

## The Role of the Middle Class in the Emergence and Consolidation of a Democratic Civil Society

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### **ABSTRACT**

*Emphasizing the importance of the middle classes in the emergence and consolidation of democratic societies may well be regarded as an overall tendency in modern social sciences. This affirmative approach to the middle class dynamics primarily rests on the assumptions that a highly developed middle class would temper conflicts in a pluralistic society by rewarding moderate and democratic choices, and that a highly developed middle class would contribute to the endeavors for transition to democracy. Nevertheless, despite the considerable weight of these interpretations in contemporary political thinking, one should also pay attention to several examples, in which the middle classes did not take active part in the democratization processes or even actively supported authoritarian rule under certain circumstances. Therefore, it seems vital to ask what types of middle classes under what kind of circumstances prefer to play an active role in the transition to and the consolidation of democracy. Consequently, this article aims to provide an answer to these questions by distinguishing certain paths of socioeconomic developments and pointing out the fact that it would be misleading to accept middle classes as a priori democratic forces under all circumstances.*

### **ÖZET**

*Demokrasilerin ortaya çıkışında ve pekişmesinde orta sınıfların rolüne vurgu yapılması, günümüz sosyal bilimlerde hâkim bir eğilim olarak belirmektedir. Orta sınıf dinamiklerine bu olumlu yaklaşım, orta sınıfların ılımlı ve demokratik politikaları*

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*desteklemek suretiyle toplumsal gerilimleri azalttıkları ve demokrasiye geçiş sürecini yaşayan toplumlarda bu yöndeki çabalara destek verdikleri yönündeki görüşlere dayanmaktadır. Ne var ki, modern siyasal düşünceye hâkim olan bu yorum biçiminin taşıdığı kayda değer ağırlığın karşısında, orta sınıfların demokratikleşme yönündeki çabaları destek vermediği, hatta belli koşulları altında, tercihlerini otoriter rejimlerden yana kullandığı başka örneklerin varlığı da bilinmektedir. Bu kapsamda, hangi tür orta sınıfların hangi koşullar altında demokrasiye geçiş ve demokrasinin pekişmesi yönünde tavır aldıklarının ortaya konulması, büyük bir önem arz etmektedir. İşte bu yüzden ki bu çalışma, orta sınıfların her durumda demokratikleşme yanlısı güçler olarak kabul edilmesinin yanlıtı olacağına dikkat çekmekte ve çeşitli sosyo-ekonomik kalkınma biçimleri arasındaki farkları dikkate almak suretiyle, yukarıdaki sorulara bir cevap bulmayı amaçlamaktadır.*

**KEY WORDS:** *Middle classes, market economy, consolidation of democracy, fascism, state-oriented development strategies, dependant development theory*

**ANAHTAR KELIMELER:** *Orta sınıflar, piyasa ekonomisi, demokrasinin pekişmesi, faşizm, devlet merkezli kalkınma stratejileri, bağımlı gelişme teorisi*

The role of the middle class in introducing and maintaining a democratic political system has been emphasized since the time of Aristotle, who argued that;

“In all states there are three sections of the community - the very well-off, the very badly-off, and those in between. Seeing therefore that it is agreed that moderation and a middle position are best, it is clear that in the matter of possessions to own a middling amount is best of all. This condition is most obedient to reason, and following reason is just what is difficult both for the exceedingly rich, handsome, strong, and well-born, and for the opposite, the extremely poor, the weak, and the downtrodden. The former commit deeds of violence on a large scale, the latter are delinquent and wicked in petty ways. ... There are other drawbacks about the two extremes. Those who have a super-abundance of all that makes for success, strength, riches, friends, and so forth, neither wish to hold office nor understand the work. Those on the other hand who are greatly deficient in these qualities are too subservient. So they cannot command and can only obey in a servile regime while the others cannot obey in any regime and can command only in a master-slave relationship. The result is a state not of free man but of slaves and masters, the one full of envy, the other of

contempt... The middle class is also the steadiest element, the least eager for change. They neither covet, like the poor, the possessions of others, nor do others covet theirs, as the poor covet those of the rich. ... It is a happy state of affairs when those who take part in the life of the state have a moderate but adequate amount of property; for where one set of people possesses a great deal and the other nothing, the result is either extreme democracy or unmixed oligarchy or a tyranny due to the excesses of the other two. Tyranny often emerges from an over-enthusiastic democracy or from an oligarchy, but much more rarely from middle-class constitutions".<sup>1</sup>

