

# Tolerance and Democracy in Liberal and Authoritarian Market Economies

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# Tolerance and Democracy in Liberal and Authoritarian Market Economies

Report from conference proceedings  
on authoritarian capitalism

## Glasshouse Forum

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## **Glasshouse Forum's Executive Summary**

According to the established modernisation theory, economic growth leads in the long term to a liberal democratic system. This view presumably contributes to the belief in China's coming democratisation being so widespread. But if Azar Gat is correct in that it is possible to have economic development without liberal democracy, then the modernisation theory needs to be modified so that it can explain why economic development in certain cases leads to democracy, but in other cases does not.

Glasshouse Forum has approached the political scientists Sten Widmalm and Sven Oskarsson in order to acquire a complementary empirical elucidation of the question of the return of authoritarian capitalist states and a critical discussion of the modernisation theory from this perspective. What other factors apart from economic development are significant for the growth and maintenance of a democracy? For a long time the extent of social capital has been considered to be of great significance, but Widmalm and Oskarsson claim that the extent of tolerance is one of the surest ways of predicting whether a society will develop into a democracy.

The position of tolerance in different societies can be measured using the World Values Survey. Widmalm's and Oskarsson's analysis shows that Russia and China have conspicuously low values for tolerance unlike other emergent countries such as India, South Africa and Brazil. This means that the prerequisites for developing liberal democracies in China and Russia are poor, and the study therefore provides support to Gat's line of argument.

This also gives rise to a reformulation of the modernisation theory. Tolerance does not necessarily follow from economic development, is Widmalm's and Oskarsson's conclusion, and for that reason nor does democracy follow from economic development. The prerequisite for tolerance and economic development to go hand-in-hand is that income differences are not too great. Russia and China are markedly unequal societies.

This is how the modified modernisation theory runs: economic development favours tolerance which favours democracy presupposing that societies are relatively equal.

## Introduction

Political scientists often lag one step behind. Few of us predicted the fall of the Berlin Wall and now we are struggling to catch up with concerns over global warming. There is one more obvious topic where studies in democracy have not really caught up with current events. It is easy to get the impression that *tolerance* between certain groups of citizens is eroding or at least performing badly on a global scale. A chasm has divided the Islamic world and the West. Economic globalization and technological change are restructuring labour markets around the world with hostility towards immigrants as a consequence. And still, in most parts of the world, anyone declaring him/herself to be homosexual will be socially ostracized and even at risk of their life.

But democracy is impossible without tolerance. Nonetheless, the policy measures adopted by many states seem to lessen the scope for tolerance – and this creates halo effects. Several states are trying to protect themselves against various threats from terrorism by enacting laws that threaten liberal values of freedom, and this leads to a certain amount of risk that the baby may be about to be thrown out with the bath water. And when states with long democratic traditions enact “tougher” and force-oriented measures, states with poor or virtually no democratic track-record become, it seems, less motivated to pursue policies towards democracy. Consequently, it does not seem far-fetched to hypothesize that at least some states and their regimes in the world today are gravitating towards, and stabilizing at, positions that are less democratic or undemocratic. In this article we want to shed light on some limited aspects of this problem area by paying attention to the role of tolerance and modernization (including economic development) for democracy. In the first part we argue, much in line with Inglehart and Welzel (2005), for re-establishing the central position of tolerance in the debate on the directions taken by regimes or states. To understand the preponderance of a culture of tolerant norms compared to socioeconomic development when explaining democracy, we propose a slight reformulation of the modernization thesis. In short, we argue that *it is only when modernization is combined with a more egalitarian dis-*

*tribution of wealth that the fostering of values of tolerance and democracy will be supported.* In the empirical part of the paper we proceed to illustrate how a number of selected states in the world perform in terms of tolerance and modernization in relation to democracy. It turns out that states like the UK, India, Brazil, Sweden, the US, and South Africa have managed to raise or uphold high levels of tolerance and democracy in spite of very different challenges, and that countries like Russia, China and, perhaps surprisingly to many people, France, are either not improving or experiencing serious declines in levels of tolerance. In the Russian and Chinese cases this development is mirrored by very low and declining levels of democracy. These trends support the contention that changes in the civic-mindedness of citizens is a better predictor of democratic trajectories than socioeconomic development. Finally, we investigate more closely how modernization, norms of tolerance and democracy interact. Here we find preliminary support for the contention that income inequality is a crucial factor in this interrelationship.<sup>1</sup> In countries characterized by a more egalitarian income distribution, the connection between modernization, tolerance, and democracy is very strong. But in more inegalitarian authoritarian societies the positive link between modernization, norms of tolerance, and levels of democracy is considerably weaker.

## Modernization and Democracy – an Assessment

In the article “The Return of Authoritarian Great Powers” Azar Gat effectively challenges the assumption that authoritarian states can be assumed to gravitate towards liberal and democratic regime models.<sup>2</sup> Surely “economic and social development creates pressures for democratization”; it has for a long time been hard to imagine how authoritarian states could do well in “advanced stages of the in-

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1) In order to support this conditional modernization hypothesis more firmly, further empirical studies using both time series cross section data and individual level evidence are needed.

2) It should be noted that Adam Przeworski belongs to those who have not assumed this.

formation economy” or anything beyond providing “mass manufacturing” (Gat, 2007). However, against the rise of the economies in China and Russia, Gat argues that “[t]he jury on these issues is still out, because the data set is incomplete”. We certainly agree with this observation. Russia has been displaying authoritarian tendencies for a long time. Elections are not free or fair, the free press is under constant attack by the government, and any act labelled as terrorism is conveniently used to give legitimacy to limitations on freedoms.<sup>3</sup> China shows some signs of democratization from below, but at a national level it retains a firm grip on dissident voices. Nonetheless, not all new rapidly growing economies will fit into this box.

