

ONE

Liberal Democracy

As in other matters of this kind, we immediately come up against a stumbling-block of terminology. This is to be expected since the objective investigations that we are making require an objective terminology, whereas the subjective discussions customary in these matters are served well enough by a subjective terminology drawn from everyday language. For example, everyone recognizes that at the present time 'democracy' is tending to become the political system of all civilized peoples. But what is the precise meaning of this term 'democracy'? It is even more vague than the vaguest of terms, 'religion.'

(Vilfredo Pareto, 1916)¹

The richest countries today are, with very few exceptions, liberal democracies. They are liberal in the sense that their citizens possess rights that guarantee them the freedom to go and do as they wish. They are democracies in that their citizens exercise significant control over the state. In the poorest countries, one or both attributes of liberal democracy are often missing.

With the collapse of communism in Eastern Europe in 1989 and in the Soviet Union two years later, it appeared that capitalism and liberal democracy had triumphed over planned economies and dictatorial governments. The speed with which the former communist countries adopted market and democratic institutions suggested that their citizens believed that these institutions were best suited for meeting their needs and improving their welfare. As poor countries develop, they too could be expected to become liberal democracies.

Today, liberal democracy's triumph seems less certain. Under President Vladimir Putin, Russian newspapers and television stations that were independent and sometimes critical of the state were closed down; political

¹ The quote is from *The General Treatise on Sociology*, and is taken from Finer (1966, p. 266).

demonstrations against the government were brutally suppressed; persons deemed a threat to the government have been imprisoned on trumped-up charges; government critics mysteriously disappeared or were assassinated. Yet, Putin continued to obtain 80 percent approval ratings right up until he exchanged his role as president for the post of prime minister. It appears that a large majority of Russians are indifferent as to whether liberal democracy survives in Russia. A similar observation can be made with respect to Hugo Chavez's destruction of liberal democratic institutions in Venezuela and his continued popularity with vast numbers of Venezuelans.

Oil has brought prosperity to several Middle Eastern countries, but this prosperity has been accompanied by neither an expansion of liberal freedoms nor democracy. Moreover, the attacks (September 11, 2001, in the United States; March 11, 2004, in Spain; July 2005 in London; and the many failed terrorist attacks) reveal that there are quite a few people who not only do not want their own countries to be liberal democracies, but would also like to injure and ideally destroy liberal democratic institutions elsewhere.

China has become a capitalist country in all but name, and its income per capita has grown at a spectacular 10 percent or more per year. Yet there is little sign that it is about to join the liberal democracies of the West. Prosperity has also not spawned liberal democracy in Singapore. Thus, considerable evidence indicates that people in large parts of the world have either rejected liberal democracy as a form of government, or feel that they can get along fairly well without it.

This rejection or indifference to liberal democracy may partly be because of a perception that democratic institutions "fail to deliver the goods." Many countries in South America, Africa, and other parts of the world have adopted democratic institutions and not experienced the economic growth and improvements in welfare that they had hoped to achieve. Many have reverted back to dictatorship, often, as in Russia and Venezuela, without their populations seeming to care. One question addressed in this book is why democracy is tried and then discarded in many developing countries, or why it is never tried at all.

I. Declining Support for Politics and Politicians in Western Democracies

One possible answer to the question as to why democracy fails to get adopted or survive in developing countries is that they are too poor. Seymour Martin Lipset (1959) was among the first to argue that democracy can only emerge after a country obtains a certain level of economic development. The link

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between economic development and democracy has been documented by Burkhart and Lewis-Beck (1994) and Przeworski and Limongi (1997). One advantage from higher incomes is that citizens may spend less time working and have more time to participate in the democratic process. More importantly, however, economic prosperity provides resources to educate a country's citizenry, which in turn should improve the quality of the collective decisions they make in a democracy.