Aristotle's views were strongly echoed in modern social science. As Barrington Moore stated succinctly in his influential book that "a vigorous and independent class of town dwellers has been an indispensable element in the growth of parliamentary democracy. No bourgeois, no democracy".<sup>2</sup> Somewhat along similar lines, modernization theorists posited a relationship between the level of socioeconomic development and the likelihood of democracy. Probably the earliest and best known example of such efforts is Seymour Martin Lipset's essay, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy", first published in the *American Political Science Review* in 1959 and later incorporated into his *Political Man* (1963). There, Lipset argued that "democracy is related to the state of economic development. The more well-to-do a nation, the greater the chances that it will sustain democracy".<sup>3</sup> Lipset's findings were supported by a number of more recent studies.<sup>4</sup>

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<sup>1</sup> Aristotle, *Politics* (Harmondsworth, Middlesex: Penguin Books, 1962), pp.171-173.

<sup>2</sup> Barrington Moore, Jr., *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (Boston: Beacon Press, 1966), p. 418.

<sup>3</sup> Seymour Martin Lipset, *Political Man: The Social Bases of Politics* (Garden City, New York: Doubleday, Anchor Books, 1963), p. 31.

<sup>4</sup> See, e.g., J.S. Coleman, "Conclusion: The Political Systems of Developing Areas", in G.A. Almond and J.S. Coleman, eds., *The Politics of Developing Areas* (Princeton, NJ: Princeton University Press, 1960); P. Cutright, "National Political Development: Measurement and Analysis", *American Sociological Review*, 28 (1963): 253-264; P. Coulter, *Social Mobilization and Liberal Democracy* (Lexington, MA: Lexington Books, 1975); R.D. Dahl, *Polyarchy: Participation and Opposition* (New Haven: Yale University Press, 1971); R.W. Jackman, "On the Relation of Economic Development to Democratic Performance.", *American Journal of Political Science*, 17 (1973): 611-621; K. Bollen and R. Jackman, "Political Democracy and the Size Distribution of Income", *American Sociological Review*, 50 (1985): 438-457; Larry Diamond, "Economic Development and Democracy Reconsidered", *American Behavioral Scientist*, 35 (1992): 450-499.

Although socioeconomic development may affect the chances for democracy in a number of ways (e.g., through the effects of increased education and communications) its effects through the changes it brings about in the class structure of a society are also considerable. Thus, Lipset argued that;

“Economic development, producing increased income, greater economic security, and widespread higher education, largely determines the form of the ‘class struggle’, by permitting those in the lower strata to develop longer time perspectives and more complex and gradualist view of politics. A belief in secular, reformist gradualism can be the ideology of only a relatively well-to-do lower class. ... Increased wealth also affects the political role of the middle class by changing the shape of the stratification from an elongated pyramid, with a large lower-class base, to a diamond with a growing middle class. A large middle class tempers conflict by rewarding moderate and democratic parties while also penalizing extremist groups. The political values and style of the upper class, too, are related to national income. The poorer a country and the lower the absolute standard of living of the lower classes, the greater the pressure on the upper strata to treat the lower as vulgar, innately inferior, a lower caste beyond the pale of human society.”<sup>5</sup>

Another reason why a large, autonomous middle class favors democracy is that, in its absence, the state tends to “control a vastly greater share of the most valued economic opportunities (jobs, contracts, licenses, scholarships, and development largesse)” whereas as Mosca foresaw, democracy requires “a large (middle) class of people whose economic position is virtually independent of those who hold supreme power”.<sup>6</sup> As a result of the control of scarce economic resources by a political class, the state itself becomes the principal determinant of class formation, and electoral competition takes on the nature of a zero-sum game. Under these circumstances, the loss of political office also means the loss of the control over a very significant portion of the country’s economic resources, and as Lipset rightly argues, “if loss of office means serious losses for major power groups, they will seek to retain or secure office by any means available”.<sup>7</sup>

The role of the middle class also figures prominently in the literature regarding recent transitions to democracy. Huntington observes that “in

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<sup>5</sup> Lipset, note 3 *supra*, pp. 45-50.