India stands out in this group of large and *nouveau riche* countries. From independence to the 1980s its economic low performance was most often described as “the Hindu rate of growth”. Then, liberal reforms brought India to its take-off phase which has kept the country at, or just below, double digit growth for several years. What is more, India still maintains a steady democratic course. It is certainly not without many problems, some quite serious, such as the relationship between Hindus and Muslims, but it has managed to uphold its impressive voter participation rate at around 60 per cent since the end of the 1960s; the democratic deficit has in some places decreased as a consequence of decentralization reforms (Widmalm, 2008); the Hindu nationalist government lead by the Bharatiya Janata Party was voted out of office in the *Lok Sabha* election in 2004, and this was followed by the repeal of the infamous Prevention of Terrorism Act (POTA).<sup>4</sup>

Consequently, although trends manifested by Russia and China are – to say the least – troubling, India is an example which shows that there is no absolute determinism involved preventing fast growing economies from pursuing democratic values. If we focus on states with high growth rates, states like India and Brazil, for example, can be placed at the democratic end of a regime spectrum, while Russia and China would be placed at or near the authoritarian end.<sup>5</sup> These observations, and those provided by Azar Gat, pose several significant problems for the traditional assumption that modernization will lead to democracy (Lipset, 1959).<sup>6</sup> Ever since Lipset’s seminal article there has been a steady flow of studies confirming the

positive relationship between socioeconomic development and political democracy (Burkhart & Lewis-Beck, 1994; Huntington, 1968; Jackman, 1973; Boix & Stokes, 2003; Przeworski & Limongi, 1994). On a very general level, research in this genre adheres to some version of the following model:



There are, however, some differences in how earlier research has interpreted the modernization thesis. The most important difference concerns the emphasis on structures versus actors (Teorell & Hadenius, 2007). The more structure-oriented argument focuses on how the spread of education and communication, the occupational specialization, and the growth of the middle classes have had the twin effect of both raising the absolute level of well-being for the total population and providing for a more egalitarian society by affecting the wealth of the lower strata most (Huber, Rueschemeyer

3) The latest example: After the assassination of Benazir Bhutto, Declan Walsh reported for *The Guardian* that “In Moscow, President Vladimir Putin sent a telegram to Musharraf saying Bhutto’s murder was ‘a challenge thrown down by forces of terrorism, not only to Pakistan but also to the entire international community’ Russian news reports said.” URL: <<http://www.guardian.co.uk/pakistan/Story/0,,2232724,00.html>>, accessed 2008-04-16.

4) Although it should be noted that several components of POTA were incorporated by the United Progressive Alliance Government as amendments to the “Unlawful Activities (Prevention) Act 1967”. See for example: <http://www.hinduonnet.com/2004/09/24/stories/2004092403191000.htm>.

5) It can also be added that Atul Kohli shows in *State-Directed Development* that late-late industrializing countries that have achieved economic growth have not succeeded well in democratic performance (Kohli, 2004).

6) Also if we reverse this problem complex, then we find that the observation that Adam Przeworski and Fernando Limongi made over a decade ago still seems to hold true, that although institutions certainly matter for economic growth, regime types may not necessarily capture the most relevant mechanisms (Przeworski & Limongi, 1994).

& Stephens, 1993; Ronald Inglehart, 1997a; Lipset, 1959). This, in its turn, has fostered the development of democratic norms, above all norms of tolerance, among the citizens. Finally, such norms are seen as necessary prerequisites for transitions to, as well as the stability of, democratic regimes (Ronald Inglehart, 1997a; Ronald Inglehart & Welzel, 2005). The more actor-centred or strategic approach focuses instead on the direct link between modernization and democracy. The underlying argument states that socioeconomic development, first and foremost increasing levels of wealth in a society, will influence the preferences of elite political actors. In short, a growing economy will increase “the incentives of the ruling faction to democratize” (Boix & Stokes, 2003) and/or to maintain an already democratic regime (Przeworski & Limongi, 1994) (Przeworski, Alvarez, Cheibub & Limongi, 2000).

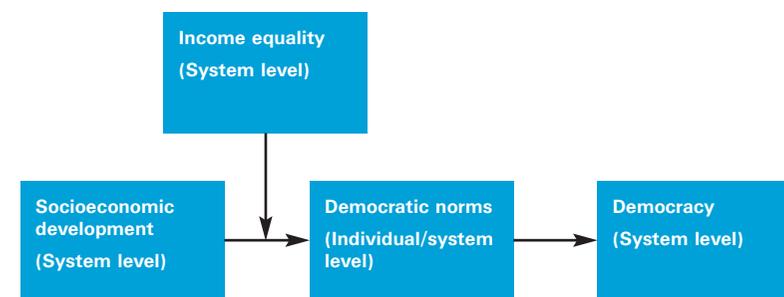
Accordingly, however conceived, the modernization thesis leads us to expect a strong positive relationship between socioeconomic development and levels of democracy. Moreover, we should also expect to find a positive impact of aggregate levels of norms of tolerance and democracy within and across countries. As was noted above, several empirical tests over the past four decades confirm these assertions.<sup>7</sup>

The main argument of this study is that the modernization thesis as hitherto understood is too simplified and needs important adjustments. In the studies referred to above there is an explicit or implicit assumption that modernization entails the confluence of two structural changes. Increasing incomes, occupational specialization, and the spread of education and literacy will lead to socioeconomic development in the sense of increasing absolute levels of well-being for the total population, and at the same time provide for a more equal society by compressing income distribution. In the end, it is the combination of these factors that fosters democratic norms among the citizens which, in turn, lead to increasing levels of political democracy.

Empirically there is a clear positive relationship between measures of socioeconomic development such as GDP per capita and income equality (Boix, 2003). Nonetheless, there is nothing deterministic about this relationship. It is not hard to conceive of, and

find empirical evidence of, societies in which increasing levels of education and aggregate wealth have gone hand in hand with increasing levels of *inequality*. The development during the last decade in countries such as Russia and China are two important cases in point.<sup>8</sup>

Consequently, there are strong reasons to open the black box of modernization and somewhat reformulate the more widely accepted thesis. Above all, we argue that, in order to better understand the impact of modernization, we must keep socioeconomic development and income equality apart, both conceptually and empirically. Schematically, this alternative understanding of the modernization thesis can be depicted as follows:



*Thus, we hold that, whereas the relationship between norms and democracy is direct, the effect of socioeconomic development on democratic norms and the level of democracy is conditional on the degree of income inequality in a society.* This reformulation of the

7) There has been some debate on whether the effect of economic development on democracy is linear, decreasing or even curvilinear (Arat, 1988; Jackman, 1973). Furthermore, recent studies have focused on whether economic development has a positive effect on both transitions to and away from democracy (Przeworski & Limongi, 1994) (Boix & Stokes, 2003). For empirical tests of the relationship between democratic norms and democracy, see (Inglehart, 1997b) and (Inglehart & Welzel, 2003; Inglehart & Welzel, 2005).

8) In relation to this result, it is natural to ask why tolerance remains high in the US in spite of large gaps between the rich and poor.

modernization thesis provides one plausible reason for why we should expect the prevalence of democratic norms among the citizens to be a stronger predictor of democratic progress than socioeconomic development.

