

## Democracy and Economic Development: Are they related?

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**Abstract** – Democracy is a vital element for the modernization of societies. Through democracy, countries can realize their economic development. Economic development is necessary to establish the required infrastructure in a country that will enable it to be classified as a developed country. A common value held by all rich and happy countries is democracy. Democracy is the foundation of political stability within a country. Political stability is an indispensable element for producing the policies required for economic stability. It is only possible to achieve stability in the economy when there is political stability created by a democratic environment. In almost all countries that do not have any democratic governing structure political conflicts and economic instability could potentially be seen. In this study, the relationship between democracy and economic development is analyzed as well as why democracy is necessary for economic development. The study also shows the relationship between the economic richness and happiness of the countries with the degree to which they are democratic.

**Keywords:** Democracy, economic development, richness, happiness, welfare, stability, politics.

### I. A General Perspective About Democracy

The fact that various definitions of democracy are available in the academic world as valuable components of articles and studies illustrates the difficulties surrounding the efforts to describe the term democracy. When attempting to understand the concept of democracy even at a basic level, understanding the elements that contribute to its occurrence is a necessity.

Democracy was simply yet clearly defined by Abraham Lincoln as the government of the people, by the people, for the people. This statement was further supported by Alan Moore, who claimed that 'People should not be afraid of their government. Governments should be afraid of their people.' Both of these assertions support the concept that democracy is a regime that must be established and maintained in such a way that it serves the people. Elected individuals must respond to the demands of the public and work with the aim of elevating the overall welfare of communities by keeping in mind the reality that they are selected to serve and contribute on behalf of their communities and the citizens without exhibiting selfish attitudes or exploitative behaviors. The necessity of the domination of public over the administrative strata for a sustainable democratic structure is also emphasized by Diamond.

Restrictions placed on the power of the government along with the enforcement of the ruling of a country by its people can be considered an outstanding feature of democracy within the political sphere (Diamond, 1994). Not only within the family but also within the society, it is significantly important for the leader to have a strong belief in the essence of democracy and ensure that it is sustained in the long term by firstly following the essential tenets of democracy himself or herself. If they fail to act in accordance with the principles of democracy, it would not be feasible for that leader to influence or encourage the community to follow a democratic path. A very significant point that should not be disregarded is that rights and freedoms within the democratic sphere cannot be used for the purpose of undermining the democratic structure of living. In other words, democracy itself cannot be destroyed through elections that are carried out under democratic conditions. The single most beneficial way of securing a democratic regime within a nation is through proper education, as a result of which every individual must have the same level of opportunities and rights in under the legal framework; hence, each is entitled to the same treatment without being exposed to any discriminative behavior, which should be emphasized boldly and should be instructed effectively within family units as well as the social arena.

As suggested by Albert Camus, democracy is not the law of the majority but the protection of the minority. On the basis of egalitarianism, which is the foundation of human rights and hence of democracy, all people have the same level of freedom that would not cause direct irritation to others. Even though democratic regimes function according to the choice of the majority of the community, such as the majority deciding which political parties should have power, his statement emphasizes the defense of the minority. Any decisions, actions, or steps taken by one individual in a free manner under the umbrella of democracy can only be accepted valid provided they do not impinge on the freedoms of others. Being exposed to the exhaled smoke or abusive behavior patterns of alcoholic individuals can not only jeopardize the health of surrounding people, but also impinges on their rights to exist in a smoke free, safe and comfortable area. Irrespective of the smokers or alcohol users, as specifically illustrated in this example, being in a majority or minority against the rest, if smoking were to be allowed under such circumstances, this would certainly be considered a non-democratic act. As suggested by Touraine, A., & McDonald, K. (1994), even though the majority is given priority due to the fact that the greatest freedom or dominance is given to the greatest number, the democratic structure defends, takes care of, and recognizes the highest possible diversity. It is not feasible to explain the concept of democracy merely by the rule of the majority; instead, democracy can be defined by the respect of individual and collective projects, a respect which incorporates the acceptance of personal freedom with the right to identify with a social, national or religious collectivity. Rather than laws alone, democracy is chiefly based upon a political culture that is mostly defined in terms of equality. It would be relevant to clarify equality at this point where the fundamental right of each individual to choose and to dictate their own existence must be preserved in a democratic domain. Within the framework of democracy, individuals are not solely considered as citizens, but are identified as free beings that belong to economic or cultural collectives.