<sup>6</sup> Diamond, note 4 *supra* p. 481.

<sup>7</sup> Lipset, note 3 *supra*, p. 51.

virtually every country the most active supporters of democratization came from the urban middle class”, and he cites the examples of Argentina, Brazil, the Philippines, Taiwan, Korea, Spain, Peru, and Ecuador in the late 1970s and the 1980s.<sup>8</sup> At a more general level, it has often been argued that capitalist economic development, even though it may well take place under an authoritarian regime, tends to create a large and autonomous middle class which, in turn, becomes a major force in democratization. At a recent international symposium celebrating the fiftieth anniversary of the first edition of Joseph Schumpeter’s *Capitalism, Socialism and Democracy*, most of the contributors agreed on this point. Thus argued Berger that capitalist development “opens up the social space for civil society, and as people become more affluent they develop more ambitious political aspirations. To put it simply, the well-fed and well-educated children of poor peasants tend to become politically uppity, and the same economic system that has made them well-fed and well-educated provides the space for their new political aspirations”.<sup>9</sup>

Kyung-won Kim, commenting on the East Asian, particularly Korean and Taiwanese experience, stated in the same vein that “a bureaucratic-authoritarian regime can be as politically harsh as any other dictatorial regime while allowing or even encouraging social and economic pluralism. Yet by encouraging such pluralism-by fostering capitalism, in other words-the authoritarian-pluralist regime is either wittingly or unwittingly making possible the emergence of a middle class. To the extent that the state’s modernization policies succeed, this class, born in the womb of capitalism, will grow in size and weight. Eventually, it will begin making political claims against the authoritarian regime. All studies on the subject in Korea show that the number of those who identified themselves as members of the middle class grew dramatically during the 1970s and 1980s, which were years of intense industrialization overseen by a bureaucratic-authoritarian regime headed by former generals. By mid-1987, the regime could no longer contain the demands of this new group within the confines of the old authoritarian structure. ... By encouraging economic pluralism, the regime had been digging its own grave. ... (E)ven an authoritarian industrializing state--unless it opts for an absolute command economy, as Leninist regimes did--will eventually find itself contending with democratic forces unleashed by an assertive middle class that the state itself has indirectly

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<sup>8</sup> Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman and London: University of Oklahoma Press, 1991), p. 67.

<sup>9</sup> Peter L. Berger, “The Uncertain Triumph of Democratic Capitalism”, in Larry Diamond and Marc F. Plattner, eds., *Capitalism, Socialism, and Democracy Revisited* (Baltimore and London: The Johns Hopkins University Press, 1993), p. 6.

fostered”.<sup>10</sup> Bhagwati concurs in the same point of view saying that “the autonomous spheres of economic action that a market economy inevitably creates will, *in the presence of successful modernization or economic development*, create an assertive middle class that will seek the political freedoms that democracy provides. This appears to be the recent experience of the undemocratic regimes in East Asia, where the growth of successful market economics has led to rising demands for political freedoms and self-government”.<sup>11</sup>

Despite the considerable weight of such evidence, the proposition that the growth of middle class fosters democratization is still too broad to give us testable hypotheses. Experience shows us that middle classes are not always a democratic force and may even actively support authoritarian rule under certain circumstances. Also, the concept of middle class, whether it is defined by such objective criteria as occupation, income, and education, or subjectively by way of individual class identifications, is too broad a concept for rigorous social science analyses. For example, one may distinguish between modern middle classes which are the products of a modern economy, and the traditional (therefore, declining and downwardly mobile) middle classes such as small merchants, shopkeepers, artisans, etc. Among modern middle classes, one may make further distinctions such as the entrepreneurial, professional, salaried, and perhaps intellectual, middle classes. Finally, the formation and nature of the middle class (and the political behavior characteristics associated with it) also depend on the type of development strategy adopted in a particular country and on the stage of economic development. While some patterns and stages of economic development favor democracy, others seem to foster authoritarian attitudes or at least the absence of democratic demands. My purpose here is to inquire what types of middle classes under what kind of circumstances play a significant role in the transition to and the consolidation of democracy.