The question, then, is how we should understand the causal mechanisms underpinning this conditional modernization thesis? According to the structure-oriented version of the modernization thesis we should expect a positive effect on the development of democratic norms among the citizens in societies climbing the socioeconomic ladder. But recent research has shown that it is easier to learn the lessons of tolerance and trust in less diverse and more egalitarian societies (Rothstein & Uslaner, 2003) (Alesina & La Ferrara, 2002). Hence, it seems reasonable to assume that norms conducive to democracy are more easily triggered by education and increasing levels of income in a society that is more equal at the outset. In the end, therefore, we should expect the effect of socioeconomic development on democratic norms to be stronger in more egalitarian countries. And, since democracy-enhancing norms in themselves are a necessary prerequisite for stable democratic institutions, we should also expect the impact of socioeconomic development on levels of democracy to be mitigated by the degree of inequality in the country.

The conditional relationship between socioeconomic development and democracy can also be supported from the actor-centred viewpoint. The starting point here is that we should expect the general income level of a nation to affect the receptivity of democratic norms among the elite actors. Norms of tolerance can develop and be sustained where:

*there is enough wealth in the country so that it actually does not make too much difference if some redistribution does take place. If loss of office is seen as meaning serious loss for major power groups, then they will be readier to resort to more drastic measures in seeking to retain or secure office.* (Lipset, 1959: 84)

However, this tolerance-enhancing effect among the well-situated should be even more pronounced in egalitarian societies, since under

such circumstances the redistributive measures following in the wake of democratization are less severe for the rich:

*Income equality means that the redistributive scheme that would win democratic support (the one supported by the median voter) would deprive the rich of less income than the one the median voter would support if income distribution were highly unequal. Hence the rich find the democratic tax structure to be less expensive for them as their country gets [more egalitarian], and they are more willing to countenance democratization.* (Boix & Stokes, 2003: 539–540)

In the end, then, two hypotheses distinguishing between our version and the usual understanding of the modernization hypothesis follow from this reasoning. First of all, we expect the impact of socioeconomic development on democratic norms to be conditional on the level of income equality in the country. More precisely, we expect a stronger positive effect in more egalitarian countries. Secondly, and following directly on from the first hypothesis, the relationship between socioeconomic development and democracy should, likewise, be dependent on the degree of income equality. Once again we expect a stronger positive effect in more egalitarian countries.

## Concepts and Measures

Before turning to the empirical tests of these hypotheses, a few words on how we define and measure the central variables are needed.<sup>9</sup> Our causal argument contains four factors of interest: socioeconomic development, income inequality, democratic norms, and democracy.

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<sup>9</sup> Except for the measures of tolerance, all data in the empirical analysis is taken from (Teorell, Holmberg & Rothstein, 2008).

## Modernization

Most of the studies that have tested the modernization thesis have relied on measures of modernization in terms of economic development, such as energy consumption or GDP per capita. However, as is evident from Lipset's original empirical account, a much wider range of measures – apart from economic development, industrialization, education, urbanization, and communications – was used to tap modernization (Lipset, 1959). In this study we will mainly follow this second route and employ the so-called Human Development Index (HDI) as our main measure of modernization.<sup>10</sup> The HDI measure ranges between 0 (extremely low levels of development) and 1 (extremely high levels of development). To validate the results, we will also duplicate some of the analyses using GDP per capita as the indicator of modernization.<sup>11</sup>

## Income inequality

The next step in the model concerns levels of income inequality. To tap the shape of the income distribution we use a measure of estimated household income inequality (Galbraith & Kum, 2003). These Gini coefficients theoretically vary from 0 (perfectly equal distribution of income) to 1 (the society's total income accrues to only one household).

## Tolerance

We are placing the *mores* of societies (de Tocqueville, 1935, 1940 [1994]) in focus in this study. But even though the obvious contender to many people might be social capital, especially considering how the field of democracy studies has been flooded with studies of this over the past fifteen years, we want, as we have suggested, to bring the focus back onto tolerance in societies and emphasize its importance. Recent research on social capital shows that contextual factors play a great part in determining whether or not trust, shared

norms and networks will contribute towards democratic development (Widmalm, 2008). Tolerance, on the other hand is a necessary precondition, although not a sufficient one, for democracy by itself, regardless of context (Inglehart & Welzel, 2003; Lipset, 1959; Mill, 1859).<sup>12</sup> If democracy is dependent on its citizens embracing some tolerant values, we could better understand whether the authoritarian strong economies, like those of China and Russia, stand a good chance of becoming democratic in the future, or whether we should expect them to remain non-democratic, and perhaps even evolve into threats against the democracies. This can be argued both from a political philosophical stance, as well as on the basis of support from empirical research. The emphasis in this article is on the latter. Finally, all kinds of tolerance are not the same, so we want to make clear what, more specifically, we are speaking about.

We understand tolerance to be a basic prerequisite of liberal democracy requiring “citizens to uphold and secure the rights of groups, even those they find objectionable, to participate fully in political, social, and economic life” (Weldon, 2006) 331). Thus, we should distinguish between at least two different aspects of tolerance: political and social tolerance.

Studies of political tolerance were pioneered by researchers in the US in the 1950s and 1960s mainly for two reasons. They

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10) The Human Development Index is a composite index that measures the average achievements in a country in three basic dimensions of human development: a long and healthy life, as measured by life expectancy at birth; knowledge, as measured by the adult literacy rate and the combined gross enrolment ratio for primary, secondary and tertiary schools; and a decent standard of living, as measured by GDP per capita in purchasing power parity (PPP) US dollars (UNDP, 2004).

11) More precisely, we use real GDP per capita in constant dollars. The original data is from the Penn World Tables (Heston, Summers & Aten, 2002). Following the advice of earlier research, we expect a positive but decreasing effect of GDP per capita on democracy. Therefore, we employ the natural logarithm of GDP per capita as our measure of economic development (Arat, 1988; Jackman, 1973) (Burkhart & Lewis-Beck, 1994).

12) Tolerance can behave in a completely unrelated or even opposite way to trust. (Widmalm, 2005).

emerged from the Cold War as the threats of Communism, both real and imagined, and the fears promoted in connection with them, threatened civil liberties. Also, they were born out of the Civil Rights movement. The Civil Rights Act of 1964 and the Voting Rights Act of 1965 led to policies that challenged the levels of tolerance of the white majority. In this context Stouffer's seminal study 1955 and his continued work in 1973 laid the ground for how most studies since have formulated surveys on political tolerance. They most commonly involve a question where the interviewee is asked to name the most disliked group in society. Then the interviewee is asked to respond to questions about which rights should be extended to the least liked group. All according to the dictum that we may disagree on what other people think and say, but we may want to protect their right to be different (Hall, 1906). This has generated a large number of studies of how, for example, levels of education, religious preferences, ideological preferences, gender, ethnic origin etc are associated with political tolerance.<sup>13</sup>

