A Meta-Analysis of the Relationship between the Level of Democracy and Economic Growth and Some Factors in the Development Equation

By

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Abstract:

The question of the effect of the level of democracy on economic growth and development has been of great interest to social scientists since long ago. This dissertation will aim at answering this question with the help of the many studies and papers done about this topic, it will also try to find out which is better for the economy, a dictatorship or a democracy. The main questions that this dissertation is built on are (1) Does a county’s level of democracy affect its economic growth and development? (2) Will a democracy have better ability to enhance economic growth and development than a dictatorship? (3) What are the effects of the level of democracy on economic growth through its effect on some factors of the development equation like peace, stability, protection of property and contract rights, corruption, income inequality and public services? Using the meta-analysis method, the dissertation will analyze the views of most of researchers and authors about this topic through a deep and detailed theoretical and empirical literature review. The critical analysis will then try to figure the reasons behind the contradicting conclusions of the literature review, backed up with some real life examples of countries like Bulgaria, Egypt, U.S, China and Singapore. The dissertation concludes that the preferences of the ruling body and the efficiency of the government’s institutions and policies are what matters the most for the level of economic growth and development, regardless of the degree of democracy.
“A democracy is only as wise as its citizens, and a democracy of ignorant citizens can be as dangerous as a dictatorship.” Paul K. Chapell - Army Captain, Peace Activist (1980)

1. Introduction

For many years, one of the most important questions in the field of social science has been the question of the relationship between the level of democracy and economic growth and development. Although many scholars and authors have tried to answer this question, however, their answers have usually been contradicting to each other and to reality. The reason behind this contradiction is that, apart from what the articles, papers, books and other sources of information have stated, reality have stated another thing. There has always been a real life example that proved some views right while other were proved wrong. In an attempt to end this contradiction, this dissertation will focus on analyzing the effects of the level of democracy of a country on the level of economic growth and some factors in the development equation.

The main aim of this study is to examine the effects of the level of democracy of a country on its economic prosperity in general, and on economic growth and development in particular. “Development” here resembles specific factors of the development equation that have a great effect on determining the rate of economic growth. These factors include peace, stability, corruption, protection of property and contract rights, income inequality, public services level of social welfare and other. The main aim of this dissertation is to find sufficient answers for these questions (1) Does a county’s level of democracy affect its economic growth and development? (2) Will a democracy have better ability to enhance economic growth and development than a dictatorship? (3)
What are the effects of the level of democracy on economic growth through its effect on some factors of the development equation like peace, stability, protection of property and contract rights, corruption, income inequality and public services? Based on the result of analysing most of the empirical and the theoretical views available on this topic, this paper will try to settle one of the oldest ongoing debates in economics, that is “which is better for the economy, a democracy or a dictatorship?”

Although the question of this dissertation is old, however, the importance of such question is significant in the current political and economical arena. The importance of the topic lies in the fact that the world has been going through a large wave of democratization in the past couple of years. The series of mass protests, revolutions and overthrows that many countries in the world have been witnessing had shed more light on this topic, making it one of the most important going debates nowadays. This highlights the need to assess the positive and the negative effects of a democratic as well as a dictatorial regime on the level of economic growth and development. After comparing both types of regimes, with their positives and negatives, we can then have a better view about the significance of the level of democracy on the economy.

In order to answer the stated questions, this dissertation will use the meta-analysis method. A meta-analysis will allow us to review and discuss the view of most of the authors and researchers that have written in this topic through a detailed deep literature review. This deep literature review will include most of the theoretical and the empirical studies that discussed the major views regarding the relation between the level of democracy and economic growth and development. The meta-analysis is a very useful way to find out what most writers and researchers think about this relation, thus giving an idea about its nature.

The dissertation is composed of four chapters, this being Chapter 1, Chapter 2 includes a deep theoretical and empirical literature review
that analyzes most of the views regarding the relation between the level of democracy and economic growth and development. Chapter 3 will provide a critical analysis of the literature review which discusses some other views that can explain some of the contradicting views in the literature. Additionally, the critical views discussed in Chapter 3 will be backed up by real life examples of different countries at different points of time like Bulgaria, China, Singapore, U.S and Egypt. Finally, Chapter 4 will highlight and conclude the main findings of the literature review as well as the main points and conclusions of the critical review.