

# Comment on the Theory of Economic Development and Political System Change

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**Keywords:** Political System; Economic Development; Class Structure

**Abstract:** Due to the influence of the wave of contemporary political system changes, in recent decades, the conditions, causes and timing of the formation of system changes have become one of the focuses of scholars. This article analyzes and compares three main research paths of political system changes, and explains the advantages and disadvantages between them, and analyzes the possibility of integrating the advantages of each research path to form a more comprehensive interpretation framework.

## 1. Introduction

With the surging tide of democratization in the second half of the 20th century, the advancement of political research methods and the improvement of the reliability of empirical data, the theory of political system change has been developed over the past 50 years. Many scholars have analyzed the influence factor, motivation factors and mechanism of action, as well as empirical research methods, and they draw more scientific and specific conclusions. The various paths of related research have their own advantages and disadvantages. Therefore, it is necessary to construct a more comprehensive interpretation framework of political system changes to enrich the new boundary of research methods on the relationship between economic development and political system changes.

## 2. Three Research Paths of Political System Changes

According to different research methods and conclusions, theoretical research on political system change can be roughly divided into three categories: modernization research path, transformation research path and structural research path. Compared with the transformation research path, the modernization research path and the structural research path can be regarded as the "macro-oriented school". The modernization research path mainly focuses on quantification and case studies, and its research results will largely depend on its measurement methods and the choice of databases. His representative work includes Lipset's "Politician". The structural research approach focuses on the comparative study of the interaction between classes in the long-term historical changes of many countries. His representative work is Moore's "Social Origin of Society and Despotism". The research path of transformation, known as the "micro-oriented school", mainly emphasizes the behavior patterns of political participants and the dynamic factors of behavior choices. Representative works include "Democratic Transformation: A Dynamic Model" by Rustow. Before the 1960s and 1970s, the founders of these theories hardly paid attention to each other's works, which is the reason that the focus of interpretation and research strategies of different school at that time were so similar.

### 2.1 Creation and Development of Modernization Research Approach.

According to the relationship between economic development and political system changes, it can be divided into linear and nonlinear. Early modernization theories tended toward linear relationships,

and later theories gradually tended toward nonlinear relationships. Lipset (1959) explored the impact of the four economic development indicators which are wealth, education, industrialization, and urbanization on the country's political system, but his research only introduced data from a single year, ignoring the objective fact that the country's political system changes require a long time. That indicates the problems with his research methods. In addition, he concluded that the non-democratic countries in Europe are more democratic than the so-called democracies in Latin America, which is obviously inconsistent with the facts. This inevitably makes many scholars begin to question the scientific nature of his theory for the relationship between economic development and political system change. Larry Diamond (1992), another representative scholar of modernization research approaches, also emphasized the effect of material wealth on political system changes. He believed that although the relationship between them is not completely predictable and is not necessarily linearly related, but didn't deny that the overall relationship between them is correct. Although economic development itself may not be the most important development factor that directly promotes changes in the political system, it can only provide a structural background for human development, and when the benefits of economic development are unevenly distributed, it may cause changes in the political system. But from the perspective of reducing overall human poverty and human exploitation, the importance of economic development surpasses the importance of other factors. In addition, he found through empirical research that economic development promotes changes in the political system under certain conditions. The economic development must reach the extent that it can change political culture, class structure, state-society relations, and civil society. This is also the theoretical findings of transnational quantitative research which emphasize the two influencing factors of national economic development and personal attitudes.

## **2.2 The Creation and Development of Structural Research Approach.**

The theoretical research of political system modernization has produced many differences in the long process of development, which are mainly reflected in the transformation and consolidation of democratic systems in some relatively underdeveloped countries, the collapse of democratic systems in some more developed countries, or the attempts of the Greek city-states and the late Roman Republic to promote the democratic systems before modernization. These facts cannot be reasonably explained by modernization theories.