In order to obtain a comparable cross-country measure of political tolerance we rely on data provided by the World Values Survey (WVS).<sup>14</sup> The variable measures whether the respondent thinks that the group in society he/she likes the least should be allowed to hold public demonstrations. We employ the proportion of positive answers to this question as our indicator of political tolerance.<sup>15</sup>

Unfortunately, the classical Stouffer question on political tolerance was only included in the WVS third wave (1995–1997) and only for a limited number of countries. Hence, when comparing the time trends in tolerance across countries we will rely instead on a measure of social tolerance.<sup>16</sup> Social tolerance here refers to the extent to which people are willing to accept minority groups in society as equal. The WVS data includes a battery of items about attitudes towards groups that are often harassed and unprotected by rights. From the groups mentioned in the WVS studies we have decided to look closer at attitudes towards immigrants and homosexuals. It would naturally have been possible to look at attitudes towards, for example, Muslims in India and the UK, Jews in Poland and Sweden etc., since these groups are exposed to harassment in those countries. But the status of Jews and Muslims simply varies too much when we

widen our perspective to include states from several continents. The situation of immigrants and homosexuals is, on the other hand, more or less difficult everywhere. Looking at attitudes toward these two groups has more general relevance, we would argue, and is therefore the focus of the comparison that will follow below. More precisely, our indicator of social tolerance is an additive index of four variables measuring the proportion of the respondents who do not object to having people of a different race, immigrants, homosexuals, and people who have AIDS, respectively, as neighbours.<sup>17</sup>

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13) See, for example, (Cigler & Joslyn, 2002; Duch & Gibson, 1992; J. Gibson, 2005; Gibson, 1995, 2002; J. L. Gibson, 2005; Gibson, 2006; Gibson & Duch, 1993; Gibson & Gouws, 2000; Golebiowska, 1999; Mutz, 2002; Persell, Green & Gurevich, 2001; Reimer & Park, 2001; Finkel, 1999).

14) We are greatly indebted to Thorleif Pettersson and support from World Values Survey for supporting the project with the most recent data on this topic. Pettersson and the authors are all members of the The Uppsala working group on Pluralism, Tolerance and Democracy.

15) The mean value across the 46 countries with valid observations is 0.115 and the sample range is 0.007–0.439. Thus, despite our quite low threshold for political tolerance, we can see that political intolerance is the normal state of affairs in most of the countries in our sample. This finding confirms the pessimistic conclusions from earlier studies of political tolerance across countries, indicating that a majority of citizens in most states are unwilling to extend democratic rights to unpopular groups (Peffley & Rohrschneider, 2003). We have also cross-checked all results using a slightly different indicator of political tolerance – whether the respondent thinks that a member of the most unpopular group should be allowed to hold public office. The results obtained when using this measure do not differ from the ones presented below.

16) The zero-order correlation between our measures of political and social tolerance during the mid 1990s is quite substantial: 0.67 ( $p = 0.000$ ). Thus, it is reasonable to expect that the time-trends in social tolerance partly pick up an underlying trend in tolerance at large (political and social). Furthermore, the results of the cross-sectional analysis presented in Figure 2 and Tables 1 and 2 are very similar irrespective of tolerance measure employed.

17) The four variables are added together and then divided by four to obtain a social tolerance indicator varying between 0 (extremely intolerant country) and 1 (extremely tolerant country). The mean value across the 81 countries with valid observations is 0.685 and the sample range is 0.230–0.955. For three countries – Pakistan, Egypt, and Iran – the measure indicated suspiciously high levels of tolerance towards homosexuals (very close to or equal to 1). **Continues on p. 19.**

## Democracy

The final variable in the causal chain is democracy. There is widespread scholarly agreement within the liberal tradition on the basic features of democracy. Elections – recurrent, free, and correct – are to be held to political offices that wield power. This constitutes the political rights of the citizens. Furthermore, the universally enfranchised citizenry should enjoy political freedoms such as freedom of assembly, freedom of association, and freedom of the press (Bollen, 1990). To tap both of these dimensions we use the combined Freedom House scores on political rights and civil liberties as our measure of democracy. The variable is inversed and rescaled such that 0 indicates no democracy and 1 is equal to full democracy.

## Results

We now turn to the analysis of the trends in a number of selected countries and the tests of the interrelationship between modernization, income inequality, tolerance, and democracy. The analysis will proceed in two steps. We will start by looking at the trends in the Human Development Index, social tolerance and levels of democracy over the last two decades in a sample of eleven countries: the US, Russia, China, India, France, Germany, South Africa, Argentina, Brazil, Sweden, and the UK. This selection of countries covers both a number of rapidly growing and large economies (China, Russia, India, Argentina, South Africa, and Brazil) and some long-since economically developed and democratically stable nations (the US, France, Germany, Sweden, and the UK). In the second section we will extend the sample of countries in order more fully to test the two hypotheses outlined above through a series of simple cross-country regression analyses. The question in focus concerns to what extent the effect of modernization on tolerance and democracy is conditional on the level of income equality.

## Socioeconomic development, tolerance and democracy – What do the trends tell us?

Figure 1 presents the trends in socioeconomic development, social tolerance, and democracy between 1990 and 2006 for eleven countries. A central theme in this study is the crucial role played by the development of democratic norms in order to understand the direction in which “authoritarian great powers” and other states in the world are moving. As we argued above, the embracing of norms of social and political tolerance among the citizens is the key factor for unpacking the mores of leading states in world. This focus on norms of tolerance does not mean that we deny the important role played by socioeconomic changes in the causal nexus explaining democracy. However, whereas we expect a strong and direct link between a culture of tolerance and democratic institutions, the relationship between socioeconomic development and democracy is assumed to be conditional on the degree of equality in the society. In the end, then, we should expect that, even though trends in socioeconomic development should be good predictors of democratic development, our guesses about the future fate of democracy in specific countries are much better guided by the underlying trends in democratic norms among the citizens.

Looking at the graphs, it is obvious that there has been a positive socioeconomic and democratic development in a majority of the countries over the past two decades. Argentina, Brazil, Germany, India, Sweden, the UK, and the US have all witnessed increasing levels in the Human Development Index in combination with stable, high or rising levels of social tolerance and levels of democracy.<sup>18</sup>

Apart from being success stories, these countries are fairly un-

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Continuation from p. 17: For these countries we have instead used a proxy measuring the degree to which the respondents think that homosexuality is justifiable. Conforming to our expectations and closely following the results in some neighboring countries, this measure indicates a very low level of tolerance towards homosexuals in Pakistan, Egypt, and Iran.