## II. Contribution of Historical Events to Democracy

Some historical events that have made significant contributions to democracy along with industrialization include the signing of the Magna Carta in 1215, the French Revolution in 1789, which was inspired by American Revolution, Sened-i Ittifak signed by the Ottoman monarch in 1808, which is known as the charter of alliance, and the First Constitutional Monarchy in 1878. The common factor in all the aforementioned events is that all included some form of public revolt against the existing administrative structure within their societies. The revolutions in America and then in France in particular aimed to reorganize the controlling mechanism of the country in a way that was more fair with less stratification among the members of the society. Such revolt-based events throughout history created a domino effect within the international sphere in such a way that once one nation was observed to acquire the desired level of justice, legality, and impartiality among its different strata, a similar revolt was then organized and accomplished in a different country; for example, France followed the footsteps of America in demanding drastic change and attempting revolution. In other words, it can be claimed that the industrial revolution was a significant stepping stone in the emergence of human rights according to which all the human beings were accepted as equal irrespective of the differences in their race, language, religious beliefs, creed, skin color, culture, and other values. Due to the impact of the prevalence of industrialization, a system emerged in which the concepts of individual freedoms and egalitarianism were protected and maintained on the basis of the belief that all humans are equal and there should be no discrimination.

## III. Relationship Between Economic Development and Democracy

Whether any correlation among economic development and democracy exists, and whether such a relation is positive or negative, direct or indirect has been a topic of debate critically analyzed in many articles over the previous decades. There are many conflicting perspectives regarding this issue, where each is provided with reasonable justification based on the respective viewpoints. Based on one standpoint, economic development is one of the factors responsible for improving the level of democracy of a country in such a way that the more economically developed a nation is, the more democratic that nation can become as a consequence. In contrast to this view, a well-founded and strong democratic system is not necessarily constructed by the developments recorded in economic platforms. From a different perspective, however, democracy is considered to contribute to the national affluence. Justification for each of these views will be presented with the purpose of adding further clarification to the academic research previously carried out on the mentioned subject, which include various approaches in the form of conflicting perspectives.

The economic development of a country is suggested to be linked to its democracy in such a way that the prospect of democracy being sustained within a community is greater when that community has greater economic prosperity (Lipset, 1960, p50). In an attempt to illustrate this argument where economic development is regarded as a requisite for the sustainability of democratic atmosphere in a society, Latin America, Europe and the English-speaking democracies were categorized as two series of two sections each, on the basis of their background with democracy. Stable democracies in contrast to unstable democracies and dictatorships were applied to cover Europe, North America, Australia, and New Zealand, whereas in the case of Latin America, the categorization was as democracies and unstable dictatorships against stable dictatorships. Afterwards, Lipset made a comparison between two groups of regimes by considering the guidelines of socioeconomic development on a wide spectrum including income, communications, industrialization, education, and urbanization. As can be anticipated, within each regional set, undeviating and often strikingly greater mean levels of development have been observed to belong to the countries in which the level of democracy is considerably higher in comparison with the less democratic countries. The presence of a link among economic development and democracy was further supported by the statement of Huntington according to which the occurrence of democratization has already been observed in rich countries on a large scale, while the presence of democratization is recorded as unlikely in poor countries. The link among the two has been emphasized in such a way that poverty is the fundamental impediment preventing economic development and hence, any factor restricting economic development would also restrain the expansion of democracy (Huntington, 1991). From this stance, the prosperity of a nation can be suggested as a valuable attribute that facilitates the sustainability of the democratic structure of that nation.

The overall prosperity, degree of industrialization and urbanization, as well as the level of education is much more advanced in countries that are regarded as more democratic (Lipset, 1960, p50). Stable democracies are elucidated to be in connection with particular circumstances by means of economic and social backgrounds such as high per capita income, extensive literacy, and widespread urban residency by Seymour Martin Lipset and others with similar viewpoints such as Philips Cutright. In another sense, the necessity of particular belief patterns or psychological attitudes between the citizens is emphasized (Rustow, 1970).

