Capitalist Development & Democracy

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The publication of Rueschemeyer, Stephens, and Stephens's Capitalist Development and Democracy in 1992 was an intellectual milestone, for this book represents some of the finest thinking ever conducted concerning the reasons for the development of democracy in the Western world. In this excerpt from their book, the authors outline their basic argument about the origins of democracy and state the conclusions that they reached after a detailed survey of the recent political histories of societies in Western Europe, North America, Latin America, and the Caribbean.

As Rueschemeyer, Stephens, and Stephens note, democracy has developed most fully in the highly advanced industrial capitalist societies of the West, all of which today have strongly entrenched democratic governments. Throughout the less-developed world, democracy is more the exception than the rule, and even where formal democratic institutions prevail, genuine democratic practice is often very difficult to find. Rueschemeyer, Stephens, and Stephens argue that democracy has advanced farthest in the capitalist West because its societies have undergone massive industrialization and capitalist development. These changes have brought into existence large and powerful working classes, and, the authors claim, it is through these groups' direct political action that democracy has been created. Marxists have tended to argue that democracy arose because it was the political form most useful to capitalists in pursuing their economic interests, but the authors show instead that capitalists have generally been strong opponents of democracy because they fear the power it would give to the working class. However, the authors show that the class that has been most hostile to democracy has not been the capitalists, but rather agrarian landlords engaged in so-called labor-repressive agriculture. Where this class still retains great economic and political power, such as in modern Latin America, democracy (at least genuine democracy) has made little headway.

This book examines the relation between capitalism and democracy or, more precisely, between the transformations of society that came with capitalist economic development and the long-term changes of democratic forms of rule. We will review past research, offer a new theoretical framework that can account for the apparent contradictions of earlier findings, and put the framework to the test of three sets of broad historical comparisons—of the advanced capitalist countries, of Latin America, and of Central America and the Caribbean islands.

That capitalism and democracy go hand in hand is a widely held belief. Indeed it is a commonplace of western political discourse. Editorials and political pronouncements insist regularly that capitalist development—economic development driven by capital interests in competition with each other—will also bring about political freedom and democratic participation in government. In fact, democracy and capitalism are often seen as virtually identical.

The East-West confrontation gave this proposition a special quality of proud assertiveness. And the downfall of the state socialist regimes of Eastern Europe is celebrated by many as the final proof. Ironically, a quite similar proposition was central to the views of Lenin, though he gave it a very different slant. "Bourgeois democracy" was for him the constitutional form that perfectly fits the capitalist economic order. But in this view capitalism and democracy go hand in hand because democracy, while proclaiming the rule of the many, in fact protects the interests of capital owners. Whatever their differences in the conception and valuation of democracy, both these views share an important claim: the unrestrained operation of the market for capital and labor constitutes the material base of democracy. Democracy is the characteristic political form of capitalism.

The classics of nineteenth-century political theory also tended toward the view that the transformations wrought by capitalist development would bring democracy. But their reactions to this prospect were very different from what one might expect knowing the thought of their twentieth-century heirs. Alexis de Tocqueville and John Stuart Mill were apprehensive about full-fledged democracy, and they were not alone in this. Their fear of "false democracy" (Mill) and of the "tyranny of the majority" (de Tocqueville) expressed the anticipations of many Liberals and bourgeois conservatives of the time. By contrast, at the left of the political spectrum Marx opted for full democracy and saw in universal suffrage a major step in the transition from capitalism to socialism. His "dictatorship of the proletariat" was not so very different from de Tocqueville's "tyranny of the majority," except that for Marx this was a vision of hope while for de Tocqueville it was one of disaster.
These reactions give us a first sense that the questions surrounding the relationship between capitalism and democracy may be more complex than current orthodoxies allow. Actually, the twentieth century has made this even more clear than it was already in the nineteenth. Our century offers many examples of capitalist political economies that prospered without democracy; many were in fact ruled by harshly authoritarian political regimes. South Korea and Taiwan after World War II come to mind as well as, in recent decades, such Latin American countries as Brazil and Chile. And even Nazi Germany and the various Fascist regimes in Europe between the two World Wars do not exhaust the list. On the other hand, virtually all full-fledged democracies we know are associated with capitalist political economies, and virtually all are creatures of the twentieth century. If this is the century of repressive regimes vastly more burdensome than any known in history, it is also the century of democracy.