In contrast, structural research approaches that use relevant sociological theories focus on the roles and choices of social classes. Compared with the modernization theory that emphasizes the measurement method, the relevant sociological theory uses less data, but it analyzes the process of political system changes in various countries through the historical evolution schema of the multi-line composite structure, and can conduct more precise and in-depth exploration for the reasons of the political system changes. Moore (1987) takes the political evolution path of world modernization as the research object, and believes that the changes of different types of political systems are due to the transformation of the combination pattern of class relations under different social backgrounds in different eras. He emphasized the evolution of social and economic characteristics and interaction between traditional farmers and feudal landlords, landlords and upper-class commercial capitalists along with the modernization process, and concluded that the commercialization of agriculture and the formation of an independent middle class are basic conditions of democratic regimes established. He considers that the law of historical change is a law of trends full of opportunities and conflicts, freedom and choice, and an inevitability emerging from countless chances. Rueschemeyer and Stephens (1992) inherited and developed Moore's social structure research approach. They found that the power relationship is determined by the balance of three sets of forces: between the state and civil society, between classes and class alliances, and then the relationship between transnational powers. The power of the working class expanded during the development of capitalism is the main force that promotes the changes in the political system.

However, because the research path of structural research covers the changes in the class power structure of multiple countries over a long period of time, the time criteria for the establishment and

development of political system changes in different countries are inconsistent, so the analysis of the historical background under the corresponding time conditions will be prone to deviations, so that the judgment of the influence of class strength, characteristics and their interactions on political system changes will also be biased, which also shows the determinism of the research path.

### **2.3 The Creation and Development of Transition Theory Approach.**

In the 1970s, a political transformation research approach emerged, also known as the origin school or the micro-oriented school. From this school's perspective, structuralist studies take into account the choice of class groups, such as the alliance between the bourgeoisie and the aristocracy. It is still not clear which factor determines this choice, that is, the reason why the political subject made the corresponding choice. Therefore, the transition theory studies the question of how political participants in the political system changes under certain historical conditions, and tends to examine the dynamics of the political system changes in the short term.

Dankwart A. Rustow (1970) published "Democratic Transformation: A Dynamic Model" in the American Journal of Comparative Politics, which start the study for the transitional research path as one of the three theories for political system change. The transition theory focuses on the strategies of different political actors, and interpret the final outcome as the result of these strategies. Guillemo O'donnell (2012) believes that the transformation of all political systems stems from the split between moderates and hardliners within the ruling group, which led to the autocratic regime opening up consultations and reviving elections of civil society. Linz's (2008) democratic transition theory repeatedly emphasized the constraints of non-democratic regimes before the transition and the impact of democratic regression. And he believes that in the transformation of the political system, political actors have a high degree of autonomy, for example, they can choose the timing of elections, the sequence of transformation, and the design of the election system. The research on the transition path often emphasizes that political system changes are established by personal will and decision-making which are hardly constrained by the environment, without explaining the timing of political system changes.

## **3. Interpretation Framework with Comprehensive Superiority Theory**

The modernization path and the structural research path belong to the explanation of structuralism, corresponding to the macro orientation; the transformation theory belongs to the explanation of activism, corresponding to the micro orientation. However, both consequential and activist explanations have their own shortcomings. For the former, the specific economic conditions that exist as objective conditions only restrict the behavior of political subjects and thus change the relationship between political subjects. In fact, they cannot determine the political system and the result of historical development, this structuralist explanation is more inclined to be a description of actual facts, at best an inductive description, and cannot be used as a theory to express the universality and regularity of objective things; For the latter, the transition theory as an activist explanation emphasizes the importance of the choice of political subjects, although it correctly regards the objective conditions as a restraining mechanism rather than a decisive factor, but it fails to clarify under which conditions these objective factors exist.

Both the structuralist analysis as a macro-interpretation and the activist analysis of the micro-foundation cannot be ignored, just as western economics tries to combine the two perspectives of the macro and the micro to explain the impact of the interaction of the micro subjective on economic development under macro-historical conditions. In fact, this trend is also applicable to the development of political science. The formation of a comprehensive advantageous interpretation framework for political system changes lies in how to use the micro-oriented initiative function as the basis, the macro-oriented structuralist viewpoint as an objective constraint, and combine initiative and structure organically.