Democracy as a regime itself has a greater tendency to be prevalent in societies where the level of education is higher and one of the most outstanding instances supporting this statement is that the literacy rate of the populations living in European countries that are considered more democratic is very close to entirety (Lipset, 1960, p55). The remarkably significant contribution of education to economic development and hence to democracy cannot be neglected. People's way of thinking can be improved and expanded through education, which in turn empowers them to grasp the understanding of the importance of tolerance, restrains them from blindly following extremist ideologies, and increases their competence to make electoral choices that are well reasoned. The attitudes of individuals toward ethnic or racial minorities can be profoundly shaped through education in such a way that people become more respectful and tolerant to each other, which in the long run would act as a preventative measure against any sort of conflict that may appear due to the discriminative behavior patterns of human beings. Such educated individuals are also more dedicated to democracy and participation (Lipset, 1960, p56). Within a similar framework, it should not be ignored that rather than division, democratic regimes entail the participation of a wide variety of groups including minorities within a society irrespective of ethnic, religious, racial, or any other discrimination among them (Lipset, 1960, p92).

The accumulation of various components gives rise to the construction of authoritarian regimes where components that are considered to be of critical value include unsatisfactory level of education, minimal involvement in political or discretionary organizations of any kind, lack of sufficient time reserved for reading, economic hesitancy, and autocratic family structures. Although the aforementioned elements are interconnected, this does not mean that they are identical to one another. The degree of formal education provided within a country has a significant correlation with the undemocratic behavior patterns of citizens and is also closely connected to social and economic status (Lipset, 1960, p109).

Considering the cornerstones of two conflicting regime types, which are democracy and authority, an obvious consistency in respect to Lipset's theory is observed where, according to his statement, the poorest nations are alleged to experience the highest levels of intolerance and a lack of moderation in political behavior patterns. Consequently, poor nations are very far from being dominated by democratic regimes, which in fact emphasizes the constructive correlation among economic advancement and democracy.

In contrast to Lipset’s thesis and others claiming that a particular level of economic improvement is a prerequisite for democracy, Rustow suggested that economic reinforcement is a consequence of democratic structure rather than its cause. Rustow (1970) proposed that the prevalence of democracies had been proven to be possible at stunted levels of economic improvement when historical examples are taken into account such as the United States during the 1820s, France during the 1870s, and Sweden during the 1890s. Certain elements are of critical significance for the emergence of democracy including the sense of unity at a national level, ingrained and severe conflict, and conscious adoption of democratic rules along with the adaptation of both politicians and voters to these rules (Rustow, 1970, p352).

The reality that developments in economic platforms have the potential to contribute to the establishment and maintenance of democratic structures within nations cannot be denied as a result of the overall analysis performed thus far. From this perspective, it can be claimed that a positive relation exists among the two. The critical issue to be highlighted at this point is that elevated levels of economic improvement do not definitely give rise to improved democracy levels, which is an issue for those countries that have only advanced to a lesser extent. To put in more simple terms, it is not possible to establish an absolute causation between economic development and democracy, while there is a straightforward correlation in the opposite direction (Rustow, 1970).

**TABLE 1. Countries with the most and least advanced levels of democracy**

ORDER	COUNTRIES	2017
1	Norway	9.87
2	Iceland	9.58
3	Sweden	9.39
4	New Zealand	9.26
5	Denmark	9.22
6	Ireland	9.15
6	Canada	9.15
8	Australia	9.09
9	Finland	9.03
9	Switzerland	9.03
...	...	...
21	United States	7.98
...	...	...
158	Uzbekistan	1.95
159	Saudi Arabia	1.93
159	Tajakistan	1.93
161	Equatorial Guinea	1.81
162	Turkmenistan	1.72
163	Democratic Republic of Congo	1.61
164	Central African Republic	1.52
165	Chad	1.50
166	Syria	1.43
167	North Korea	1.08

**Source:** World Economic Forum, Briony Harris, 2 Feb 2018  
<https://www.weforum.org/agenda/2018/02/nordic-countries-top-democratic-rankings-2017>

Within a scale ranging from 0 to 10, the democracy index score of 167 countries was documented based on data obtained in 2017, where the authoritarian regime type was represented with the value of 0 and full democracy with 10. The criteria taken into consideration in the evaluation of the level of democracy in the countries examined through a scoring principle including electoral process and pluralism, civil liberties, functioning of government, political participation, and political culture. The ten most democratic countries were recorded as Norway, Iceland, Sweden, New Zealand, Denmark, Ireland, Canada, Australia, Finland, and Switzerland, respectively, in a trend

gradually declining starting from Norway with 9.87 as the most advanced democracy. Ireland and Canada were both recorded as the sixth most advanced democracies with scores of 9.15, while Finland and Switzerland were at the bottom of this list with scores of 9.03. The ten weakest democracies among the 167 countries examined included Uzbekistan, Saudi Arabia, Tajikistan, Equatorial Guinea, Turkmenistan, Democratic Republic of Congo, Central African Republic, Chad, Syria, and North Korea, where North Korea was recorded as least democratic country with a democracy index score of 1.08 out of 10. With a score of 1.93, United States is recorded to have a score of 7.98 out of 10; locating the US closer to the top ten most advanced democracies but not within this range.