18) There is, it should be noted, a slight decrease in tolerance in India – most likely due to the Hindu nationalist rule during this period.

problematic, given our focus on investigating the relative merit between modernization and norms of tolerance in predicting changes in levels of democracy. If both socioeconomic development and the strength of tolerant norms increase in tandem, we should surely expect democracy to thrive. It should, however, be noted that we cannot, at least not yet, observe any 9/11 effects in countries like the US or the UK in these data sets. At the very least a more hostile view towards immigrants was expected, but found no support. Sweden also saw a minor rise in support for xenophobic parties two decades ago, and then a revival of the same phenomenon in the most recent election. These trends are, however, not reflected in the vast majority of the population.<sup>19</sup>

The most interesting cases are instead those in which the trends in socioeconomic development, social tolerance, and democracy diverge. The four countries then entering the stage – China, Russia, South Africa and France – provide litmus tests for our argument about the relative importance of norms of tolerance over socioeconomic performance. Looking first at the Chinese case, we can see that the steady rise in economic and social wealth since the beginning of the 1990s has not translated into increasing levels of democracy. Although China shows some signs of democratization from below, its national level democratic track record is still very bleak. One possible obstacle to a more positive democratic development in China is the below average, and slightly declining, levels of social tolerance in the country.

Further support for the importance of the underlying trends in norms of tolerance among the citizens is provided by the Russian case. In spite of the weak positive trend in socioeconomic development since the mid 1990s Russia has witnessed a steady decline in its democratic performance since the introduction of democratic reforms after the fall of the Communist regime. In parallel with this development, an already quite low level of social tolerance has decreased even further. The decline in tolerance in Russia is reflected by the increase in anti-immigrant sentiments spurred by growing concerns about the threat of terrorism among the citizens, especially in relation to the war in Chechnya. This also fits the trend with a rise in support for extreme nationalist and antidemocratic parties

seen in Russia during the last decade. Moreover, those observations are in line with what we see if we disaggregate the social tolerance index used in this study. It is evident that the modest decline in overall social tolerance in Russia is driven entirely by a decisive fall in tolerance towards immigrants. Tolerance towards immigrants decreased from a steady level around 0.90 during the three WVS surveys in the 1990s to 0.68 in 2006.<sup>20</sup> Without an embedding culture of allowing attitudes towards different minority groups, it is hard to see how the democratic ebb in Russia could be turned back to the democratic path in the near future.

Turning instead to South Africa, we have the diametrically opposed scenario – the democratic rule following the fall of the Apartheid regime has thrived, despite sluggish socioeconomic development. At the same time, the trends in both social tolerance and democracy are increasing. Once again it seems as if the trend in the prevalence of tolerant norms among citizens is a better and more direct predictor of democratic performance compared to socioeconomic development.

The last country to be considered here is France. The sharp decrease in levels of social tolerance in France is unparalleled in our sample of countries. Considering the increasing popularity of Jean Marie le Pen's extreme right-wing party, the Front National and the riots of 1997 and 2005, it is hard to dismiss this result as a methodological artifact. As yet, however, there are no signs of declining levels of political rights and civil liberties. But, given the importance of an underlying civic culture in emphasizing tolerant norms, the alarming trends in France should be taken seriously. Also, in light of the situation of immigrants in Paris and other major cities, one cannot but worry about the political future of the country. A democratic regime will have an increasingly hard time in resisting demands for antidemocratic reforms and measures when confronted