Even a cursory review of history suggests some generalizations that point to an association between capitalist development and democracy but do not settle the question. An agrarian society before or in the incipient stages of penetration by commercial market relations and industrialization is unlikely to gain or sustain a democratic form of government. Democracy by any definition is extremely rare in agrarian societies—both in the agrarian societies that constitute the bulk of recorded history and in today’s less developed countries that still rely largely on agriculture for their subsistence. The ancient Greek democracies, of which Athens was the most famous, were at best rare exceptions in the pre-capitalist history of Europe. Whether or not we accept them (as well as a few other cases) as true exceptions, the typical forms of rule in agrarian societies are and have been autocracy and oligarchy. To this one must add immediately that government in the agrarian societies of history was almost invariably inefficient and weak when compared to the power and capacity of modern states. The most tyrannical regimes of history did not have the capacity to shape and transform society that we take for granted even in today’s democracies. It is this increase in the capacities of states that accounts for the fact that ours is also the century of totalitarian and very repressive authoritarian rule.

The relationship between capitalist development and democracy has not only been the object of political argument and broad speculation in political philosophy. For several decades now, it has been subjected to careful and systematic empirical research in sociology, political science, and history. It is this research that constitutes the foundation on which our own work builds.

Empirical research on democracy has in fact been a major concern of social science in the post-World War II era. After World War II, when Nazi Germany was defeated, when Stalinist rule had conquered eastern Europe, and when virtually all former colonies became independent “new states,” social scientists devoted very considerable energies to identifying the conditions that make democracy possible and likely. The rise of authoritarian regimes in relatively advanced countries of South America stimulated a new wave of research (see e.g. O’Donnell 1973 and Collier 1979). More recently the return of democracy to such countries as Spain, Portugal and Greece as well as advances of democratization in Latin America gave this research another impetus (see e.g. O’Donnell, Schmitter and Whitehead 1986).

The results of these decades of research are in many ways impressive. We can with confidence go beyond quite a few commonplace views that still inform much of the public discussion on democracy and its chances. But neither are the results of these nearly two generations of research conclusive. In particular, the impact of capitalist development on the chances of democracy is still controversial.

Two distinctive traditions of research have come to quite different and as yet unreconciled results. They employed radically different research strategies and methods, so different that scholars in either camp often barely took notice of the work of the other. Quantitative cross-national comparisons of many countries have found consistently a positive correlation between development and democracy. They thus come to relatively optimistic conclusions about the chances of democracy, not only in the advanced capitalist nations but also in the developing countries of today. By contrast, comparative historical studies that emphasize qualitative examination of complex sequences tend to trace the rise of democracy to a favorable constellation of conditions in early capitalism. Their conclusions are therefore far more pessimistic about today’s developing countries.

The contradictory results of the two research traditions represent a difficult problem precisely because they derive from different modes of research. Given contrasting methodologies, by which criteria is one to evaluate the inconsistent findings? Our own work takes off from this impasse. It builds on the research of both traditions and seeks to reconcile their methodological and substantive contradictions.

We are convinced that the main finding of cross-national statistical work—a positive, though not perfect, correlation between capitalist development and democracy—must stand as an acceptable result. There is no way of explaining this robust finding, replicated in many studies of different design, as the spurious effect of flawed methods. A theory of democracy must come to terms with it. At the same time, such a correlation, no matter how often replicated, does not carry its own explanation. It does not identify the causal sequences accounting for the persistent relation, not to mention the reasons why many cases are at odds with it. Nor can it account for how the same end can be reached by different historical routes. The repeated statistical finding has a peculiar “black box” character that can be overcome only by theoretically well grounded empirical analysis.
Comparative historical studies, we argue, carry the best promise of shedding light into the black box. This is not only because comparative historical work has been particularly rich in theoretical argument. Far more important, historical research gives insight into sequences and their relations to surrounding structural conditions, and that is indispensable for developing valid causal accounts. Causal analysis is inherently sequence analysis.