While evaluating the prosperity of a nation, it is critical to take into account the factors that contribute to the emergence of such prosperity. The standards of living in a country play a significant role in shaping the health, workforce, productivity, civilization, serenity, and hence the prosperity of citizens. The overall tolerance of citizens towards cultural, ethnical, religious, and racial diversity and other such classifying criteria is also closely associated with the serenity of a country, which in turn has significant impacts on the other areas of life including those mentioned above. In a clearer sense, medical care, nutrition patterns, health and fitness under the title of overall well-being, levels of education and crime, political rights and freedoms, as well as levels of tolerance can be accepted as the factors of paramount significance that could significant advance or deteriorate the quality of life of citizens in a direct manner.

**Table 2. The 25 Happiest Countries**

**Table 3. The 25 Least Happiest Countries**

Source: World Happiness Report (2018)

THE 25 HAPPIEST COUNTRIES		
1	Finland	7.632
2	Norway	7.594
3	Denmark	7.555
4	Iceland	7.495
5	Switzerland	7.487
6	Netherlands	7.441
7	Canada	7.328
8	New Zealand	7.324
9	Sweden	7.314
10	Australia	7.272
11	Israel	7.190
12	Austria	7.139
13	Costa Rica	7.072
14	Ireland	6.977
15	Germany	6.965
16	Belgium	6.927
17	Luxembourg	6.910
18	United States	6.886
19	United Kingdom	6.814
20	United Arab Emirates	6.774
21	Czech Republic	6.711
22	Malta	6.627
23	France	6.489
24	Mexico	6.488
25	Chile	6.476

THE 25 LEAST HAPPIEST COUNTRIES		
132	Congo	4.245
133	India	4.190
134	Niger	4.166
135	Uganda	4.161
136	Benin	4.141
137	Sudan	4.139
138	Ukraine	4.103
139	Togo	3.999
140	Guinea	3.964
141	Lesotho	3.808
142	Angola	3.795
143	Madagascar	3.774
144	Zimbabwe	3.692
145	Afghanistan	3.632
146	Botswana	3.590
147	Malawi	3.587
148	Haiti	3.582
149	Liberia	3.495
150	Syria	3.462
151	Rwanda	3.408
152	Yemen	3.355
153	Tanzania	3.303
154	South Sudan	3.254
155	Central African Republic	3.083
156	Burundi	2.905



The 25 happiest countries in the world are represented in Table 2, whereas the 25 least happy countries at the bottom of the list are in Table 3. The levels of happiness in the countries examined were determined based on GDP per capita, social support, healthy life expectancy, freedom to make life choices, generosity, perceptions of corruption, Dystopia (1.92) + residual, and confidence interval.

<https://www.visualcapitalist.com/measuring-global-happiness-countries/>

The combined total of the mentioned criteria for each country represents the overall happiness score of that particular country, which are shown in numerical figures adjacent to the name of each country in both tables, where a score of 8 denotes maximum happiness

Observing the most and least democratic countries based on the data obtained in 2017 shown in the first table (Table 1), it can clearly be seen that most of the countries with advanced level of democracies are at the same time recorded as the happiest, especially the Scandinavian countries. For instance, Norway, Finland, Denmark, Iceland, Switzerland, Canada, New Zealand, Sweden, Australia, and the United States are not only recorded to have increased levels of democracy but are also among the happiest countries in the world, which should not be a coincidence. A similar pattern can also be observed for the least happy and least democratic countries when the related tables are analyzed. Syria, the Central African Republic, and Democratic Republic of Congo have been listed as both the least happy and least democratic countries among the others. From this perspective, it can certainly be claimed that a direct correlation exists between the democracy and happiness of a country exists in the sense that the more democratic a country is, the happier it can and does become. Therefore, it can be suggested that the level of democracy within a country has an intense influence on the happiness of the citizens living in that country.

