at <http://www.iterproject.org/feb-2009/>

No review of the literature on the relation between socio-economic development and political democracy is full (or is relatively) correct as modernization theory. Guided by the seminal work of Lipset (1955), we assess the evolution of this literature along two major dimensions: (1) evaluation of the relationship between economic development and democracy and (2) evaluation of the causal mechanism. The evidence to date suggests that Lipset's original thesis does indeed find empirical support, and that several structural conditions are not conducive to stable democracy.

Introduction

Five questions in political science have been studied as mentioned in the relation between socio-economic development and political democracy. And your research has likely to be democratic that this country? And yes, why is this not? What grounds there are the question we are given in the paper. We will do so by reviewing theoretical arguments and empirical evidence concerning this is currently known as modernization theory. The field of research is related to the studies of Lipset (1955), who is the seminal contribution that laid out the research agenda. This, contrary to the central (sometimes called) approach to the study of democratization (Lijdt, 1997; Diamond & Johnson 1995), the paper is concerned with the structural and societal conditions conducive to democracy especially in the socio-economic domain.

The paper proceeds as follows: In the next section, we review Lipset (1955, 1960) original account of the relation between economic development and political democracy. We discuss early qualitative and quantitative studies on this topic, as well as influential critiques of modernization theory. Then, we are concerned with recent research developments on the studies on socio-economic development and democracy. In particular, we provide an overview of influential studies on the relevance of the underlying factors between economic development and democracy. Next, our focus is on the study by Przeworski et al. (2000), Diamond & Johnson (1995), which is perhaps the most influential and most heavily debated study in recent years. We give a general overview of the paper and review some contributions of the recent conclusions by focusing on the contributions by Lijdt (2003), Acemoglu and Robinson (2005), and Kaufman and Voigt (2005). The final section summarizes and concludes.

Lipset's Thesis: Conditions of Democracy

At a time when democratic forms of government were the exception rather than the rule, it was Lipset who in his seminal 1955 paper *Social Structure of Democracy* introduced

Development and Political Development that established the theoretical link between the level of development of a given country and its probability of being democratic. "The same variables," he writes, "that give the chance that a will install democracy" (Lipset 1955, 78). "Without a doubt this notion has since become conventional wisdom. Learning much about psychological factors," Lipset (1955, 1960) may also be confident in a positive correlation between democracy and development on empirical grounds is one of the earliest empirical comparative studies, and it is not by chance that his 1955 article ranks amongst the fifteen top ten citations of the discipline's flagship journal, the *American Political Science Review* (Siegelman 2006).

Yet, it appears that Lipset is more thoroughly cited than cited, as he is often interpreted as reducing the complex down to a simplistic understanding of economic development as a narrow economic issue. In other words, Lipset is often criticized with positing a simple correlation between per capita income and democracy, when in fact he additionally argued cases (usually) that "all the various aspects of economic development – industrialization, urbanization, wealth, and education – are so closely interrelated as to form one major factor which has the political correlates of democracy" (Lipset 1960, 41). A checklist of factors which constitutes the conditions, not necessary causes, for democracy according to Lipset.

In this context, for any democratic regime to survive, it must provide sufficient legitimacy as perceived by its citizens. Thus, Lipset argued, is typically achieved by continuous economic development (economic growth). At the same time, during hardship in Asia, Lipset emphasized the exceptional role of the military class in a modernized country by pointing towards the social mobilization. Here, equality is central, both in socio-political terms and in economic terms. "The gap between income of professional and semi professional (...) and military workers (...) is much wider in poorer than in developed countries" (Lipset 1960, 46). Thus, modernization according to Lipset concludes itself largely through changing social conditions that foster a democratic culture. Stronger as human capital, the effects are reproduced in virtually identical form on average 2 of Lipset's thesis.

For instance, Lipset used different evidence to clearly connect the democratic culture to the development of the socio-political system.