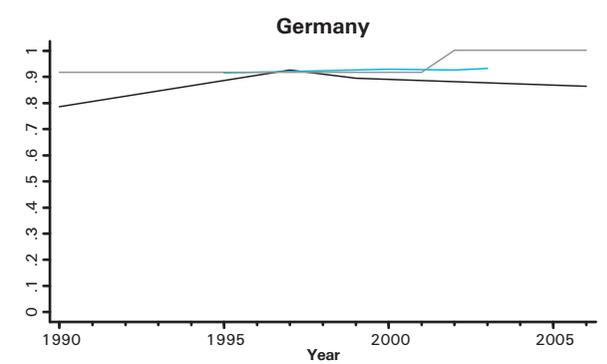
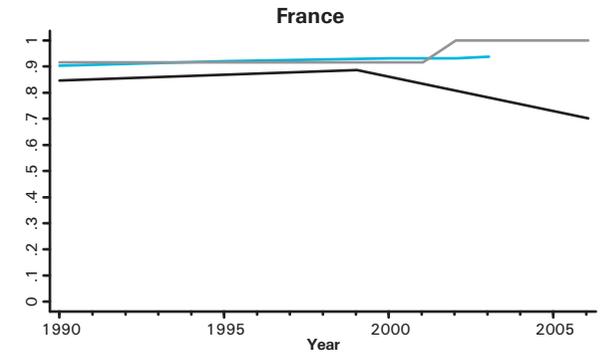
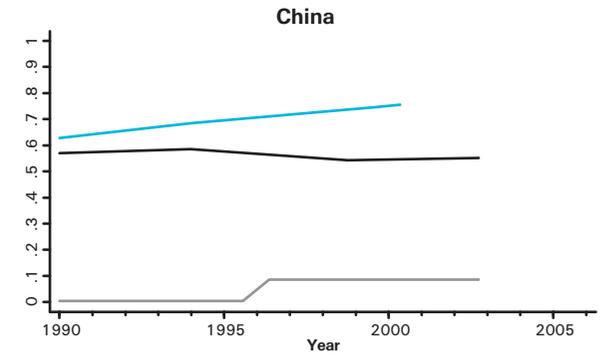
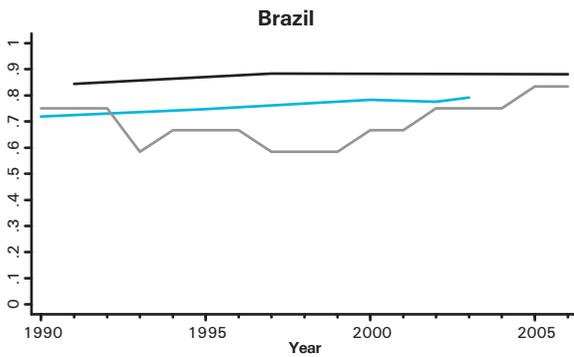
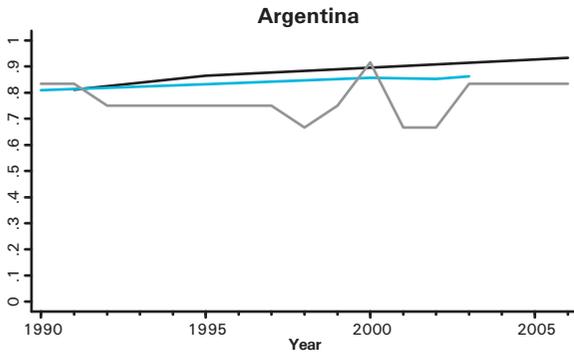
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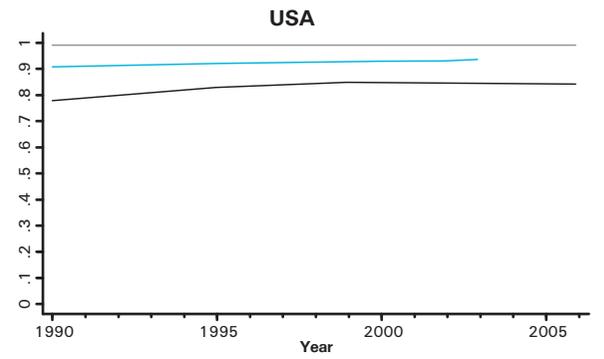
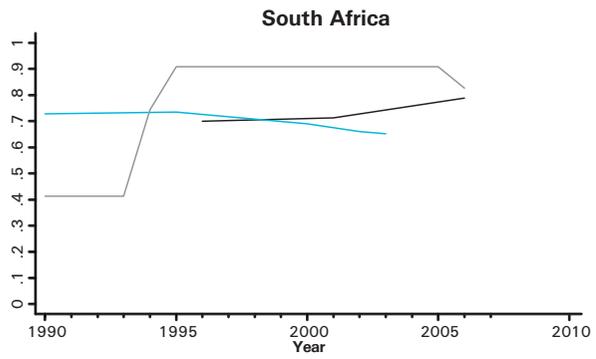
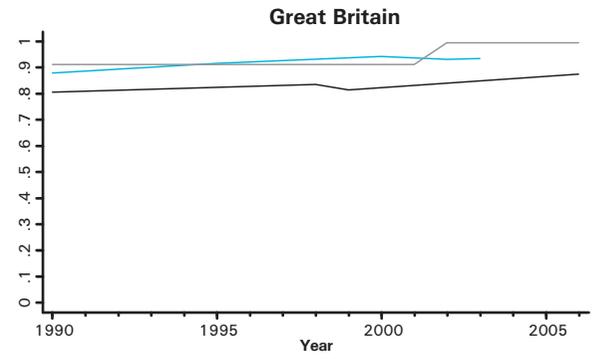
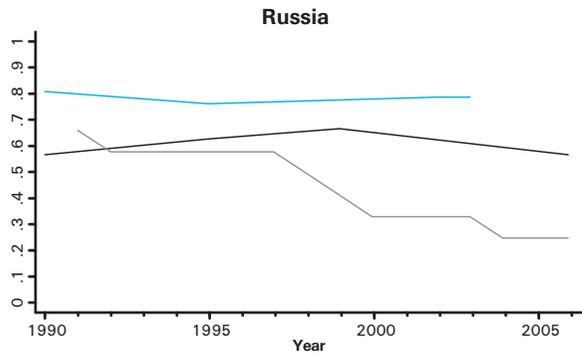
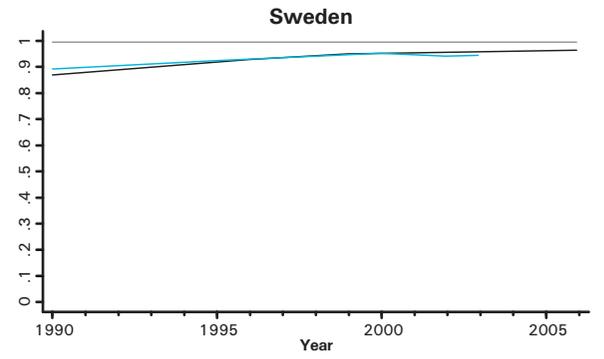
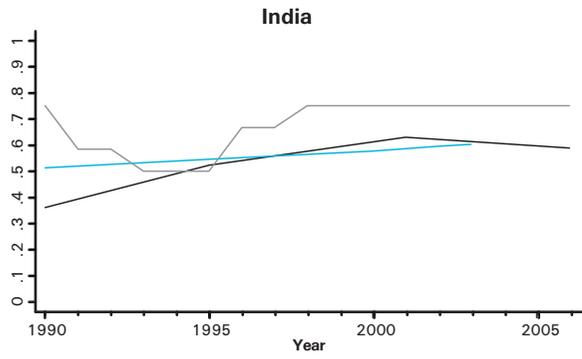
19) Naturally, political extremism of a xenophobic character is still a problem if it is driven by a small group. The focus here is, however, on perceptions held by larger parts of the population.

20) In fact, during the same period the acceptance of homosexuals in Russia increased somewhat – from 0.19 in 1990 to 0.34 in 2006.

with future upheavals without the backing of higher and stable levels of tolerance among its citizens.

**Figure 1:** *Human Development, Social Tolerance, and Democracy in Eleven Countries*





### *The conditional effects of socioeconomic development on tolerance and democracy*

In the previous section we saw that the prevalence of democratic norms among the citizens is a better predictor of democratic progress across a wide array of countries than socioeconomic development. We have also argued that this should be expected from a conditional understanding of the modernization thesis. In order to corroborate this argument we now turn to a first and very preliminary test of the two hypotheses outlined above. To recapitulate, we expect the impact of socioeconomic development on tolerance and democracy to be conditional on the level of income equality in the country. More precisely, we expect increases in socioeconomic development to exert a stronger positive effect in more egalitarian countries. To test this assertion we will use cross-national data on levels of human development, GDP per capita, income inequality (Gini coefficients), average levels of social and political tolerance, and democracy.<sup>21</sup>

The main results are presented in a series of graphs (Figure 2). To check the sensitivity of the results to the specific measure of socioeconomic development we report two sets of graphs – one using HDI as the independent variable (Figure 2:1–2:3), the other employing the logged GDP per capita (Figure 2:4–2:6). In each graph we investigate the relationship between socioeconomic development and our measures of democracy or tolerance for countries with high and low levels of income inequality, respectively.<sup>22</sup> In order to test whether our findings are statistically significant we also report the results from six regression models corresponding to the six graphs in Figure 2 in the Appendix.<sup>23</sup>

To confirm our hypotheses we should find a stronger positive relationship between socioeconomic development and our measures of tolerance and democracy among the countries characterized by higher levels of income equality. Keeping this in mind, the uniform pattern in the six graphs in Figure 2 is indeed encouraging for our theoretical argument. Irrespective of the measure of socioeconomic development used and the outcome variable – democracy, social, or political tolerance – the same conditional relationship emerges. In all six possible cases the effect of socioeconomic development on

democracy and tolerance is positive and greater in the set of more egalitarian countries (grey line) compared to nations with higher levels of income inequality (light blue line). Moreover, the differences in effects, at least concerning levels of democracy and political tolerance, are sizeable. For example, according to graph 2:3, an increase in HDI by 0.1 will result in twice as large an increase in levels of democracy in egalitarian countries (0.15) compared to nations with higher levels of income inequality (0.07). The regression results presented in the Appendix also confirm that in five out of six cases the effect is also significantly stronger among the “high equality” countries. The exception here is the very small, but correctly signed, difference in the slopes of the regression lines in the fifth graph – the relationship between GDP per capita and social tolerance – which does not reach conventional levels of significance.<sup>24</sup>