**TABLE 4. The World’s Most and Least Peaceful Countries**

THE WORLD’S MOST AND LEAST PEACEFUL COUNTRIES	
1	Iceland
2	New Zealand
3	Portugal
4	Austria
5	Denmark
6	Czech Republic
7	Slovenia
8	Canada
9	Switzerland
10	Ireland
...	...
14	United States
...	...
154	Ukraine
155	Central African Republic
156	Sudan
157	Libya
158	Somalia
159	Yemen
160	South Sudan
161	Iraq
162	Afghanistan
163	Syria

**Source:** Niall McCarthy, 6 June 2017, The world’s most and least peaceful countries, Global Peace Index 2017  
<https://www.statista.com/chart/9688/the-worlds-most-and-least-peaceful-countries/>

Analyzing the countries listed in Table 4, democracy and peacefulness can clearly be stated to have a high tendency to coexist. The countries with the least advanced level of democracy are found to have considerably less serenity and are more prone to be involved in violent events such as wars. There is a noticeable direct correlation among the happy, peaceful, and democratic countries and those that are prosperous, which is yet to be explained.

TABLE 5. The 10 most prosperous countries in the world

COUNTRIES	2007	2017	WEALTH GROWTH (US\$ TRILLION)
USA	\$52.2	\$62.6	20%
CHINA	\$8.3	\$24.8	198%
JAPAN	\$16.0	\$19.5	22%
INDIA	\$3.2	\$8.2	160%
U.K.	\$10.1	\$9.9	-2%
GERMANY	\$9.7	\$9.7	0%
AUSTRALIA	\$3.4	\$6.1	83%
CANADA	\$5.1	\$6.4	25%
FRANCE	\$7.5	\$6.6	-11%
ITALY	\$5.3	\$4.3	-19%

Source: New World Health

<https://www.visualcapitalist.com/chart-the-10-wealthiest-countries-in-the-world/>

With respect to the data collected in Table 5, a detectable rising pattern in the wealth growth of the top 10 richest countries in the world in US\$ Trillion can be observed for the period from 2007 to 2017 with few exceptions. With the highest wealth growth of 198%, China was ranked first during the mentioned decade, followed by India with a rise of 160%. However, Germany's growth during the relevant period was recorded to be stagnant with \$9.7 in both 2007 and 2017, and UK was observed to have a slight drop in its wealth growth with 2% and the greatest decreases was recorded in Italy with 19%.

On the basis of the data gathered in the five aforementioned tables, it is possible to articulate the fact that the levels of happiness, peacefulness, and prosperity of nations are observed to be advanced in countries where democracy is widely prevalent and sustained. To put it in different terms, democratic systems within countries creates a convenient atmosphere for the emergence and survival of economic and political stability, which is perceived to be the backbone of national prosperity. This in turn leads to improvements in both economic and political arenas, thus creating a fair and desirable place to live in which contributes to the development of a happy and peaceful environment for the citizens. Therefore, the aforementioned dimensions of happiness, serenity, prosperity are all interrelated and are very closely associated with the level of democracy within a country. It is not a coincidence to observe that happy, peaceful, wealthy, and democratic countries are the same in majority.

The favorable impacts of democracy on economic development are far more significant than the detrimental ones. In comparison to autocratic regimes, democratic regimes have been recorded to contribute more to economic development as they are more effective in managing social conflicts, maintaining political stability, and impeding social disasters. Democracy leads to a rise in the rate of economic growth by increasing the accumulation of human capital and decreasing the income inequality within a country. Hence, democracy must be accepted as a vital element for the economic development for developing countries rather than a luxury (Doğan, 2005).

#### IV. Channels Through Which Economic Growth is Affected by Democracy

Political instability, quality of management, government size, income inequality, trade openness, human and physical capital have been listed as the seven channels through which economic growth is affected (Tavares and Wacziarg, 2001).

##### a) Political instability

A lack of credibility as a result of the failure to speculate on the future conditions of politically instable countries acts as a deterrent in the form of real estate-based investments made by both international investors and local citizens. This leads to a dramatic fall in the construction of houses, offices, and other institutions, which would impede the emergence of new job opportunities and subsequently high levels of sustained unemployment within the community. Political instability gives rise to the creation of a worrisome environment with anxious people who are prone to violence and conflict, and such a tense atmosphere could also negatively influence the

economic wellbeing of a country through damage to its tourism sector by decreasing the number of visiting tourists. In other words, economic development is disrupted due to the physical and human capital being damaged.

