Receiving this award is really a great honor for us and we are very thankful for it. Guillermo O’Donnell was very important for our intellectual development and for our careers. Guillermo’s work on democracy inspired ours, as we shall explain shortly, and his support and intellectual feedback were important for our stay at the Wilson Center in 1983 and later twice at the Kellogg Institute at Notre Dame.

Guillermo was such an insightful social scientist, and he did not shy away from going in pioneering directions and addressing controversial topics. And while he followed the canons of social scientific procedure, he was motivated by deep moral concerns with human welfare. So, he set several successive intellectual agendas for the field. He first played a leading role in the study of democratic breakdowns (O’Donnell 1971), then he did the same in the study of democratic transitions (O’Donnell and Schmitter 1986), and after that he gave new directions to studies of the quality of democracy and citizenship and their relationship to inequality (e.g., UNDP 2004).

Every one of these scholarly agendas influenced our own intellectual development. When we were in graduate school, the modernization paradigm was hegemonic in North American social science. We were at Yale, home of one of the leading members of the Social Science Research Committee on Political Development, Joseph LaPalombara, and Guillermo had been there a few years before us and had written his book *Bureaucratic Authoritarianism*. This book was a bold and fundamentally important challenge to the idea that all countries would follow the path of today’s developed countries, and it was really exciting to read it.

In fact, Guillermo’s challenge to the modernization paradigm became the starting point for our work on *Capitalist Development and Democracy*. We were acutely aware of the discrepancy between the many quantitative studies of the relationship between development and democracy and their interpretation in the theoretical frame of modernization, on the one hand, and the less numerous but empirically compelling comparative historical studies and their interpretation in a class power theoretical framework, on the other hand. This discrepancy was the starting point for our work with Dietrich Rueschemeyer (1992).

So, what we want to do here is reflect on some of these issues that were so important to Guillermo, from the conditions that support transitions to and maintenance of democracy, to the quality of democracy, or the extent to which promises of democracy are realized in the political process, and finally the consequences of democracy, or the extent to which and under what conditions democracy changes policy.

**Capitalist Development and Democracy**

Let us begin with the conditions that support transitions to and maintenance of democracy, which we addressed in *Capitalist Development and Democracy* (1992). Our goal was to explain the breakthrough to and maintenance of full democracy, defined as a political system with free and fair elections with universal male suffrage, responsibility of the government to the elected representatives, and freedom of expression and association. Our theoretical frame was built on three clusters of power: the distribution of power in civil society, between civil society and the state, and in the international economy and system of states. We took a very broad comparative view, including all of today’s postindustrial democracies plus Latin America and the Caribbean, and a
long historical view covering the nineteenth and twentieth centuries, focusing on changes in power constellations as a result of capitalist development and international competition.

Our central arguments for today’s postindustrial societies were the following. Economic development changed power relations in two fundamental respects: it reduced the economic and therefore political power of large landowners, and it facilitated the self-organization of subordinate classes. Urbanization and the spread of literacy facilitated middle-class organization, and industrialization facilitated working-class organization through concentration in factories and cities. The working class was the most consistently pro-democratic force, but democracy was by no means an exclusively working-class affair! First, there are cases of agrarian democracy where the working class played little role (Switzerland, Norway, the North and West of the United States); in these cases the dominant landholding pattern was by small and medium farmers. Second, in order to achieve and stabilize democracy the working class needed allies among small farmers or sectors of the middle class. Moreover, the strength of the enemies of democracy did matter. Where large landowners dominated the countryside and were dependent on a large pool of cheap labor, they were formidable enemies of democratization and worked to undermine democracy when it was installed. Power constellations in the international system shaped chances for democratization insofar as defeat in war weakened authoritarian elites.

The situation in Latin America was very different. The industrial impulse remained weaker than in Europe and North America, and accordingly large landowners remained more powerful and the working class remained smaller and weaker, and democratization was a more difficult process as a result. Urbanization and economic growth did expand the middle classes, and they became the leading pro-democratic force. However, the middle classes fought for full democracy, including universal suffrage, only in the presence of a strong labor movement. Regarding our third cluster of power, Latin America’s position in the international economy and system of states was particularly unfavorable for democratization, at least until the end of the Cold War. Economically, the location on the periphery of the world economic system retarded industrialization and entrenched dependence on raw material exports, with its attendant cyclical fluctuations. Politically, the location in the US sphere of influence strengthened authoritarian elites and weakened organizations of subordinate classes through overt and covert interventions, from the military invasions in Central America and the Caribbean in the first part of the twentieth century to interventions during the Cold War.