Question:

Center for Comparative and International Studies, ETH Zurich and University of Zurich

Lipset, Modernization and Democracy, 2008 | 1

Modernization and Democracy: Theories and Evidence Revisited

General question

JMH:REVIEWS:JELTERPACRY

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Modernization and Democracy: Theories and Evidence Revisited

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First published: September 2009

Most recent version available at <http://www.democracy.kjwucherpfennig.org/bib-2009-4>

No review in literature on the relation between socio-economic development and political democracy. A full list is extremely limited as modernization theory. Guided by the seminal work of Lipset (1955), we assess the evolution of the literature along two major dimensions: (1) evaluation of the relationship between economic development and democracy and (2) elaboration of the causal mechanism. The evidence to date suggests that Lipset's original thesis does indeed find empirical support, and that several structural conditions are conducive to stable democracy.

Introduction

Free questions in political science have been studied as numerous as the relations between economic development and political democracy. And your country has likely to be democratic that rich countries' and (yes, why the hell not) that poorer than are the questions we are asked to answer in this paper. We will do so by reviewing theoretical arguments and empirical evidence concerning what is commonly known as modernization theory. The field of research is addressed in the tradition of Lipset (1955), who is his seminal contribution but had not the research agenda. This, contrary to the central (sometimes rather sparse) attention to the study of democracy in Lipset (1955) and Deutsch (1965), the paper is concerned with the structural and causal conditions conducive to democracy especially in the socio-economic domain.

The paper proceeds as follows: In the next section, we review Lipset (1955, 1965) original account of the relation between economic development and political democracy. We then discuss early qualitative and quantitative studies on this topic, as well as a collection of critical reviews of the theory. Then, we are concerned with recent research developments on the relation between economic development and democracy. In particular, we provide an overview of influential studies on the relevance of the relationship between economic development and democracy. Next, our focus is on the work by Przeworski et al. (2000), Przeworski & Sprague (1999), which is perhaps the most influential and most heavily debated study in recent years. We then go beyond the review of the literature and provide some elaboration of the causal mechanism by focusing on the contributions by Stein (2003), Acemoglu and Robinson (2005) and Ingels and Wölz (2005). The final section summarizes and concludes.

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At a time when democratic forms of government were the exception rather than the rule, it was Lipset who in his seminal 1955 paper *Social Structure of Democracy* introduced

Development and Political Development that established the theoretical link between the level of development of a given country and its probability of being democratic. "The same variables indicate the greater the chances that a well ordered democracy" (Lipset 1955, 78). "Without a doubt this article has since become a seminal work in the field of modernization theory" (Lipset 1955, 1965) may also be considered a seminal contribution to the study of democracy and development, and it is not by chance that his 1955 article ranks amongst the all-time top ten citations of the discipline's bibliography, the American Political Science Association (Stagman 2006).

Yet, it appears that Lipset is never directly cited but that, as he is often interpreted as relating the complex theory to a simplistic understanding of economic development as a causal economic cause. In other words, Lipset is often criticized with positing a simple correlation between per capita income and democracy, when in fact he additionally argued that, ideally, that "all the various aspects of economic development – industrialization, urbanization, wealth, and education – are so closely interrelated as to form one major factor which has the political correlates of democracy" (Lipset 1965, 41). A list of factors which contribute to the conditions, not necessarily causal, for democracy according to Lipset.

In this context, for any democratic regime to survive, it must provide sufficient legitimacy as perceived by its citizens. Thus, Lipset argued, a typically advanced by numerous modernization development (efficiency) at the same time, during history in Asia, Lipset emphasized the structural role of the middle class in a modernized country by pointing towards the social mobilization, class equality in control, both in socio-political terms and in economic terms. "The gap between income of professional and semi professional (...) and ordinary workers (...) is much wider in poorer than in developed countries" (Lipset 1965, 46). Thus, modernization according to Lipset would lead to a society through changing social conditions that foster a democratic culture. Stronger in human capital,

The article was reproduced in virtually identical form in chapter 2 of Lipset (1965).

For instance, Lipset used different criteria to classify countries as democratic or not depending on the proportion of the population.

Center for Comparative and International Studies, ETH Zurich and University of Zurich

Lipset, Modernization and Democracy, 2008 | T

Question:

What is the relationship between socio-economic development and political democracy?