### **Fascism and the Middle Class**

Socioeconomic development implies the growth of the middle class which, in turn, may play an important role in the transition to democracy. However, socioeconomic development may also mean a decline of the traditional middle classes (small traders, shopkeepers, artisans, middle-size farmers) which may turn them into an antidemocratic force. Lipset, analyzing the social bases of fascism, has convincingly argued that “fascism is basically a middle class movement representing a protest against capitalism and socialism, big business

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<sup>10</sup> Kyung-won Kim, “Marx, Schumpeter and the East Asian Experience”, in *Ibid.*, pp. 22-23.

<sup>11</sup> Jagdish Bhagwati, “Democracy and Development”, in *Ibid.*, p. 35.

and big unions”.<sup>12</sup> Similarly, Harold Lasswell, describing Nazism as “a desperate reaction of the lower middle classes”, suggested that such middle class extremism was due less to purely socioeconomic grounds than to psychological factors inherent in capitalist industrial development”: Psychologically speaking ... the lower middle class was increasingly overshadowed by the workers and the upper bourgeoisie, whose unions, cartels and parties took the center of the stage. The psychological impoverishment of the lower middle class precipitated emotional insecurities within the personalities of its members, thus fertilizing the ground for the various movements of mass protest through which the middle classes might avenge themselves”.<sup>13</sup>

Lipset, analyzing the shifts of votes among parties in the German elections between 1928 and 1933, demonstrated that most of the Nazi gains came from the liberal middle-class parties. Between 1928 and 1933, such parties lost some 80 percent of their electoral support to the Nazis, whereas the conservative, Catholic and workers’ parties more or less retained their level of support. Thus, concludes Lipset that “the ideal-typical Nazi voter in 1932 was a middle-class self-employed Protestant who lived either on a farm or in a small community, and who had previously voted for a centrist or regionalist political party strongly opposed to the power and influence of big business and big labor.” Somewhat similar voting patterns also prevailed in Austria and Italy, although Italian Fascism was more heterogeneous than the German Nazis in terms of its social bases of support and it represented “a coalition between antidemocratic traditionalism and middle-class populist authoritarianism”.<sup>14</sup>

While fascism is no longer a major ideological force, a variety of authoritarian right-wing political forces and parties in many contemporary states seem to receive disproportionate support from lower and more traditional middle classes. In Turkey, both the pro-Islamic Welfare Party and the ultra-nationalist Nationalist Action Party are stronger in small- and medium-size towns and among the downwardly mobile self-employed middle classes as well as among the recent rural migrants to the big cities. In fact, the Welfare Party’s rising appeal in the 1990s combined a defense of Islamic values with that of the interests of small businessmen and merchants of Anatolia as opposed to the big business interests concentrated in major cities.

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<sup>12</sup> Lipset, note 3 *supra*, Chap: 5, *passim*.

<sup>13</sup> Quoted by Lipset, note 3 *supra*., p. 132.

<sup>14</sup> *Id.*, pp. 148, 165.

On the other hand, the more recent rise of the AKP (Justice and Development Party) and its impressive electoral victory in 2002 may be related to the changing class structure in Turkey. The pro-market economic policies of the Motherland Party government under Turgut Özal (1983-91) gave a strong boost to an Islamic (not necessarily Islamist) bourgeoisie. This is reflected in the AKP's much broader appeal and much stronger commitment to a free-market, export-oriented economy and higher democratic standards. In fact, one may argue that the AKP is no longer an Islamist party, but a broadly-based conservative democratic party with strong resemblance to the other center-right parties in Turkey.