It is important here to explain our conceptualization of class and of classes as social actors, because this is what distinguishes us from some of the newer authors who infer interests from class position and use rational choice models to explain democratization. We conceptualize class, following Elster (1985, 330–331), as “a group of people who by virtue of what they possess are compelled to engage in the same activities if they want to make the best use of their endowments.” Thus, classes are shaped by the structure of capitalist economic production. However, this definition does not delineate class boundaries. We follow Weber ([1922] 1968) and use the criterion of easy and typical mobility (mobility closure) and social interaction and communication (interaction closure) to delineate class boundaries. However, we emphasize that one cannot infer subjective class interests and class action from an objective class position. Rather, class formation, or the formation of class consciousness, class organization, and collective action, is a historical and sociological process; there is nothing automatic about it. Working-class ideology was shaped by the main organizers; in Europe those were mainly Socialists, though Christian Democrats and anarchists organized followers too. In Latin America, Socialists and anarchists were active as well, but they often faced competition from charismatic leaders whose main interest was the construction of a personal power base. If the main organizer was such a charismatic leader, personalistic loyalty could substitute for ideology (e.g., Perón in Argentina).
Newer Work on Democratization

In this brief piece, we cannot possibly mention all the work on democratization that has been published since the publication of Capitalist Development and Democracy in 1992. Rather, we want to point to some major types of theoretically distinctive work that have attracted attention and assess how the findings of the authors pursuing these types of work relate to our own. Newer work in the comparative historical tradition has focused on processes of democratization, analyzing individual episodes of progress and regress on the path to democracy (Collier 1999; Ziblatt 2017). These authors partly find different actors responsible for advances toward democratization. Specifically, Collier (1999) argues that we overestimated the role of the working class in European transitions. Our response is that you will get different results if you focus on earlier steps on the path to democratization rather than on the breakthrough to full democracy with universal male suffrage. If the issue is accountability of the executive to a parliament elected with property-based suffrage, you would expect different actors to be leading. Similarly, if the issue is extension of the franchise to males with property, you would expect different actors to be involved. It has even happened for universal suffrage to be introduced legally by competing elites in the absence of an organized working class or peasantry, such as in Chile in the nineteenth century, but de facto elites remained in control of the electoral process, so this episode of democratization did not lead to full democracy because the system violated the criterion of free and fair elections.

As we argued in Capitalist Development and Democracy, “the more you reduce the time frame and the number of cases in an analysis (individual episodes of institutional change in one society), the more you hold structure/power constellations constant and privilege strategic choices of actors” (Rueschemeyer, Huber Stephens, and Stephens 1992, 31–35). By focusing on specific episodes of or steps toward democratization, the timeframe of analysis is greatly reduced. However, it is important to analyze the context of structural constraints under which actors operate, and this context can only be highlighted by comparison of cases over long time periods. Moreover, a long-term perspective enables an analysis of sequences of actions and events, and sequence does matter to establish causality.

A second major type of work on democratization has built on models based on rational choice assumptions (Boix 2003; Acemoglu and Robinson 2006; Ansell and Samuels 2014). These authors focus on inequality and its consequences for democratization. They insist that their models are superior to more structurally focused comparative historical analyses because they are based on micro foundations. The micro foundation is a micro model of human behavior in which the behavior is the result of actors’ preferences. These preferences are basically materialistic or, if more complex, generally (tautologically) inferred from the actors’ behavior. The models that assume materialistic preferences then infer conflicts of interest from individuals’ position in the income distribution, and they implicitly deny the social construction of class interests. Acemoglu and Robinson (2006) postulated a U-shaped relationship between inequality and democratization: Where inequality is low, there is no reason for the masses to pressure for democratization, and where it is too high, the masses lack the capacity for effective action and elites have too much to lose. In their book, they did not perform any statistical analyses nor did they feel obligated to address the findings of comparative historical work. In a 2013 APSA Newsletter article (Acemoglu et al. 2013) they acknowledged that the postulated relationship was not supported by statistical analyses. Boix argued that elite resistance varied depending on the type of assets; fixed assets made elites more vulnerable and thus more strenuously opposed to democratization than liquid assets. Ansell and Samuels (2014) argued that democratization is the result of rising elites demanding protection from expropriation. Their conceptualization of elites is extremely broad, extending to the ranks of skilled workers. Where our analyses are compatible is in their emphasis on the importance of land as a fixed asset and thus as a theoretical reason for elites to resist democratization. We went beyond simple land ownership, though, and argued that
the additional condition for intransigent resistance to democratization on the part of large landowners was the need for a large cheap labor force.