Modernization and Democracy: Theories and Evidence Revisited

General question

LJMU RESEARCH IDENTITY

democracy.ljmu.ac.uk/eng/eng | 2009

Modernization and Democracy: Theories and Evidence Revisited

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First published: September 2009

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Introduction

Modernization in political science has been studied as a relationship between socio-economic development and political democracy. And your country has likely to be democratic that rich countries' and 'Yes, why the rich? What grounds there are the question we are to answer in this paper. We will do so by reviewing theoretical arguments and empirical evidence concerning this in context. In recent years, modernization theory has been studied in addition to the studies of Lipset (1955), who is the seminal contribution that laid out the research agenda. This, contrary to the conventional (modernist) view, appears to have been the study of modernization (Lipset 1955, 1960, 1965, 1968, 1970, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 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 - Also, development \rightarrow stable democracy \uparrow
 - Here, development means:
 - ① Industrialization
 - ② Urbanization
 - ③ Wealth
 - ④ Education

Theories

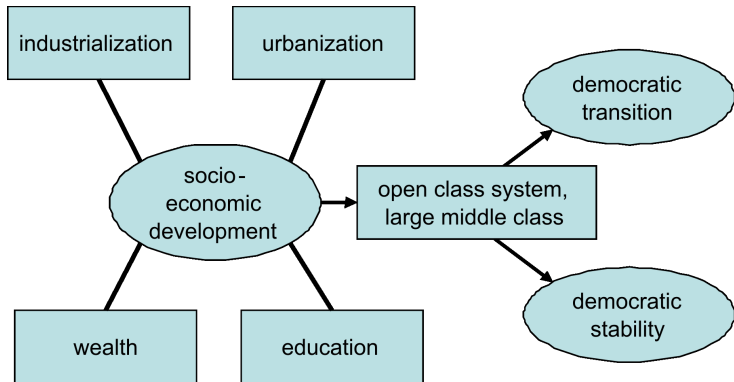


Figure: Modernization theory of Lipset (1959)

Theories

- Przeworski et al. (2000)
 - Exogenous holds, but endogenous fails.
 - Economic development does not casue democratization.
 - Development merely helps sustain democracy once it is established (Wucherpfennig and Deutsch 2009, 3).
 - Using 1950-1990, 135 countries data.

General question

ENDOGENOUS
DEMOCRATIZATION

By CARLES BOIX and SUSAN C. STOKES*

INTRODUCTION

ARE rich dictatorships more likely than poor dictatorships to collapse and be replaced by democracies? Consider, for example, Chile, which in 1985 had a per capita gross domestic product (GDP) of \$3,400 and was under dictatorship, and Benin, which in the same year had a per capita income of about one-third of Chile's, \$1,108, and was also under dictatorship. Setting aside other differences between these countries, did their relative levels of development make a transition to democracy more likely in Chile than in Benin?

Anyone who has followed recent scholarship would be likely to answer no. This is the answer that would follow from Adam Przeworski and Fernando Limongi's "Modernization: Theories and Facts," a study that hit the field of political development like a bolt of lightning and immediately changed the landscape.¹ In it they reconsider the classic proposition that economic development favors democracy, identifying an ambiguity in this proposition. Why do we observe a higher proportion of democracies among rich countries than among poor countries? Is it because development increases the likelihood that poor countries will undergo a transition to democracy? They call this an "endogenous" theory. Or is it because development makes democracies, once established, less likely to fall to dictatorship? They call this an "exogenous" theory. Their conceptual distinction is brilliant, and Przeworski and Limongi offer evidence that the exogenous theory holds and the endogenous one fails.

Their conclusion has been deeply influential among social scientists and policy analysts. In a review of Przeworski and Limongi's later book (coauthored with Michael Alvarez and José Antonio Cheibub), which restates the rejection of endogenous democratization, David Brown writes: 'In a convincing fashion, the authors argue that modernization

* We are grateful for comments to David Brown, José Antonio Cheibub, Matt Cleary, Jorge Domínguez, Sathya Kalyan, David Laikis, Fernando Limongi, Luis Fernando Medina, Adam Przeworski, Juan Carlos Rodríguez Cordero, and Dan Slater.