At the same time, comparative historical research is able to go beyond conventional history's preoccupation with historical particularity and aim for theoretical generalization. Analytically oriented comparative history builds on a series of case analyses. It seeks to establish satisfactory explanatory accounts that do justice to each case and at the same time are theoretically coherent and consistent with each other. In the process it develops a body of theorems of proven explanatory power.

Our theoretical framework incorporates the major findings of the crossnational quantitative studies. However, we depart from the theoretical underpinnings of much of the cross-national statistical work, which often adopted the then current models of modernization theory. In this structural-functional conception of social order, society, polity, and economy are seen as more or less well-functioning systems integrated primarily by shared values and cultural premises. Democracy arises due to its functional fit with the advanced industrial economy. To the extent that the development of democracy is attributed to an agent, as in Lipset's (1959) classic article, it is the middle class that is seen as the primary promoter of democracy. The upper-class, and especially the lower class, are seen as the enemies of democracy.

By contrast, we employ, like most of the comparative historical work from Max Weber to Guillermo O'Donnell, a "political economy" perspective that focuses on actors—individual as well as collective actors—whose power is grounded in control of economic and organizational resources and/or of coercive force and who vie with each other for scarce resources in the pursuit of conflicting goals. While such a perspective does recognize the role of ideas, values and non-material interests, especially when they are grounded in institutions and collective organization, it differs sharply from the functionalist and culture-centered premises of modernization theory.

How, then, do we conceive of democracy and its conditions? Our most basic premise is that democracy is above all a matter of power. Democratization represents first and foremost an increase in political equality. This idea is the ground upon which all our work stands. The central proposition of our theoretical argument virtually follows from this: it power relations that most importantly determine whether democracy can emerge, stabilize, and then maintain itself even in the face of adverse conditions.

There is first the balance of power among different classes and class coalitions. This is a factor of overwhelming importance. It is complemented by two other power configurations—the structure, strength, and autonomy of the state apparatus and its interrelations with civil society and the impact of transnational power relations on both the balance of class power and on state-society relations.

A focus on class and class coalitions may be surprising to some, while it is perhaps too easily accepted by others. We emphasize social class, first, because the concept is in our view a master key to understanding the social structuring of interests and power in society, and second, because the organization of class interests is constitutive of major collective actors. The organization of class interests is, however, a complex process in which not only the forms of collective action but the very interests actually pursued are socially and historically constructed. Thus, the subjective understanding and political posture of class actors cannot be read off the underlying class structure in any one-to-one fashion.

None the less, the political postures of given classes are not infinitely variable either. Based on our theoretical understanding and past historical and sociological research, we expected classes to exhibit definite central political tendencies in the struggle for political democracy. One central axis was defined by what benefits and losses classes could expect from extensions of political inclusion; the other was the class's ability to organize itself and engage in collective action in defense of class interests. This led us to the hypothesis, following Barrington Moore, that large landlords engaged in "labor repressive" agriculture would be the most implacable opponents of democracy. However, in contrast to Moore, as well as to Leninists and liberal social scientists, we also expected the bourgeoisie to oppose suffrage extension to the working classes as such a move posed a potential treat to their interests. We expected the urban working class to be the most frequent proponent of the full extension of democratic rights because this promised to include the class in the polity where it could further pursue its interests and because the working class, unlike other lower classes, had the capacity to organize itself. It is the capacity to organize and express its interests that differentiated the working class from the small peasantry. We hypothesized that the middle classes would favor their own inclusion, but would be ambivalent about further extensions of political rights, perhaps swinging to one side or another on the basis of possible alliances. Thus, in a given historical case, one would have to examine the structure of class coalitions as well as the relative power of different classes to understand how the balance of class power would affect the possibilities for democracy.