Scholars continue to try to introduce some specific concepts from different angles, link the

explanations of structuralism and activism, deeply analyze the social environment, class structure, and the path of interaction among political elites, and strive to form a reasonable and consistent interpretation framework.

### **3.1 The Formation and Mutual Influence of Class Interest Groups.**

Some scholars started with the conflicts formed between different political interest groups, introduced the concept of repression cost, and analyzed the influence of its changes on the political actions of interest groups. Dahl's (2003) theory on political system changes analyzes the impact of the tolerating cost for political authority to opposition on political system changes. Dahl emphasized that because the changes in the political system mean that their own interests may be replaced by other interest groups, there may be intense conflicts between the political authorities and the opposition or political competitors, thus the cost of tolerance will rise, and if the cost of repression is low, authority will repress without making concessions. And he pointed out that only when power is widely distributed, a diversified society emerges, and then the cost of suppression increases, changes in the political system can be realized.

In addition, the introduction of the redistribution mechanism is of great significance to the three path analysis methods of comprehensive democratic theory. Tilly (1990) introduced the intermediate mechanism of taxation to adjust the power balance between political dignitaries and the poor. In order to increase taxes, political dignitaries may make concessions to the people. For political dignitaries, the price of concessions is the expansion of the people's legal political power, thus also means the advancement of political system changes. At the same time, Tilly (2004) observed that the flexibility of the tax base is directly proportional to the difficulty of the authoritarian ruler's taxation, and the difficulty of taxation is related to the degree of concessions made by the authoritarian ruler to the people. The greater the difficulty of taxation, the more likely the ruler makes compromise.

Tatu Vanhanen (1997) introduced Darwin's theory of evolution to explain the formation of political and political system changes, and combined economic development, social class structure and other factors affecting political system changes. He believes that the process of political development is actually a process of power struggle. When power is over-concentrated, authoritarian or even dictatorship will be formed. Only when economic resources and educational resources are more evenly distributed within a country can it reach a compromise based on their own interest motives, thus forming a sharing and balance of political power and then promoting political system changes, and at that time the main factor that makes the distribution of economic resources more evenly lies in technological progress and development. The pattern of political behavior and the structure of political power gradually evolve in the process of changes in the resource allocation structure, so that the country's political system can adapt to the changes in the objective environment brought about by technological progress and economic development. Therefore, Wen Hannan's research thought is also called evolutionary research path.

### **3.2 An Analysis of the Micro-mechanism of Political System Changes.**

Although relevant scholars have succeeded in explaining the interaction of socioeconomic background, class structure and political elites from different angles, there is still a lack of analysis tool to clearly express its operating mechanism. Carles Boix (2011) was inspired by the viewpoints of the above scholars. He measured the elasticity of the tax base with asset liquidity, and used economic inequality to determine the tax rate. He regarded the tax relationship as the main behavioral relationship among different classes, and used the game theory to analyze the formulation and decision-making of specific taxation systems by political authorities, and organically combines the three types of political system change theories: modernization analysis path, structural analysis path and transformation analysis path. In his book "Democracy and Redistribution", he divides social groups into rich and poor. According to their exogenous capital endowments and redistribution preferences, for the poor, the establishment of a democratic system make them participate in setting tax rates and fighting for their own interests in this way. As for the rich, granting the poor to legal

rights will necessarily mean the loss of their interests, due to the existence of economic inequality and asset liquidity, and these two determine the magnitude of their losses. The greater the loss, the less likely the rich to compromise, and vice versa. On the other hand, as the rich people who currently have political power, can use repressive methods to the democratic movement by the poor class who represent potential opposition, although repression takes a certain cost. Whether it takes compromise or repression depends on the comparison of its wealth level after the transformation of the political system and the wealth level when the repression is taken. How do economic inequality and asset mobility affect the redistribution of the rich class?

When the gap between the rich and the poor in the society is large, it means that the rich have more resources. If the political system changes at this time, the poor will have the legal political power and have the right to participate in the tax rate setting according to their own interests. At this time, the redistribution of the rich to the poor may transfer more assets, so in this case the possibility of the rich accepting the democratic system is very small.