Charles Boix claims that it is not only the level of income that a country reaches that determines whether it democratizes, but also its distribution. More specifically, he identifies two prerequisites for democracy:

Democracy prevails when either economic equality or capital mobility are high in a given country. On the one hand, economic equality promotes democracy. As the distribution of assets and incomes becomes more balanced among individuals, the redistributive impact of democracy diminishes and the probability of a peaceful transition from an authoritarian regime to universal suffrage increases. On the other hand, a decline in the specificity of capital, that is, a reduction in the cost of moving capital away from its country of origin, curbs the redistributive pressures from non-capital holders. As capital becomes more mobile, democratic governments must curb taxes – if the taxes were too high, capital would escape abroad. Accordingly, the extent of political conflict among capital holders and nonholders diminishes, and the likelihood of democracy rises.

By contrast, authoritarianism predominates in those countries in which both the level of inequality and the lack of capital mobility are high. (Boix, 2003, p. 3)

Although the association between both income and income equality and democracy is well established, these two variables are only part of the story; otherwise Singapore would already be a democracy, and China would be rapidly approaching becoming one. The United States at the end of the eighteenth century and the budding democracies in Europe in the late nineteenth century were poorer than many South American and Asian countries today, which have had spotty records as democracies. So too, of course, was Ancient Greece. Moreover, Greece and late-eighteenth-century United States were also largely agricultural economies like many developing countries. More than high incomes and equal distribution is needed to make a democracy successful.

In addition, liberal democracy does not seem to be fairing that well, even in the richest countries of the world. Performing an Internet search on the words – *poll*, *trust*, and *politicians* – on a hot day in July, 2007 yielded the following headlines:

A BBC poll shows 80% of [British] voters do not trust politicians.

Canadians have grown increasingly dissatisfied with all politicians.

A record 88% of Japanese in a fresh public opinion poll are dissatisfied with politics.

Americans' distrust of politicians and business leaders has reached epidemic level.

Britons trust politicians less than car salesmen.

America's politicians could obtain some solace, however; they were trusted more than car salesmen. A poll placed House of Representatives members in next-to-last place, just above car salesmen. A year later, however, Congress's approval rating had sunk to a lowly 14 percent, beneath even that of President George W. Bush, who had the lowest approval rating of any president since World War II.²

In the summer of 2008, 86 percent of the Chinese citizens polled by the Pew Foundation said they were satisfied with the direction in which their country was going; at the same time, some 80 percent of Americans thought that their country was headed in the wrong direction.³ How can so many people in a country with a heavy-handed dictatorship be satisfied with the direction of their country, and so many in the world's "oldest democracy" be dissatisfied? It would appear that America's exalted democratic political system is not living up to its citizens' expectations.

The United States is not alone in this respect. During the last fifty years, "feelings that politicians care what people think" have declined in Austria, France, Germany, Sweden, and the United States, reaching levels between 20 and 30 percent by the late 1990s. Trends in confidence in politicians and government have been uniformly negative in all highly developed democracies with the exception of the Netherlands.⁴ On the other hand, people continue to exhibit pride in their countries and believe that democracy is the best form of government.⁵ Citizens appear to love their countries and their democratic institutions, and yet they despise the people whom they elect to govern them.

Logically, there can be only three explanations for why a democracy fails to satisfy its citizens: (1) There is some form of institutional failure that prevents the government from providing the policies that the citizens want; (2) citizens mistakenly choose bad leaders or bad policies that lead to public

² *Economist*, July 26, 2008b.

³ *The 2008 Pew Global Attitudes Survey in China*, www.perglobal.org, and *Economist*, July 26, 2008a.

⁴ See Dalton (2004, ch. 1), and Putnam, Pharr, and Dalton (2000).

⁵ See Norris (1999, pp. 16–21).

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dissatisfaction; or (3) citizens' preferences are such that it is impossible for the government to provide a set of policies that satisfies all citizens. All three possibilities are discussed in this book.⁶ The emphasis is, however, on the second and third explanations.