#### **b) Quality of management**

Democracies can more effectively deal with and manage social conflicts compared to authoritarian regimes. This is because prevalent political institutions provide their opponents the opportunity to achieve the transformation they desire without harming the political system under the umbrella of a democratic regime (Doğan, 2005).

Dictatorship regimes have the tendency to be confronted with violent political revolts and conflicts approximately every 12 years, while democracies experience such events every 21 years on average. Wars have more economically destructive impacts on dictatorships than on democracies. Alleviating the conflicts within the social spectrum, democracies prevent such conflicts from contributing to economic collapse or turmoil. It can hence be proposed that the prospect of a peaceful and amicable atmosphere being maintained is comparatively higher in democracies (UNDP, 2002: 57).

#### **c) Government size**

Taxation is a factor of considerable significance in suppressing economic activity (Tavares and Wacziarg, 2001). Autocratic regimes have extremely high levels of military expenditure, which they attempt to finance through increased taxes, hence slowing down the rate of economic development. In democracies, however, taxes are much lower since such expenditure is comparatively less. Therefore, even considering the social expenditures, it can be clearly seen that economic development is much more likely to be vibrant in democracies (Doğan, 2005).

#### **d) Income inequality**

The more unequal the income distribution is, the higher number of people that are expected to be involved in illegal activities that threaten the property rights of people. This in turn will deter investment and hence economic growth/development. High income inequality is responsible for the restlessness of people and disruption of democracy or political instability in a society; which has a negative influence on the economic affluence (Alesina and Perotti, 1994). High income inequality contributes to the existence of high taxation rates, which has the potential to lower economic growth (Tavares and Wacziarg, 2001: 1347).

#### **e) Trade openness**

International trade enables countries to benefit from other countries' superiorities through the mobilization of products with higher quality or access to services at more improved levels. In this way, competition in the local market is elevated and the spread of advanced technology is facilitated in such a way that economic growth and development are triggered.

According to Kalaycı and Artan, democratization supports a reduction in the customs taxes that are related to imported goods and at the same time monitoring any kind of rise in the non tariff barriers. (Kalaycı, C. & Artan, S.2012).

#### **f) Human and physical capital**

Democracies are more sensitive to satisfying the needs of societies than dictatorships meaning that more attention is paid to supporting the accumulation of human capital. Since democracy is the most convenient atmosphere for encouraging the development and manifestation of human capital, human capital is accepted as both a consequence and indicator of democracy (Doğan, 2005).

The property rights of people can be secured more effectively under democratic systems, which thus encourages both locals and foreigners to make future investments. This can be considered to be correlated with the possible reduction in economic, political, and social unreliability (Doğan, 2005).



Libertarian values such as freedom of speech and association, the rule of law, multipartyism and elections, the protection of human rights and separation of powers create a convenient atmosphere of stable investment for economic development to take place. Botswana and Mauritius, as two African countries with stable liberal democratic regimes, have fast and stable economic growth rates as a result of embracing such values. Hence, liberal democracy can be highlighted as a fundamental body that facilitates economic development (Adejumobi, 2000: 4-5).

On the basis of the previous sections of this paper, it can be emphasized within the social, economic, and political context that the most developed countries in the world are also the most democratic ones in which the peace and happiness levels are the highest and this is obviously not a coincidence.

In many studies, it is alleged that socio-economic factors and democratic political development are alleged in many studies to have correlation in such a way as suggested by Lipset; indications of wealth (per capita income, thousands of persons per doctor, and persons per motor vehicle), communication (telephones, radios, and newspaper copies per thousand persons), industrialization (percentages of males in agriculture and per capita energy consumed), education (percentage literate, and primary, post-primary, and higher education enrollment per thousand persons), and urbanization (percent in cities over 20,000, 100,000, and in metropolitan areas) are all strongly related to political democracy (McCrone, D. J., & Cnudde, C. F., 1967).

Urbanization taking the lead, a variety of complex skills and resources have been developed, which designate the industrial economy of the modern era. With the help of urbanization, literacy and media growth have emerged and improved. The literate develop the media, which then spreads literacy; the resultant ability to read leads to the achievement of various tasks required by modern society. Once the intricate technology of industrial development reached a certain level, communication media started to grow with the production of newspapers, radio networks, and motion pictures on a vast scale. As a consequence, the literacy rate increased with the accelerated spread of literacy. As a result of such interactions, institutions of participation like voting have developed, which are now prevalent in all advanced modern societies. Hence, urbanization, education, communications, and democratic political development can be demonstrated to have an influence over one another in a respective manner (McCrone, D. J., & Cnudde, C. F., 1967).