Class power is in our view intimately related to the development of, the increasing organizational density of, civil society. This proposition seems at first glance similar to—but in reality is quite distinct from—claims of modernization theorists and pluralists that the growth of intermediate groups
and associations tends to be supportive of democracy. Civil society, in our conception, is the totality of social institutions and associations, both formal and informal, that are not strictly production-related nor government or familial in character. Capitalist development furthers the growth of civil society—by increasing the level of urbanization, by bringing workers together in factories, by improving the means of communication and transportation, by raising the level of literacy. Strengthening the organization and organizational capacity of the working and middle classes serves to empower those classes and thus to change the balance of class power. A dense civil society also has an importance for democracy on its own, because it establishes a counterweight to state power.

In modern societies the state—the set of organizations involved in making and implementing binding collective decisions, if necessary by force—is invariably one major component of the overall landscape of power in society. There is no contemporary society in which the structure of domination can simply be understood by looking at the distribution of economic and social power in civil society. And the state is in varying degrees set off from and independent of other power centers. Since the state is not only an apparatus of implementation and enforcement but also the arena in which binding collective decisions are arrived at, it is of obvious importance to an understanding of the conditions of democracy. The shape of state structures and their relations to other power concentrations are therefore a second cluster of conditions shaping the chances of democracy.

A third cluster of conditions is constituted by transnational power relations. Obviously, power relations do not stop at the borders of politically organized societies. States stand in close interaction with power centers beyond their borders. In fact they often derive much of their autonomy vis-à-vis their own societies from this involvement in external relations. In addition, economic relations and economic organizations have increasingly transcended national borders. These, too, are likely to be modified by state action. Yet, however modified, the impact of powerful interests—political as well as economic—beyond a country's borders also enters the balance of power that determines the chances of democracy. In varying degree, they influence the balance of class power and they affect states and state-society relations.

One critical aspect of all three clusters of power, as well as of their interrelations, is the fact that social patterns, once forged, often persist beyond their original conditions. This negates the possibility of a "presentist" explanation of democracy, one that involves only factors observably active in the present moment of history, and it voids any mechanical account of the impact of class, state, and transnational power on constitutional form. Here is another powerful rationale for engaging in comparative historical analysis, which can take such persistencies into account and respond sensitively to alternative paths of causation.

Our own comparative investigations not only cover a very large number of cases in historical depth but also focus on the areas of the world most important for the history of democratization. We first turn to the advanced capitalist countries focusing on how democracy was first fully established as well as how democratic rule subsequently fared in the critical period between the two World Wars. We secondly study the complex processes of democratization—often only partial democratization—and of reversals of democratic rule in the countries of Latin America. Thirdly, we compare the countries of Central America with the island societies of the Caribbean. The whole set of cases examined represents the areas with the most extensive democratic experience. At the same time, there are many examples of stable non-democratic regimes as well as of breakdowns of democratic political systems that can be analyzed comparatively side by side with instances of democratization and stable democratic rule, giving ample opportunity to use the analytical comparative historical method to the fullest extent.

What is the upshot of our analyses? First, it is not an overall structural correspondence between capitalism and democracy that explains the rise and persistence of democracy. Some have conceived of such a correspondence as a simple mutual reinforcement between a free market for goods and services and a market for political outcomes. Others (as for instance Crighton 1963) have seen democracy more diffusely as a highly "differentiated" political form that fits the more differentiated social structures produced by capitalist development. Our analyses do not lend support to such overall correspondence propositions. Neither do they confirm the view of the bourgeoisie as the main agent of democracy that has been central to both classic liberal and marxist-leninist theory. Rather—we conclude—capitalist development is associated with democracy because it transforms the class structure, strengthening the working and middle classes and weakening the landed upper class. It was the capitalist market not capitalists as the dominant force, but rather the contradictions of capitalism that advanced the cause of democracy.