Suppose that the political dignitaries, the rich, own most of the assets, and the rest of the people, the poor, only own labor. When asset liquidity is low, such as oil and mineral resources are relatively abundant, because such assets are not sensitive to taxation (that is, taxation flexibility is low, taxation is strong), the possibility of avoiding taxation for asset holders may be very small, so voters under a democratic system will choose to levy heavy taxes, and asset holders will try their best to prevent democratic system.

Economic inequality and asset liquidity can be seen as an intermediate mechanism for economic development to influence political system changes. The introduction of this mechanism reflects the analysis of modernization research paths in the Carles Boix research framework. The rich as political participants have differences and conflicts with the poor as potential opponents in redistribution decisions. Therefore, in a sense, asset inequality and asset liquidity determine the possibility of the conflict or reconciliation between political actors. Boix started from the redistribution mechanism, using game theory as an analysis tool to analyze the behavioral relationship among political agents and the conditions for the production of equilibrium behavior.

In addition, the interaction between the structural analysis path in the political system change theory and the class is also taken into consideration by Boix, who included the middle class in the model and make them as the third type of actor. The class's decision to cross-class alliance affects the balance of political power in the society, thereby determining the possibility of political system changes. The attitude of the middle class is determined by the liquidity and relative amount of assets it owns. Here, modern research methods are used to supplement structuralist research, and reasonably explain the economic reasons for the choices of class groups.

Acemoglu and Robinson (2008) perfected Boix 's analysis in terms of economic inequality and asset liquidity. He believes that because of the large gap between the rich and the poor, the people may unite to resist by overcoming the difficulties of collective action. The rich need to weigh the cost of repression and the cost of accepting democracy to determine whether they accept democracy, and the poor will also need to weigh the gains from resistance and the cost of their acceptance of authority to determine whether they will resist. In this way, the possibility of political system change is not necessarily inversely proportional to economic inequality. When economic inequality is so serious that the people decide to unite to fight for legal political power, but not serious enough that political dignitaries want to adopt suppression, changes in the political system may occur.

Regarding the relationship between the nature of assets and the changes in political systems, Acemoglu endogenizes income distribution through adjustment of economic structure, and replaces asset liquidity in Carlesbauch's theory with capital intensity. Capital intensity can not only affect the economic burden of political system changes on political dignitaries, but also with the increase in capital intensity, the social network will become huge and complex, any sudden violence may destroy the economic structure and the contract mechanism as the node of the social network, and then the cost of suppression by the political dignitaries will increase accordingly. What's more, for most economic developing countries that are striving to carry out political system reforms, landowners are

often wealthier than the industrial entrepreneurial class, so the increase in capital intensity means that the number of the landowners corresponding to the industrial entrepreneurial class becomes less, and the middle class ranks are expanding. Because they will lose less in the political system change than the rich people who are usually political dignitaries, so they are more supportive of the political system change than the rich. Therefore, the increase in capital intensity raises the possibility of political system change from these three aspects.

#### 4. Conclusion

Starting from modernization theory focusing on the relevance of economic development and political system change, the theory of political system change has experienced more than half a century of development. In terms of quantitative research, with the development of measurement methods and the improvement of databases, scholars who advocate modernization research paths have obtained more objective and scientific conclusions and almost reached a consensus to a certain extent: economic development does not necessarily bring about changes in political systems, but it is undeniable that economically developed countries have laid the foundation for the development of political system changes in many aspects, and poor countries usually provide soil for extremism. In terms of qualitiveness, scholars have conducted in-depth explorations of the internal causal mechanism of political system change from multiple angles, and they have gradually clarified the complementary relationship between structuralism and initiative: actors are affected by historical context and institutional environment, and historical development is the choice made by the actor at a highly uncertain historical moment. These quantitative and qualitative developments are of great significance for seeking a complete and unified theoretical framework for political system change.

#### Acknowledgments

This research was supported by Youth Fund of Wuhan Donghu University “ Research on the Relationship between Economic Development and Political System Changes Based on the Perspective of Evolutionary Economics“(Grant No. 2018dhsk004)

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