Weyland’s (2014) work on diffusion also focuses on actors’ strategic choices, but he starts from a micro foundation that is diametrically opposed to that of rational choice analysis. He builds on the notion of bounded rationality, that is, the assumption that people use a number of cognitive heuristics to make sense of events around them. Specifically, he emphasizes the heuristics of availability, if events are vivid or close, and of representativeness, if circumstances appear similar. Individuals have a tendency to interpret vivid events in circumstances seemingly similar to their own as events that could happen to them, or that they could set in motion. Such cognitive heuristics galvanized people into actions of regime contention at different historical times and thus created waves of pro-democracy mobilization.

Weyland analyzes how these cognitive heuristics shaped behavior in different institutional contexts and thus integrates organizational density into his framework. Essentially, the denser the organizational environment is, the less important are these cognitive heuristics in shaping regime contention. Organizational leaders have more experience and perform more careful analyses of possible courses of action than nonleaders. Moreover, negotiations among organizational leaders slow the process and improve chances for success compared to spontaneous mass action. Thus, he finds that later waves that occurred under conditions of greater organizational density were less influenced by cognitive heuristics and had greater rates of success than earlier waves.

Whereas we agree that explanations of human behavior based on the assumption of bounded rationality have a strong grounding in psychological theories and are a useful corrective to the explanations based on rational action, we would put more weight on macro organizational variables to explain macro level outcomes like regime change. We would interpret Weyland’s findings in a power constellations framework and argue that the denser organizational environment changed power relations. Certainly, examples in other places, particularly if they are close or appear very similar in circumstances, can trigger pro-democracy mobilization, but in order for such mobilization to be successful, power constellations must be favorable. Thus, less reliance on cognitive heuristics in 1848 would not have led to greater success at that point, as the organizational power base of the forces attempting to bring about regime change was not strong enough.

The most recent type of work examining the relationship between distributive conflicts and democratization consists of the careful statistical analyses by Haggard and Kaufman (2013) and Haggard, Kaufman, and Teo (2016). They examined regime changes in the third wave, from 1980 to 2008, and found that 40-45 percent of democratic transitions were not motivated by distributive conflicts, that is, they were not a result of direct pressure from below inducing elite concessions. Rather, these transitions were initiated by incumbents due to intraelite conflicts and/or external pressures. However, 75 percent of transitions in high-inequality contexts were conflict transitions. Moreover, they found that manufacturing, which is an indicator of the strength of the industrial impulse, had a consistent impact on conflict transitions. This finding is certainly compatible with our emphasis on the effect of capitalist development on the capacity of subordinate classes to organize and pressure for democratization.

In light of this most recent work, we have to engage in the following self-criticism. We should have been more explicit about the scope conditions of our theoretical generalizations. We never claimed to have a universal theory of democracy, but we should have specified that our generalizations pertained to the first and second waves of democratization in the course of the great transformation of industrialization in the core countries and in Latin America. Dynamics of the third wave have been different, though they can still be usefully analyzed and explained with our three clusters of power. The third wave of democratization coincided with deindustrialization and a concomitant weakening of labor in much of the world. At the same time, the left largely abandoned any revolutionary commitments. These
two developments combined to reduce the threat perception on the part of elites and thus their resistance against democratization. Nevertheless, pressures from civil society as a whole remained important for democratization, whether in defense of human rights or in protest against economic and social policies that depressed living conditions of the masses. Finally, after the collapse of the Soviet Union, the international system became at least temporarily more permissive or even supportive of democratization.

The Quality of Democracy

Capitalist Development and Democracy was published in 1992, so we finished writing it in 1991, just when the transitions in South America had come to an end and citizens and scholars alike had become concerned with the quality of the new democracies. Again, Guillermo’s work was pointing the way, in particular his contribution to the 2004 UNDP report State of Democracy in Latin America. He provided a tightly articulated theory of a democracy of citizenship and a state-of-the-art empirical diagnostic of the state of the dimensions of citizenship. He proposed to assess democracy from the point of view of citizenship, founded on Marshall’s conception of civil, political, and social rights. His core argument was that the citizen has to have the capacity for autonomous decision-making. High degrees of poverty and inequality undermine this capacity and thus undermine the very essence democracy. At the time, this was an extremely important contribution politically as well as social scientifically, because it highlighted the hypocritical inconsistencies in the positions of technocrats and politicians who professed a commitment to democracy but an opposition to redistributive state action.

We addressed the question of the relationship between formal or electoral democracy and the quality of democracy in terms of the realization of political equality in participation and policy responsiveness in a 1997 article with Dietrich Rueschemeyer entitled “The Paradoxes of Contemporary Democracy: Formal, Participatory, and Social Dimensions.” We worked with the same definition of formal democracy as in Capitalist Development and Democracy and defined participatory democracy as a formal democracy with high levels of participation without systematic differences across social categories. We defined a social democracy as one with increasing equality in social and economic outcomes. We argued that the forces that historically had promoted democracy in the first wave remained the forces that mobilized subordinate classes into participation and also became the forces that promoted the construction of the welfare state.