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21) The sample sizes vary between 31 and 112, depending on which variables are included in the analysis. The measurement of the variables is described above. In the graphs and regression analyses we use the average score of HDI, GDP per capita, and Gini coefficients in each country during the 1990s. The social tolerance indicator is based on the survey responses from the 2000 WVS complemented by average levels from the 1990 and the 1995 WVS for countries not included in the 2000 wave. The political tolerance indicator is calculated on the basis of the 1995 WVS. The democracy variable refers to the combined Freedom House score for political rights and civil liberties in year 2002. Finally, we have also cross-checked the results using a PPP measure of GDP per capita in 2002 in Figure 2 (2:4–2:6). The zero-order correlation between the PPP measure and the GDP per capita indicator from Penn World Tables equals 0.94. More importantly, the results presented in Figure 2 and Table 2 in the Appendix are robust to this change in the independent variable.

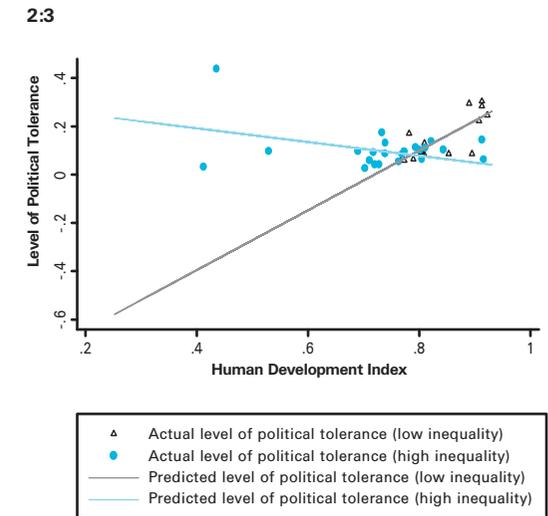
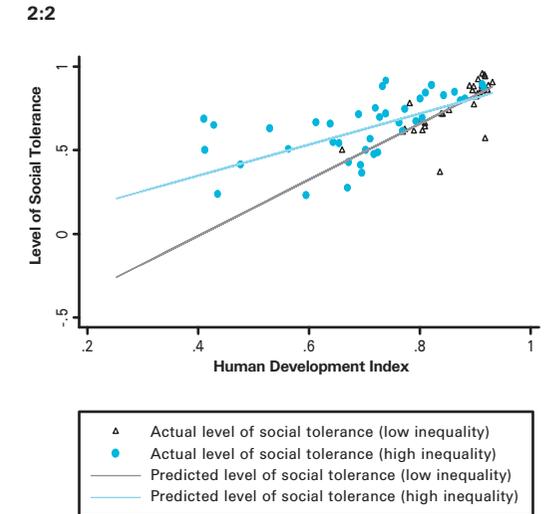
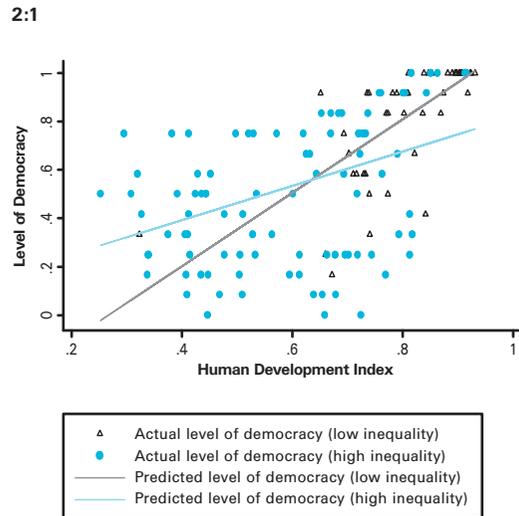
22) The threshold distinguishing between high and low income inequality is set at the sample median of income inequality in each graph. Thus, in the tolerance graphs low income inequality means a Gini score of less than 0.40 and high income inequality equalling a Gini value higher than 0.40. In the democracy graph the corresponding cutpoint between low and high income inequality is a Gini score equal to 0.45.

23) In the regression models we enter the original Gini variable and not the simple dichotomy distinguishing between high and low income inequality used in the graphs.

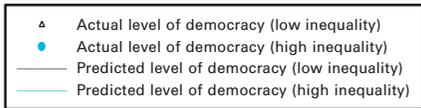
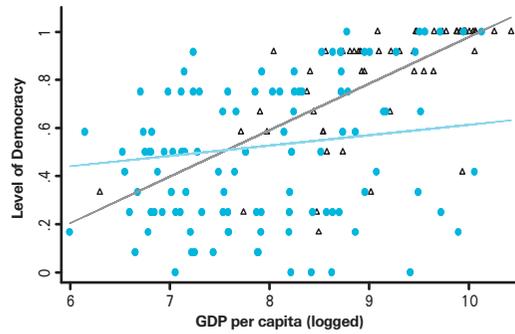
24) A closer look at the separate graphs reveals some outlying and possibly very influential cases. Continues on p. 33.

All in all then, the empirical analysis renders quite strong preliminary support for our hypotheses. Having said this, there are, of course, some evident caveats to this conclusion. First of all, the relationships presented in the graphs and regression tables must be controlled for a host of other factors shown in earlier research to influence tolerance and democracy. More importantly, in order better to support the causal links and mechanisms in our conditional modernization hypothesis, we need to go beyond mere cross-national correlations and proceed to tests using time-series cross-section and individual level data.