Computer scientists have an expression: "garbage in, garbage out." The same adage is appropriate for democratic institutions. The political outcomes from a democratic process in terms of the people elected to serve in government and the policies it implements depend crucially on the inputs from voters. This statement seems so obvious that one is embarrassed to make it. Yet, many who would admit its validity fail to understand its implications. Many appear to believe that all that is needed to have a well-functioning democracy is that all residents within a country have the right to vote, and that most exercise this right. How they vote does not matter. This book challenges this assumption. It argues that democratic institutions will be more successful at satisfying citizens' preferences: (1) the more homogeneous these preferences are, and (2) the more intelligent and well-informed voters are. No government can satisfy all voters, if half desire one thing and the other half its antithesis. No government is likely to implement the proper policies for dealing with climate change, globalization, and demographic changes, if its citizens are incapable of understanding these issues or are unwilling to devote the time needed to understand them. These propositions have important implications for determining who should be allowed to vote, and how citizens are educated.

Thus, this book questions the popular beliefs that democracies function best if there is universal suffrage, that rich democratic countries should have liberal immigration policies, and that immigrants should be granted voting rights soon after they arrive in a country. Such policies lead to heterogeneous electorates with large numbers of voters who are either uninformed about the issues facing their country or incapable of understanding them even when they are informed. Governments in heterogeneous societies have more difficulty satisfying their citizens, because the citizens disagree over what their governments should be doing.

It may help to highlight the importance of these differences by looking more closely at two countries: one a highly successful liberal democracy and the other a failed democracy. Their incomes differ greatly in the expected way, but, as we shall see, this is only part of the story.

⁶ For additional discussion see, Norris (1999), Dalton (2004), and the collection of essays in Pharr and Putnam (2000).

II. Profiles of Two Countries

A. Switzerland

Switzerland is a small, mountainous country in Central Europe. Some facts about it are presented in Table 1.1. Switzerland has one of the highest incomes per capita in the world, virtually a 100 percent literacy rate, and a life expectancy of more than eighty years. It also has some of the strongest democratic institutions in the world. These can be traced back as far as 1291, the traditional date given for its founding, when citizens from the rural communities of Uri, Schwyz, and Unterwalden met in the meadow, Rütli, and signed a pact to defend one another in case of attack. In doing so, they hoped to free themselves from domination by the Habsburgs. Although the event definitely took place, its importance for the development of Switzerland – let alone the supposed role William Tell played in it – has been questioned.⁷ This being said, the *Oath of Rütli* does appear to be an early instance of cooperation among diverse sets of people, and a form of founding constitutional contract for what later would grow into the republic of Switzerland.

Table 1.1. *Statistics on Switzerland, 2005*

Population	7,252,000	
Population annual growth rate (1990–2005)	0.4%	
Gross national income per capita (US \$)	54,930	
Life expectancy at birth	81	
Distribution of population by language	Total population	Swiss nationals
German	65%	74%
French	18%	20%
Italian	12%	4%
Romanic	1%	1%
Other	4%	1%
Distribution of population by religion		
Roman Catholic	47.6%	
Protestant	44.3%	
Other	8.1%	

Sources: http://www.unicef.org/infobycountry/switzerland_statistics.html; and <http://www.about.ch/statistics/index.html>.

The mountains of Switzerland divide the country into small, separated valleys. Historically, the chief occupation in these mountainous

⁷ See discussion and references in Steinberg (1996, pp. 14–18).

communities was herding cows, which led to a population of independent and rather rugged individuals accustomed to being free from outside domination. Each valley came to be organized as a commune, which was compelled to make collective decisions regarding the maintenance of the common pastures, marketing cattle, and the like. Democracy in Switzerland was thus fostered in part because of its physical characteristics.⁸

Swiss history reads like the history of much of the rest of Europe.⁹ The sixteenth century brought the Protestant Reformation and religious war. The eighteenth century brought the Enlightenment; the nineteenth brought revolution. The Bolsheviks' victory in Russia at the start of the twentieth century inspired socialists in Switzerland – as in Austria and other parts of Europe – to launch a general strike in 1918 in the hopes of bringing socialism to their country. The pragmatism of the Swiss, and perhaps a bit of luck, resulted in less violent and destructive consequences to these events, however, than occurred elsewhere in Europe.