The international community generally regards countries as democracies when they meet the test of regular and apparently reasonably free and fair elections with universal suffrage. However, many of these countries are deficient in other criteria that define formal democracy. Most prominently, accountability is often weak because of overpowering presidents and weak legislatures and judiciaries. Second, civil and, to a lesser extent, political rights are very unevenly protected across classes, genders, and territorial units. Third, patronimlist practices blur lines between the public and the private realms. The poor quality of formal democracy then depresses participation and prevents public policy from rectifying the underlying conditions of very high inequality. If power relations in civil society are driving democratization, chances of virtuous cycles
are higher. If external forces or elite conflicts are driving democratization, the probability of a vicious cycle is higher.

Empirical support for the contention that the strength of civil society is important for drawing people into political participation and for improving the quality of democracy comes from the large international research project Varieties of Democracy (V-Dem). That project provides time series data, based on expert surveys, for electoral democracy, egalitarian democracy, and participatory democracy. It also has an index for the civil society organization (CSO) participatory environment, which assesses the density of civil society on a four-point scale based on whether there are few or many CSOs, and whether most people don’t belong or do belong to one or more CSOs. The lines in the graph show the trajectory of the CSO participatory environment and of electoral, participatory, and egalitarian democracy in Latin America from 1980 to 2014. The shaded areas indicate the confidence intervals. It is certainly striking how closely the lines move in tandem. Obviously, this graph cannot establish causality, but the correspondence is impressive.

As noted, we argued in the “Paradoxes” article (1997), as well as in our 2001 book Development and Crisis of the Welfare State, that the forces that historically had promoted democracy in the first wave also became the forces that promoted the construction on the welfare state in today’s postindustrial societies. To the extent that the third-wave transitions responded to different dynamics and these forces were weak, welfare state construction would be held back.

However, formal democracy did hold out the promise or the possibility that forces representing the interests of the underprivileged might organize and gain strength and ultimately influence policy such as to improve human welfare for the masses. And this process became the focus of our 2012 book, Democracy and the Left: Social Policy and Inequality in Latin America.

Consequences of Democracy

In this book, we started from the basic fact that social policy in Latin America for a long time had failed to reduce the high degrees of poverty and inequality in most countries, and we asked whether
democracy made a difference for social policy and for reducing poverty and inequality. In other words, we were interested in exploring whether democracy made a difference for people’s welfare—and how. We wanted to know whether democracy in the medium and longer run would lead to changes in social policy and to a reduction in poverty and inequality. There clearly are important differences between Latin American countries in their levels of poverty and inequality, and we wanted to see whether countries with longer democratic records had shaped policy (social policy but also labor market policy and more) such as to combat poverty and inequality more effectively than others.

Of course, we also wanted to know what it is about democracy that affects social policy and poverty and inequality. Specifically, we wanted to know how the power balance between political parties with different types of commitments shaped our dependent variables. In terms of social policy, we were particularly interested in income support and health and education, or human capital policies. We wanted to know which kinds of policy regimes were particularly redistributive and what kinds of social and political forces shaped such regimes. We carried out both quantitative analyses and systematic comparative analyses of historical processes. Specifically, we identified who—which parties and interest groups—pushed what kinds of policies, who won and why, how the policies were implemented or not, and what kinds of effects they had on poverty and inequality and on political support for the forces that favored the policies.

In a nutshell, our main findings were that the strength of the democratic record, operationalized as years of democracy since 1945, had a strong impact on social spending, particularly on investment in human capital, as well as on poverty and inequality. We also found that it took some 20 years of democracy for this effect to take hold. This makes sense if we think about the causal chain that links democracy to lower poverty and inequality. Democracy affords the opportunity for the organization of subordinate classes and for the growth of parties representing their interests. Then these parties need to gain sufficient electoral support to be able to influence social and labor market policy in the legislature, and finally they and the civil society organizations supporting the policies have to be able to enforce effective implementation of the policies. It is important to emphasize that there is nothing automatic about any of these processes. Democracy by no means guarantees organization of subordinate classes and growth of left parties, it simply offers a more favorable environment for these processes to take place than capitalist authoritarianism, which was the alternative regime form in Latin America, except for Cuba, in the second half of the twentieth century. In Latin America, only three countries had reached the threshold of more than 20 cumulative years of full democracy in 1990 (Costa Rica, Uruguay, and Venezuela); 9 countries, or half of the countries in our study, reached this threshold by 2000, and a total of 11 by 2005.