### **State-Initiated Economic Development and Middle Classes: German and Middle Eastern Experiences**

If capitalist economic development is initiated and directed by the state, rather than by a rising and autonomous bourgeoisie, the result may not be a democratic state but an authoritarian state with a capitalist economic system. Perhaps the best example is the case of Germany under the Second Reich (1870-1918). As Ralf Dahrendorf has shown<sup>15</sup>, Germany's industrialization, which was carried out as a matter of deliberate state policy, "did not give rise to a politically cohesive and assertive middle class, but instead allowed the existing ruling structure to absorb into its own ranks the most talented and ambitious members of the bourgeoisie. ... (W)hatever Germany did have in the way of a bourgeoisie owed its success to the protection and guidance of the state. To expect such a state dependent class to make bold political claims would have been fanciful. Bismarck further strengthened the state by giving it social welfare functions. Yet ... what the Germans had was not a liberal democracy, but an authoritarian welfare state".<sup>16</sup>

Other and more recent examples can be found in countries with a historically strong "state tradition", such as the Ottoman Empire and its Middle Eastern successor states. Consistent with this tradition of state autonomy, the state took the lead in industrialization in Turkey, Egypt and elsewhere in the Middle East. Consequently, as in the case of the German Second Reich, the emergent bourgeoisie remained highly dependent on the state, unable to assert itself politically. The powerful role of the state as the initiator of industrialization, manager of state economic enterprises, purveyor of employment, holder of oil (and other) rent, instrument of investment, consumption and distribution of revenue gives it strong leverage against all

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<sup>15</sup> Ralf Dahrendorf, *Society and Democracy in Germany* (New York: Doubleday, 1969).

<sup>16</sup> Kim, note 10 *supra*, pp. 18-19.

social groups.<sup>17</sup> The phenomenon of the “rentier state”, observed in many oil-rich Arab countries also contributes to state autonomy, by putting immense amounts of revenue at the service of the state since oil rents accrue directly to the state.<sup>18</sup>

As elsewhere in the world, a trend toward market economy is unmistakably clear in the Middle East in recent years. One observes an increased emphasis on the private sector, greater reliance on market forces, a lessening of government controls over the economy, and opening to international markets. These shifts in economic policy have brought about the rise of the big bourgeoisie in many Middle Eastern states. Even though it is questionable whether the bourgeoisie dominates or holds “hegemonic” power in any Middle Eastern Muslim country, “some of those regimes may be fairly described as ‘bourgeois states’ or at least emergent or embryonic bourgeois states”.<sup>19</sup> Turkey, under Turgut Özal (1983-91) reached farthest in this direction toward full legitimation of the private sector. Similar policies have been followed somewhat more timidly and cautiously by Egypt and Tunisia, and even by such “radical” states as Syria, Iraq, and Algeria to a lesser but still significant extent.<sup>20</sup>

The growth of the private sector and the rise of the entrepreneurial bourgeoisie can certainly be considered a reduction of state autonomy. This does not mean, however, that the rising bourgeoisie will necessarily be in conflict with the state apparatus or able to establish hegemony over it. The Middle Eastern states still have powerful leverage over the business community. A symbiotic and cooperative relationship between the two can benefit both. “The private sector growing up in the shadow of the state (and thanks to the public sector) certainly has an interest in gaining freedom of economic action, more access to credit, fiscal facilities, the freedom of cross-border traffic, but why should it have to undertake open political action when it can try to obtain all this at less cost to itself by remaining entrenched in bureaucratic or palace politics where the informal network of family, regional and factional solidarity

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<sup>17</sup> Jean Leca, “Social Structure and Political Stability: Comparative Evidence from the Algerian, Syrian and Iraqi Cases”, in Adee Dawisha and I. William Zartman, eds., *Beyond Coercion: The Durability of the Arab State* (London: Croom Helm, 1988), p. 165.

<sup>18</sup> For a thorough discussion of the rentier state, see Hazem Beblawi and Giacomo Luciani, eds. *The Rentier State* (London: Croom Helm, 1987).

<sup>19</sup> Leonard Binder, *Islamic Liberalism: A Critique of Development Ideologies* (Chicago: University of Chicago Press, 1988), pp. 13-14.

<sup>20</sup> Alan Richards and John Waterbury, *A Political Economy of the Middle East: State, Class, and Economic Development* (Cairo: The American University of Cairo Press, 1991), Chap. 9.

is at the heart of the game”.<sup>21</sup> In short, it does not appear that the emergent bourgeoisie in Middle Eastern countries can yet dispense with the protective domination of a powerful state apparatus and play a significant democratizing role.