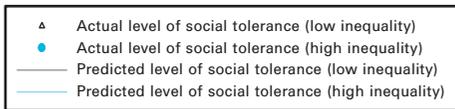
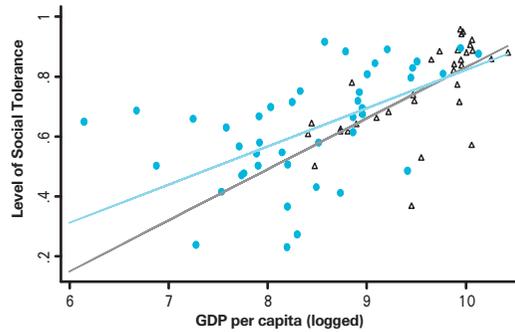
Figure 2: Models of Development, Tolerance, and Democracy



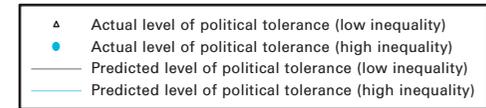
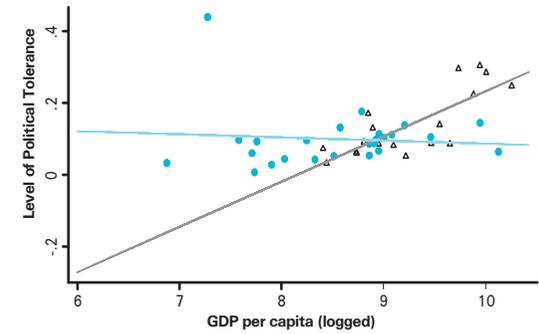
2:4



2:5



2:6



### Epilogue

We want to emphasize that this article has presented a number of *preliminary* results on a number of societal processes where tolerance takes the centre stage. Further research in this area is greatly needed. Moreover, we should also be careful about assuming that all is well in the seemingly high-performing cases mentioned, such as Sweden, the US, Germany and the UK. Many societal problems are obviously not reflected by the measurements used here. Nonetheless, we should take seriously the poor performance of China and Russia and the decline of tolerance in France. The picture presented so far should move forward the debate on modernization, tolerance and democracy – especially regarding the question of whether we might expect development, in particular economic development, to move states towards the liberal democratic model. Perhaps it is even time to call in Azar Gat’s aforementioned jury for a verdict.

Certainly the interrelationship between socioeconomic change, the mores of society, and democratic development seems to be more complex than has hitherto been acknowledged. Nonetheless, the tests presented here carry the good news that relatively poor states

can uphold tolerant norms and perform relatively well as democracies. Also, it looks as if some rich states have proved to be able to withstand some political seismic shocks quite well and still move forward in a stable fashion with mores intact. Other states however, like Russia and China, are not performing well with regard to democracy and tolerance, although they are moving forward rapidly as economic giants. But we also have cases like France, showing an alarming trend with a sharp decline in levels of tolerance in society. Consequently, the problems raised by Azar Gat go beyond cases that have never been democratic or at least have not been so to a large extent or for a very long time. All the results taken together show that economic well-being does not guarantee longevity in a tolerant society.

In order to understand these diverging trends we propose that it is necessary to somewhat rethink the “original” modernization thesis. Other scholars have pointed out that we should not expect the linkage between development and democracy to be straightforward. For example, Inglehart (1997, 161) puts his finger on the problem when he contends that “if democracy automatically resulted from simply becoming wealthy, then Kuwait and Libya would be model democracies.”<sup>25</sup> The key to solving this puzzle, we argue, lies in the central role played by the distribution of wealth in society. In the final section of the paper we showed that the influence of socioeconomic changes on norms of tolerance and democratic development is clearly conditional on the level of income inequality in the society. Whereas increases in education and wealth can be expected to exert strong positive effects on the embracing of tolerant norms and democratic performance in egalitarian countries, the influence of a similar socioeconomic development in a highly unequal country should instead be much less pronounced or non-existent. From this perspective it may be possible to understand not only what we have just observed in China and Russia, but, possibly also what has happened in France. Consequently, there is little scope for determinism in the relationship between modernization and democracy. The responsibility for democratic development must also be sought elsewhere.

Marx argued that class consciousness would arise from object-

ive conditions (Marx, 1929). Lenin and others argued, on the other hand, that the subjective understanding of one’s class adherence would only arise with the aid of the party organization (Przeworski, 1985). Consequently, to provide some kind of answer to Gat’s question, we find support for the latter position, also called the voluntaristic position, when we study what supports democracy. Democracy cannot be expected to arise or be sustained by forces found in the “base”. Levels of democracy and tolerance are conditioned by policies relating to gaps in society and here political actors have some significant degrees of autonomy. That is most likely why our cases are behaving the way they do. And that is also why politicians and citizens are responsible for making democracy real, as well as for breaking it. For India this is not news. There democracy has been sustained for sixty years in spite of economic factors – not because of them.

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**Continuation from p. 27:** This is most evident in the relationship between socioeconomic development and political tolerance (the column at far right in Figure 2) where the score on political tolerance for Bangladesh (0.438) stands out. The next to highest score on political tolerance is found in Sweden (0.303) followed by New Zealand (0.295) and Australia (0.284). This unexpected pattern might be a sign of a measurement problem in the score on political tolerance in Bangladesh. However, the results remained very stable to the exclusion of the case of Bangladesh from the analysis.

<sup>25</sup> In light of the conditional modernization theory and the data we have at hand, we can better understand at least one of the anomalies suggested by the Inglehart quote. Kuwait belongs to the top five percent of unequal countries in our sample.

## Appendix

**Table 1: Models of Tolerance and Democracy – Human Development Index**

	Model 1	Model 2	Model 3
Variable	Social Tolerance	Political Tolerance	Democracy
HDI	4.703*** (1.038)	4.878*** (1.195)	4.230*** (1.299)
GINI	6.846*** (1.977)	8.319*** (2.334)	4.718** (2.307)
HDI x GINI	-8.110*** (2.451)	-10.623*** (3.090)	-6.935** (2.712)
Constant	-3.231*** (0.865)	-3.729*** (0.911)	-2.277** (1.127)
Observations	59	31	102
adjusted R <sup>2</sup>	0.525	0.252	0.489

Note: \* indicates significance at the 0.1 level, two-tailed test; \*\* at the 0.05, two-tailed test; \*\*\* at the 0.01, two-tailed test. White's heteroskedasticity consistent standard errors are given in parenthesis.

**Table 2: Models of Tolerance and Democracy – GDP per capita**

	Model 1	Model 2	Model 3
Variable	Social Tolerance	Political Tolerance	Democracy
GDP/Capita (log)	0.339** (0.157)	0.421*** (0.151)	0.531*** (0.143)
GINI	4.396 (3.559)	7.884** (3.529)	7.044** (2.833)
GDP/Capita_GINI	-0.471 (0.416)	-0.878** (0.403)	-0.936*** (0.314)
Constant	-2.445* (1.364)	-3.670*** (1.329)	-3.494** (1.325)
Observations	64	35	112
adjusted R <sup>2</sup>	0.420	0.233	0.400

Note: \* indicates significance at the 0.1 level, two-tailed test; \*\* at the 0.05, two-tailed test; \*\*\* at the 0.01, two-tailed test. White's heteroskedasticity consistent standard errors are given in parenthesis.

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