We explored the impact of the strength of left and center-left parties by constructing a summary variable that is the cumulative average of the percentage of legislative seats held by left and center-left parties and the presence of a left or center-left executive, both in democratic years only from 1945 on. We found no partisan effects on spending but we did find effects on poverty and inequality. What these quantitative findings suggest is that parties of all stripes spent more on social policies under democracy, but left and right allocated that spending differently. Left parties shaped spending patterns in a more redistributive direction. We know that particularly social security spending in Latin America traditionally benefited income earners in the upper half of the income distribution. Still, we found that social security and social assistance spending combined reduced poverty and, in a democratic context, actually reduced income inequality as well.

It is worth having a closer look at policies and their distributive profile. We choose an example from Brazil in 1997 that is very illuminating and quite typical for Latin America. The distributive profile of social security is very different from that of social assistance, and those of health and education spending are different yet again.
This table illustrates the two meanings of progressive and regressive incidence of spending. The first meaning of “progressive” is that the poor get more than their proportional share and the rich get less. So in Brazil in 1997, only social assistance was progressive by this definition. Health was more or less proportional, with both the bottom and top quintiles receiving less than their share, and education was moderately regressive, with the top quintile receiving the largest share. Social security was massively regressive, with the top quintile receiving over half of the total. The second meaning of “progressive” compares the incidence of spending to the distribution of income before taxes and transfers. The underlying idea here is that if the benefit is financed by a proportional tax, then it will redistribute income downward if it is more equally distributed than pre-tax and transfer income. From this point of view, even social security in Brazil in 1997 was redistributive, and social assistance and social services were massively so.

By the way, this is an important point to keep in mind: In all countries, and particularly in Latin America, if one assigns monetary value to education and health services, welfare states are much more redistributive than if one just looks at cash transfers. The implication is that if tax systems are roughly proportional in contexts of highly unequal market income distributions, one can achieve very significant redistribution even with transfer systems and social services that benefit all income quintiles. This is important for the construction and maintenance of a political support base for such policies.

Our comparative historical analysis corroborated the findings from the quantitative analyses, and it allowed us to establish causality. In other words, we could demonstrate which kinds of parties pushed what kinds of policies with different distributive profiles. We also explored differences between left or center-left parties and found that left parties with close ties to social movements pushed more strongly for redistributive policies than their counterparts without these ties, the electoral-professional parties in Pribble’s (2013) terms. In addition, the comparative historical analysis allowed us to identify particularly serious obstacles to redistributive policy reform in democracies, such as policy legacies with a strong role of private providers of education and health services and political institutions with a high degree of fragmentation.

**Conclusion**

In conclusion, we hope to have established that power constellations matter not just for the installation but also for the quality of democracy, in its electoral, participatory, and social dimensions. Specifically, the strength of civil society organizations mobilizing the underprivileged and of political parties representing their interests is crucial for the quality of democracy because these organizations can defend political and civil rights,

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**Household Income and Government Expenditure by Income Quintile: Brazil 1997**

<table>
<thead>
<tr>
<th>INCOME</th>
<th>SOCIAL SECURITY</th>
<th>SOCIAL ASSISTANCE</th>
<th>HEALTH</th>
<th>EDUCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top quintile</td>
<td>66</td>
<td>51</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Fourth quintile</td>
<td>17</td>
<td>19</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>Third quintile</td>
<td>10</td>
<td>15</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Second quintile</td>
<td>5</td>
<td>8</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Bottom quintile</td>
<td>2</td>
<td>7</td>
<td>29</td>
<td>16</td>
</tr>
<tr>
<td>Gini, Quasi-Gini</td>
<td>56</td>
<td>40</td>
<td>-20</td>
<td>4</td>
</tr>
</tbody>
</table>

ECLAC (2005: 144, 158)
demand accountability of elected leaders, mobilize underprivileged groups into participation, and pressure for policies that lower inequality. Formal or electoral democracy makes it possible for such organizations to strengthen but does not ensure that they will strengthen. Moreover, organizational strength—just like elections—can be lost just as it can be gained, and competition among these organizations is likely to weaken them. Clearly, left parties have been losing elections recently in Latin America, but it is worth noting that divisions in the left were responsible for most of these defeats, rather than a massive turn of the electorate against the policies promoted by the left. But this would be a topic for a whole other lecture.

So, let us just end by pointing out that the problems of democracy, to the study of which Guillermo devoted his life, are far from solved, but that the intellectual directions in which he pointed us remain central and vibrant.

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