This pragmatism has been conspicuous throughout Switzerland's history. Although Swiss Protestants and Catholics went to war in 1529 and again in 1531, their casualties were minuscule compared to Germany and France. The two sides soon ceased hostilities and concentrated on making money by feeding the warring factions in neighboring countries. The Swiss revolution or civil war of 1848 lasted about a month and produced fewer than two hundred casualties – a mere *Hasanschiessen* (hare shoot), in the words of Otto von Bismarck.¹⁰ Out of the revolution came a new constitution, ostensibly patterned in part on the U.S. Constitution, which created the strong federalist structure that survives to this day.

B. Nigeria

Nigeria lies on the western coast of Africa. Some facts about it are presented in Table 1.2. Prior to the arrival of the Arabs and Europeans, the area of what is now, Nigeria, was occupied by tribal kingdoms such as the Hausa in the north and the Yoruba in the southeast. The Arabs arrived in the north in the thirteenth century and began to convert the population to Islam. The Portuguese, followed by other Europeans, arrived in the fifteenth century. Nigeria was recognized as a British colony by the rest of Europe in 1885 and obtained its independence in 1960, when parliamentary democracy was

⁸ See further discussion in Steinberg (1996, chs. 2 and 3).

⁹ The discussion in this paragraph draws heavily on Steinberg (1996, ch. 2).

¹⁰ Steinberg (1996, p. 46).

Table 1.2. *Statistics on Nigeria, 2005*

Population	131,500,000
Population annual growth rate (1990–2005)	2.4%
Gross national income per capita (US \$)	560
Life expectancy at birth	43.8
Literacy* (male)	75.7%
Literacy (female)	60.6%
Distribution of population by ethnic group	
Hausa and Fulani	29%
Yoruba	21%
Igbo (Ibo)	18%
Ijaw	10%
Kanuri	4%
Ibibio	3.5%
Tiv	2.5%
250 other ethnic groups	12%
Distribution of population by religion	
Muslim	50%
Christian	40%
Indigenous	10%

* Ages 15 and older can read and write.
Source: <https://www.cia.gov/library/publications/the-world-facook/index.html>.

introduced along with a federalist structure. In 1962, Governor Awolowo, of the western province, tried to introduce a radical form of socialism into Nigeria. Rioting ensued and the prime minister resigned.

Nigeria’s politics have been turbulent ever since.¹¹ In 1966, the Christian Igbo people of the southeast staged a military coup. Muslim mobs in the north then massacred the Igbo, and Muslim officers staged a counter-coup. The Igbo then massacred northerners in the eastern cities, and the eastern region voted to secede from Nigeria and create the Republic of Biafra. A civil war ensued and lasted until 1970. An estimated one million to three million people died during the fighting or from the famine and diseases that the war caused. Military coups occurred in 1975 and 1985. In 1996, a United Nations report stated that Nigeria’s “problems and human rights are terrible and the political problems are terrifying.” By 1997, Nigeria’s income per capita had sunk to the thirteenth lowest in the world; it had been thirty-third from the

¹¹ Taken from a variety of sources including: <http://www.infoplease.com/ipa/A0107847.html>, and *Economist*, April 28, 2007.