The most extensively implemented definitions of democracy concentrate on the procedures of governance along with the electoral process. Dahl, similar to other democratic theorists, predominantly associated democracy with the institutions and processes of democratic government. The essence of democracy is accepted as the ability of citizens to have equal involvement in free and fair elections, which are to coordinate the actions of government. In different terms, “free and fair elections”, “responsive government”, “multiparty competition”, and “popular control” or “majority rule” are considered vital elements when defining democracy. In addition to defining democracy in terms of its institutions and procedures, the focus has also shifted to its outcomes by emphasizing freedom and liberty as vital targets of democracy, such as the existence of freedom of speech, assembly and other rights essential to make electoral competition meaningful. Therefore, the existence of democratic institutions and procedures is principally considered as a way of achieving the essential goals of democracy such as freedom and liberty (Dalton, Russell J. Shin & Doh Chull Jou, 2007).

According to Mainwaring (1989), three basic principles must be satisfied for a democratic system to prevail including: competitive elections for the legislature and the government; broad adult citizenship, where the elimination if possible the large illiterate portion of societies would undermine the concept of generalized adult suffrage; and thirdly, the protection of the rights of minorities where the guarantees of traditional civil liberties for all must be provided by democracies.

Eight criteria were proposed by Dahl (1971:3) in Polyarchy to define democracy include the right to vote, the right to be elected, the right of political leaders to compete for support and votes, elections that are free and fair, freedom of association, freedom of expression, alternative sources of information, and institutions that depend on votes and other expressions of preference.

Four central values of democracy were recorded by Larry Diamond (1999) as political liberties, participation rights of citizens, equal justice before the law, and equal rights for women. Ideally, other forms of government might try to achieve the same goals, but in reality, supporting and permitting the liberties and freedom of citizenry would be

incompatible with autocracies. As previously stated, democracy can also be defined within the framework of individual rights and liberties that are safeguarded by a democratic system such as freedom of speech, religion, and assembly.

One of the most widely used development variables used in relation to democracy is per capita national income, or gross national product (GNP), along with non-monetary factors such human welfare as literacy and life expectancy (Diamond, 1992).

To the same extent as political and civil rights, the social dimensions of democracy also have significant importance, such as social services, providing for those in need, and ensuring the general welfare of others. From this perspective, if people lack the adequate resources to satisfy their fundamental social requirements, the democratic principles of political equality and participation are futile (Huber, Rueschemeyer and Stephens, 1997).

The democratic values of governments have been measured by Freedom House within the framework of political rights and civil freedoms of countries. As a result of this examination, countries are categorized as free, semi free, and not free. The criteria of Freedom House include multiparty system based on competition, the right to vote for all citizens, the freedom to be involved in different political groups and opposition, whether citizens are under the control of external legitimate powers or not, the autonomy of minorities to a certain extent and their engagement in decision-mechanisms, the freedom of expression and belief, constitutional state and basic human rights, personal autonomy and economic rights (Yolcu, 2018).

## **V. CONCLUSION**

Freedom of thought and opinion are crucial elements that must be in place if democratic systems are to achieve economic development. People can reveal their talents and creativities provided they are afforded the freedom to freely express their opinions. People who envision the best, the most truthful, and the most beneficial in the competitive environment created through the freedom of thinking can be successful within the society. It would not be possible for people to express their most authentic and creative ideas in a society if attempts to interfere with their creative are made under the direction of the government. Due to the fact that people are selfish in nature, they generally act in a manner that benefits their own interests. Under conditions where freedom of thinking prevails, people can produce the best ideas to reach their highest level of satisfaction. On that basis, the best ideas produced by people for their own sake would also improve and be beneficial for the social and economic conditions within the society. For instance, the owner of a car factory would only propound ideas to manufacture the best car for the purpose of maximizing his profits. However, the motivation required for exhibiting the same performance through the efforts spent would be lost in the case of a person working in a car factory belonging to the government. Liberal thoughts and all other liberal principles should exist in economic systems. A vicious cycle is observed in economic systems in which there is not a liberal structure. Social improvements slow down in such economic systems due to self-interests being eroded.