¹ Putnam and Lizardi, "Modernization: Theories and Facts," *World Politics* 49 (January 1997).

Question:

Endogenous Democratization

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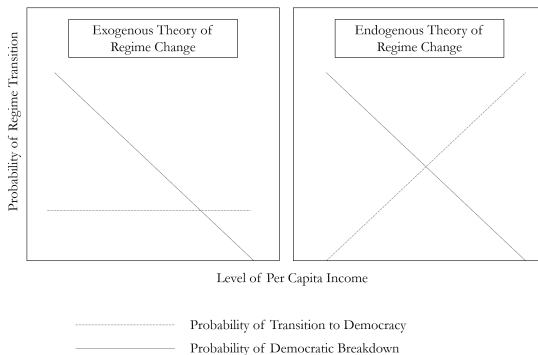


Figure: The Exogenous and Endogenous Theory of Regime Change

Theories

- If the exogenous theory holds,
 - Development \rightarrow Democracy
 - But development \rightarrow Stable/developed democracy
- We need a theory in which development induces actors in democracies to sustain that system but does not induce actors in a dictatorship to change to democracy.
- Boix and Stokes (2003) revisit modernization theory–endogenous theory.

Empirical Analyses

- Theoretical reviews and empirical tests
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 - Do Przeworski et al. (2000)'s model capture a set of relevant variables? → Omitted variable bias
 - Do they miss something to infer the causality? → Possible causal mechanism: *Inequality*

Empirical Analyses

- How does inequality work in the relationship between development and democratization?

(Development → Democratization)

- Actors in democracy (gets more under democracy)
- Actors in poor authoritarianism
 - Equally poor on average
 - Democratization → Expected benefits are small.
- Actors in wealthy authoritarianism
 - High inequality (elites monopolize)
 - Democratization → Redistributes more.
 - Likely transition to democracy.

Empirical Analyses

- Sample & Methods
 - Countries from 1850 to 1990.
 - Unit of analysis: country-year
 - Method: Quantitative analysis
- Findings
 - Economic development both causes democracy and sustain it.
 - How does it cause democracy? Through inequality (suggest a new causal mechanism to justify (defend) their theoretical revisions).

Summaries

- Modernization Theory (Lipset 1959)
 - Development → Democratization and stable democracy
- Exogenous theory (Przeworski et al. 2000)
 - Economic development → Stable democracy (developing)
- Endogenous theory (Boix and Stokes 2003)
 - Development → Democracy_(democratization) ↑ → Development_(Stability↑) ↑
 - New mechanism: inequality
- Other approaches (Wucherpennig and Deutsch 2009)
 - Why should we measure electoral democracy only?
 - Democratic values and demands of citizens
 - Lipset (1959) defines development in various aspects.

Summaries

- Boix and Stokes (2003) and Wucherpennig and Deutsch (2009) provide a good tip how to read an article (or how to research).
 - Sample
 - Selection bias?
 - Cross-sectional (only countries) or Time-series Cross-sectional (include temporal variations?)
 - Variables
 - Do they include relevant variables?
 - Do they measure correctly?
 - Model
 - Do they specify the model (linkage) properly?
 - Empirical results vary depending on the model specification (linear or non-linear)

Questions

Thank you!

Any questions or meetings?

✉ Email: sp23@email.sc.edu

✉ Calendly: [Here](#)

Boix, Carles and Susan C. Stokes. 2003. “Endogenous Democratization.” *World Politics* 55(4):517–549.

Lipset, Seymour Martin. 1959. “Some Social Requisites of Democracy: Economic Development and Political Legitimacy.” *American Political Science Review* 53(1):69–105.

Przeworski, Adam, Michael E. Alvarez, Jose Antonio Cheibub and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990*. Cambridge: Cambridge University Press.

Wucherpennig, Julian and Franziska Deutsch. 2009. “Modernization and Democracy: Theories and Evidence Revisited.” p. 9.