A brief summary of our main findings should help to prepare and guide the reader through the theoretical arguments and the historical evidence presented in the following chapters. We found the social classes behaved in a quite systematic manner across our historical cases and in accordance with our expectations. The working class was the most consistently pro-democratic force. The class had a strong interest in effecting its political inclusion and it was more insulated from the hegemony of dominant classes than the rural lower classes. Exceptions to the pro-democratic posture of the working class occurred where the class was initially mobilized by a charismatic but authoritarian leader or a hegemonic party linked to the state apparatus.
The landed upper-classes which were dependent on a large supply of cheap labor were the most consistently anti-democratic force. Democratization for them posed the possibility of losing this labor supply. The bourgeoisie found to be generally supportive of the installation of constitutional and representative government, but opposed to extending political inclusion to the lower classes. For the landed classes as well as the bourgeoisie threat perception was important both at the time of the initial installation of democratic rule and for its later consolidation. If these classes felt acutely threatened at their vital interests by popular pressures, they invariably opposed democracy and, once democratic rule was installed, attempted to undermine it.

The middle classes played an ambiguous role in the installation and consolidation of democracy. They pushed for their own inclusion but their attitude towards inclusion of the lower classes depended on the need and possibilities for an alliance with the working class. The middle classes were most in favor of full democracy where they were confronted with intransigent dominant classes and had the option of allying with a sizeable working class. However, if they started feeling threatened by popular pressures under a democratic regime, they turned to support the imposition of an authoritarian alternative.

The peasantry and rural workers also played varied roles, depending on their capacity for autonomous organization and their susceptibility to the influence of the dominant classes. Independent family farmers in small-holding countries were a pro-democratic force, whereas their posture in countries or areas dominated by large landholders was more authoritarian. Peasants living on large estates remained by and large unorganized and thus did not play a role in democratization. Rural wage workers on plantations did attempt to organize, and where they were not repressed, they joined other working-class organizations in pushing for political inclusion.

As anticipated, we did observe systematic variation across regions in the class structure and therefore in class alliances and the dynamics of democratization. Most importantly, the working-class was smaller and weaker and the landed class stronger in Latin America and the Caribbean, which made for a balance of class power less favorable for democratization than in the core countries. Due to the relative weakness of the working class, the middle classes played here the leading role in pushing for democratization, with the result that democracy remained restricted.

We also found systematic variation across regions and time periods in the role of the state. Consolidation of state power was an essential prerequisite for democratization. This process was more difficult in Latin America than in the other regions we investigated, and this contributed to the long delay even an institutionalization of contestation in many cases.

The state was stronger relative to civil society in Latin America and the Caribbean than in the core countries. This was partly related to the comparative weakness and heterogeneity of the dominant classes and partly to the history of state formation and to external support for the military in the post-World War II period. The effects of this lopsided balance of power were greater state autonomy and intervention into politics, or outright imposition of authoritarian rule by the coercive apparatus of the state.

The impact of transnational structures of power on democratization also varied across our regions, being stronger in Latin America and the Caribbean than in the core countries. Economic dependence had negative effects, though mostly in indirect ways. It shaped the class structure in ways inimical for democratization. Economic growth led by agrarian exports reinforced the position of large landholders. Industrialization with imported capital intensive technology kept the working class small and weak. Geo-political dependence relations were even more important. Geo-political interests of core countries generated direct interventions and support for the repressive apparatus of the state and thus created an unfavorable balance of power between state and civil society for democratization. The effects of British colonialism, though, deviated from this negative pattern in so far as the colonial presence prevented the dominant classes from using the state apparatus to repress the emerging organizations of subordinate classes. Instead, it allowed for the gradual emergence of a stronger civil society, capable of sustaining democracy after independence.