Democracy is the most fundamental element for the economic development of countries and should be prevalent in all the institutions of a country. It is the most significant contributor to peace and happiness in a country. Democracy has enormous importance even within the smallest unit of a society, which is family. If people do not have the opportunity to freely express their opinions within their families, this would lead them to being unhappy. It is not possible to discuss happy societies without happy families, since families are considered to the building blocks of society.

Economic development emerges in a much more dynamic way in those countries where democracy is accepted as a way of governing. Leaders governing societies in which democracy exists are obliged to provide explanations. The higher the level of democracy in a society, the more transparent those leaders have to be in the case of properties acquired. Therefore, those taking the responsibility for governing the society cannot have the luxury of obtaining any kind of unfair earnings, either privately for themselves or for their acquaintances (Barış & Erdoğan, 2018). From this perspective, since the illegal use of resources and earnings of societies cannot even be a matter of discussion, the equal distribution of national income to all sections of a society would be the point to be highlighted in democracies. This circumstance would block the unproductive use of societal resources, which could instead be used for the maintenance of economic development, and at the same time, would increase the trustworthiness of those governing the society from the perspective of those being governed. Trust is critical for

the peace and happiness of societies.

Once a peaceful atmosphere is sustainability achieved within a society, an atmosphere of stability can be considered to be ensured. A stable and trustworthy atmosphere within a society is the most favorable condition for investors, as it encourages both native and foreign investors to have greater involvements in investments, which is the only way of achieving both economic growth and development. Investors always prefer secure economic environments, as money is not something that can be easily earned.

Improvements recorded in technology are acknowledged to be the core of economic developments. The private sector is taking the lead technological developments on a global scale. The private sector is trying to maximize its profit through developing the best technology. Thus, liberal economic structures where democracy exists present the optimum conditions for technological developments to take place. After the disintegration of the Soviet Union, which had been governed with a socialist system for many years, it was observed that almost every product being used ranging from cars to radios were significantly more outdated in terms of technology than those used in countries under the governance of liberal systems.

As a rule, it can be said that people can display the performance at a peak level to obtain the best possible outcomes provided they are working for their own advantage, which is valid in the case of technology as well.

Every rich and happy country around the world has been observed to be ruled by democracy, while antidemocratic countries have been recorded to be poor and unhappy, as shown in this study.

Another very beneficial aspect of democratic systems can be observed during periods of crisis. When countries are faced with economic crises, it would be much easier for democratic governments to be changed, thus allowing them to resolve economic problems. The possibility of changing the government in order to overcome the crisis in systems lacking democratic process would not exist (Şanlısoy, 2010). It can be declared in one sense that democratic systems offer a form of insurance in situations of crisis.

The tendency of countries distributing their resources equally to all its sectors is one of the remarkably important aspects of democracy. However, in regimes where democracy is lacking, significantly more investments are made in military and detective sectors. This is particularly seen in the USSR, which was governed by an undemocratic system, where a vast portion of the country's resources were allocated to military budgets. In the same manner, the military expenditure in countries like Chad and Saudi Arabia, which are categorized as two of the most antidemocratic countries, is extremely high with 4.06% of the GDP in Chad and 9.49% in Saudi Arabia; on the other hand, in Sweden and Norway only 1.1% and 1.51% of their GDPs are spent on the military, respectively, which are categorized as the two most democratic countries in the world (These are average percentages for years between 2009-2018) (data.worldbank.org). Under such circumstances, important problems arise in sectors other than the military as they are deprived of sufficient financial support and as a result, this causes problems with the economic development of the countries as a whole.

Another important advantage of democratic countries is the competition created in their political systems. In the democratic systems, the political parties are in a competition in serving the public, as this is a rule for the democratic systems; the best serving ones survive and the others disappear.

In order for all world countries to achieve economic development in a healthy way and as a whole, democratic regimes should be adopted in an absolute manner and all efforts to install democratic structures in all areas should be made by the governments. If the governance of all world countries was democratic, this would enable the world resources to be used more efficiently and more productively. In this way, the welfare of the world could be improved and people can be provided with more comfortable and happier lives. Applying democracy to countries in the shortest time possible and to more places should be achieved in societies through education. Beginning in primary schools in particular, curriculums should include democracy lessons in order to emphasize how important democracy is for the economic development of countries and hence for their social welfare. Societies can be transformed into richer structures by educating future generations in such that they have increased importance of the concept of democracy.

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