### **Dependent Development and Bureaucratic Authoritarianism**

One of the major challenges to the thesis that the rise of the middle class is associated with the rise of democracy came from the dependency school that emerged in the late 1960s and 1970s.<sup>22</sup> “Dependent development”, argues Evans, “is a special instance of dependency, characterized by the association or alliance of international and local capital. The state also joins the alliance as an active partner, and the resulting triple alliance is a fundamental factor in the emergence of dependent development.” In the context of dependent development, the association of bourgeois democracy and capitalist accumulation no longer holds. Wages must be kept low in order to maintain the attractiveness of a semiperipheral country involved in the process of dependent development. This, in turn, requires the political repression of popular mobilization. Thus emerges “a strong rational association between capitalist development and autocracy”.<sup>23</sup>

A special and particularly influential version of the dependent development theory has been advanced by Guillermo O’Donnell. O’Donnell agrees with Lipset that socioeconomic development encourages political pluralization, but he adds that political pluralization does not necessarily imply political democracy. He further observes that in contemporary South America, the higher and lower levels of modernization are associated with non-democratic political systems, while political democracies are found at the intermediate levels of modernization.<sup>24</sup> In Argentina and Brazil at such intermediate levels of modernization, there emerged a broad “populist coalition” which brought together national industrialists and the urban working classes. Populist governments such as those of Peron in Argentina and Vargas in Brazil pursued policies of import-substitution-based industrialization (ISI) protected by import and exchange restrictions and high tariff rates. They also introduced a controlled

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<sup>21</sup> Leca, note 17 *supra*, pp. 197-198.

<sup>22</sup> Diamond, note 4 *supra*, p. 473.

<sup>23</sup> Peter Evans, *Dependent Development: The Alliance of Multinational, State and Local Capital in Brazil* (Princeton, NJ: Princeton University Press, 1979), pp. 32, 47-49.

<sup>24</sup> Guillermo O’Donnell, *Modernization and Bureaucratic Authoritarianism: Studies in South American Politics* (Berkeley: Institute of International Studies, University of California, 1973), p. 51.

“incorporation” or mobilization of the “popular sector” (i.e., industrial workers and the urban lower middle classes).

The populist coalition was maintained throughout this “horizontal” or “easy” stage of industrialization which was based on the production of mostly light and nondurable consumer goods.

“As long as the export sector could provide the necessary international currency and the industrial domestic firms could continue to expand horizontally, no incompatibility seemed to exist among the interests of the members of the populist coalitions. ... (A)ll participants in the populist coalition were receiving payoffs roughly proportionate to their expectations, and no source of fundamental conflict among them was apparent. But this situation contained elements that would lead in a short time to its collapse”.<sup>25</sup>

The collapse of the populist coalition came with the exhaustion of the easy stages of industrialization, since the ISI was heavily dependent on imports of intermediate and capital goods, as well as technology, and the highly protected domestic products were not competitive in international markets. These factors led to severe foreign exchange shortages and a slowing down of economic growth which in turn caused a radicalization of the already activated and organized urban working class.

The active presence of the popular sector in the great urban centers was perceived as profoundly threatening by most other social sectors. After economic expansion had ended, the workers’ demands were assessed by their former coalition partners as leading to a reshaping of society for more radical than anything they were willing to accept.

The resulting polarization facilitated “the collaboration of most of the propertied sectors in accepting a political ‘solution’ that supposedly would eliminate such threats by the political exclusion of the popular sector”.<sup>26</sup> Thus, middle classes have in general supported the rise of bureaucratic-authoritarian regimes which attempted to deactivate and demobilize the popular sector by direct coercion and/or by closing their channels of political access.

Although O’Donnell’s analysis is based on the experience of South America, his conclusions seem to be valid for other countries which similarly

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<sup>25</sup> *Id.*, pp. 58-59.