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top a little more than twenty years earlier. In 2007, Umaru Yar'Adua was elected president with an “astonishing” 70 percent of the vote. International observers declared the results fraudulent; Nigeria’s independent observers called them a “sham.”¹²

C. Discussion

Switzerland and Nigeria seem to illustrate the links between income and democracy, and between income distribution and democracy. Switzerland is rich; Nigeria is poor. Democracy first appears in Switzerland in the alpine cantons where herding was the dominant economic activity, because it did not afford large concentrations of wealth. In contrast, in the flat parts of Switzerland, as elsewhere in Europe, feudalism existed and wealth concentrated in the cities of Zurich, Bern, Basel, and Geneva, all of which had oligarchical political structures that did not give way to more democratic institutions until the European revolutions of 1848 and the new constitution that they produced.¹³ Nigeria’s main source of wealth is its oil – a very immobile source of wealth – and thus its economy is not well-suited for the emergence and survival of democracy.¹⁴

Yet why is Switzerland so wealthy and Nigeria so poor? Historically, being landlocked has been an economic disadvantage, because it is more difficult to engage in international trade. Natural resources such as minerals and fertile plains are obviously a great economic advantage. Observing the geography of both countries and their command over natural resources, one might predict that Nigeria would be rich and Switzerland poor. Landlocked Switzerland’s mountains do not contain vast quantities of copper as do Chile’s or iron ore as in China. It has no great reserves of oil as does Nigeria. Yet income per capita is roughly 100 times higher in Switzerland than in Nigeria.

Many economists agree with Douglass North that institutional differences are the most important determinants of economic development.¹⁵ Countries that establish property rights and market institutions, give individuals

¹² *Economist*, April 28, 2007, p. 45.

¹³ Boix (2003, pp. 111–18).

¹⁴ Boix (2003, p. 85) finds an inverse correlation between democratization and the importance of the oil sector using cross-national data.

¹⁵ See North and Thomas (1973) and North (1990). Acemoglu, Johnson, and Robinson (2005) stress the importance of access to the Atlantic Ocean and political institutions that constrained the monarchy and protected commercial interests from arbitrary confiscations of property in explaining the much more rapid growth of Great Britain and the Netherlands between 1500 and 1850 in comparison with Spain, Portugal, and France.

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incentives to acquire human and physical capital, to innovate, and to engage in trade, experience sustained economic growth. Switzerland, historically a nation of cow herders, now hosts companies that are world leaders in banking, chemicals, food products, pharmaceuticals, watch making, and other areas. Nigeria, although home to some of the richest oil deposits on earth, remains mired in poverty for the most part.

The focus of this book is not on economic growth, but on democracy. Political institutions can foster economic growth or hinder it. In Nigeria, they have hindered it. When the world price of oil has been high, Nigeria's politicians have either channeled oil revenues into their own bank accounts or wasted them on luxury government cars, helicopters, and other perks of office. Another important factor explaining Nigeria's lack of economic development is its high population growth rate –2.4 percent as opposed to 0.4 percent in Switzerland. This rapid growth rate results in more than 42 percent of Nigerians being fourteen years old or younger. Given the waste in government, the country cannot properly educate its rapidly growing population, thus helping to perpetuate poverty. It does not take huge investments and complicated technologies to control population growth, but it does take intelligently designed policies focused on this goal. Not only has Nigeria failed to introduce such policies, the state hinders people from preventing births by using contraception or other means. Abortions are only available to save a pregnant woman's life and anyone assisting in an abortion can be imprisoned for up to fourteen years. Knowledge of contraception is limited.

Economists define a *public good* as one that all members of the community consume in equal quantity at zero marginal cost. Examples of public goods are national defense, police and fire protection, highways, and clean air and water. Because all members of a community consume the same bundle of public goods and services, it will be easier for the state to satisfy its citizens if they have similar preferences for public goods and services. Democratic institutions are perceived as functioning more poorly in countries with heterogeneous populations.

Both Switzerland and Nigeria have heterogeneous populations compared to, for example, Sweden. Heterogeneity within Switzerland, however, is minuscule compared to Nigeria, which has more than 250 different ethnic groups speaking more than 200 languages. Switzerland has four language groups. Switzerland fought its wars over religion in the sixteenth century, and today religious differences in Switzerland are a matter of little concern. Nigeria's Muslims and Christians have been fighting their religious wars over issues such as the use of Shari'a law over the last half century.