Political parties emerged in a crucial role as mediators in both the installation and consolidation of democracy. Strong parties were necessary to mobilize pressures from subordinate classes for democratization, but if their programs were too radical, they stiffened resistance among the dominant classes against democracy. Once democracy was installed, the party system became crucial for protecting the interests of the dominant classes and thus keeping them from pursuing authoritarian alternatives. Democracy could be consolidated only where there were two or more strong competing political parties at least one of which effectively protected dominant class interests, or where the party system allowed for direct access of the dominant classes to the state apparatus.

The main focus of our analysis allowed us to reinterpret the central, and robust, finding of the cross-national statistical studies that economic development is associated with democracy. In the course of our comparative work, we were also able to provide reinterpretations of other findings of these studies: the positive association of democracy with a legacy of British colonialism and Protestantism and the negative association of democracy with ethnic diversity. In each case, the comparative historical analysis showed that the modernization interpretation was inadequate and that the relations
of class, state, and international power were essential in understanding why these societal characteristics aided or impeded the development of democracy.

One last issue has to be taken up in this brief introduction to the problems we intend to pursue. The concept of democracy has been given very different meanings. Clarifying one's conception of "democracy" is not just a question of finding an adequate and precise operational definition. Rather it involves more complex issues of meaning. The Marxist critique of "bourgeois democracy" raises perhaps the most central issue: is the claim of democracy to constitute the rule of the many real, or is this claim a sham that makes the de facto rule of the few more effective and secure behind a screen of formally democratic institutions? To anticipate our position and put it with apodictic brevity: no actually existing democracy can claim to constitute in a realistic sense the rule of the many; but "bourgeois" or formal democracy does make a difference for the process of political decision-making and for the outcomes of that process.

This position has methodological consequences. The concepts of democracy used in our research—as well as in virtually all other empirical studies—aim to identify the really existing democracies of our world and to distinguish them from other forms of rule. Our operating concepts are therefore not based on the most far-reaching ideals of democratic thought—or of a government thoroughly and equally responsive to the preferences of all its citizens (Dahl 1971) or of a polity in which human beings fulfill themselves through equal and active participation in collective self-rule (Macpherson 1973). Rather, they orient themselves to the more modest forms of popular participation in government through representative parliaments that appear as realistic possibilities in the complex societies of today. Our definitions of democracy focus on the state's responsibility to parliament (possibly complemented by direct election of the head of the executive), on regular free and fair elections, on the freedom of expression and association, and on the extent of the suffrage. Robert Dahl, whose careful conceptualizations probably had the greatest influence on empirical democracy research, reserved the term "polyarchy" for this more modest and inevitably somewhat formal version of democracy (Dahl 1956, 1971).

Why do we care about formal democracy if it considerably falls short of the actual rule of the many? This question assumes particular saliency in the light of two of our findings, namely that democracy was a result of the contradictions of capitalist development and that it could be consolidated only if the interests of the capitalist classes were not directly threatened by it. The full answer to this question will become clear as we proceed with our analysis. But it is possible to anticipate our conclusion briefly already here. We care about formal democracy because it tends to be more than merely formal. It tends to be real to some extent. Giving the many a real voice in the formal collective decision-making of a country is the most promising basis for further progress in the distribution of power and other forms of substantive equality. The same factors which support the installation and consolidation of formal democracy, namely growth in the strength of civil society in general and of the lower classes in particular, also support progress towards greater equality in political participation and towards greater social and economic equality. Ultimately, we see in democracy—even in its modest and largely formal contemporary realizations—the beginning of the self-transformation of capitalism....

References


Questions for Discussion

1. Where did democracy develop earliest and most extensively? Where is it least developed today?

2. How have Marxists tended to explain the development of democracy?

3. According to Rueschemeyer, Stephens, and Stephens, what conditions have historically been most favorable for democracy? What conditions have been least favorable?

4. If you were a policymaker and were given the task of trying to bring about genuine democracy in those parts of the world least characterized by it, what recommendations would you make and why?