<sup>26</sup> *Id.*, pp. 71-72.

followed an industrialization policy based on import substitution. For example, Turkey's "easy" horizontal economic growth in the 1950s and the 1960s under populist governments, which enjoyed broad popular support, unionization and political activation of the urban working class, the severe foreign exchange crisis in the late 1970s, the resulting economic stagnation and growing political polarization, the military coup of 1980, the deactivation of the working class under the military regime (1980-83) bear strong resemblance to the same sequence of events in South America.

Thus, in conclusion, it cannot be said that the middle classes are always a democratic force under all circumstances. Their role in the introduction and consolidation of political democracy seems to vary in accordance with a number of factors, among which are the stage of economic development a country is in and the model of development it follows. O'Donnell's analysis of bureaucratic-authoritarian regimes suggests that middle classes may favor authoritarian solutions in countries at an intermediate level of economic development following a relatively long period of import-substitution-based (or autarkic) industrialization. The recent East Asian experience demonstrates, on the other hand, that a market-oriented, export-promoting development strategy may help to avoid these bottlenecks involved in autarkic development. Under these circumstances, the growth of the middle class may be a facilitating factor in the emergence and consolidation of democracy.

Carlos Waisman, also inspired by the experience of the countries of the Southern Cone of Latin America and expanding on O'Donnell's theory, argues in the same vein that two dimensions of capitalism (i.e., private ownership of the means of production and a market economy) should be distinguished. While the two go together in the advanced capitalist economies, at lower and middle levels of development, there have been cases where private ownership of the means of production operates under substantial state-imposed limitations to market mechanisms. "Capitalist economies of this type have been especially prone to political polarization and the emergence of non-liberal regimes because, like the state socialist ones, they tended to stagnate after an initial period of 'easy' growth during which large and powerful middle and working classes came into being." Economic stagnation leads to political polarization and conflict, and this in turn leads to the suspension of democracy and the emergence of authoritarian regimes. Therefore, the relationship between capitalist development and democracy seems to be mediated by the strength of markets. "Autarkic economies generate obstacles to liberal democracy that are not present in market-oriented economies... (A) market economy, once institutionalized, is conducive to a stable liberal democracy, but private

ownership of the means of production, in a context of substantial restrictions on the operation of market mechanisms, is not”.<sup>27</sup>

Waisman further argues that economic stagnation *is* inherent in the autarkic (import-substituting) model of capitalist development, since under this model the manufacturing sector survives only behind high protective barriers and can never become internationally competitive. Once the domestic market is saturated for such commodities, i.e. once the “easy” stages of development are exhausted, a balance of payment crises and eventually low growth rates are likely to follow. Therefore, political illegitimacy is the outcome of the explosive combination of these two factors: “a stagnant economy and a society made up of highly mobilized and organized social groups, the urban lower classes and the intelligentsia in particular.” On the other hand, the competitive model

“...does not seem to create structural barriers to continued economic growth or to stable liberal democracy. ... Because this model compels the domestic bourgeoisie to compete internationally, it is not inherently prone to stagnation like hothouse capitalism is. Consequently, the capitalist class generated by export-led industrialization is likely to be more autonomous vis-a-vis the state than its counterpart, the rent-seeking pseudobourgeoisie of autarkic development”.<sup>28</sup>

Finally, all these theories on the relationship between economic development and the growth of the middle class on the one hand, and the emergence and consolidation of liberal democracy on the other, should be put in proper perspective, since the prospects for democracy are also affected by other, non-economic factors. Indeed, the recent literature on transitions to democracy has strongly emphasized the role of such purely political factors as the behavior of government and opposition elites, pact-making among them, institutional relations between civilian and military authorities, and the way electoral and constitutional rules structured opportunities for the democratic opposition under authoritarian rule.<sup>29</sup> Therefore, a partial return to the role of economic factors seems to be a useful corrective.

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<sup>27</sup> Carlos H. Waisman, “Capitalism, the Market and Democracy”, *American Behavioral Scientist* 35 (1992): 502-503.

<sup>28</sup> *Id.*, pp.505-509.

<sup>29</sup> Stephan Haggard and Robert R. Kaufman, “Economic Adjustment and the Prospects for Democracy”, in Haggard and Kaufman, eds., *The Politics of Economic Adjustment* (Princeton, NJ: Princeton University, 1992), p. 320.